The Economist

JULY 4TH–10TH 2026

July 4th 2026

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The world this week

The world this week

Politics

July 2nd 2026

The official death toll from two earthquakes that struck Venezuela on June 24th rose to 2,295, though that is expected to increase as more bodies are pulled out of collapsed buildings. With over 11,000 people injured and some hospitals damaged, the World Health Organisation said the country's health system was under strain. An American general said 900 military personnel were helping search-and-rescue operations. Delcy Rodríguez, the interim president, described the earthquakes as Venezuela's "most brutal natural catastrophe" ever, but anger mounted among Venezuelans about the government's response. Many residents say the socialist state is providing little help.

Iran's revolutionary guards attacked a Singapore-flagged ship as it left the Strait of Hormuz. America responded by bombing military targets in southern Iran, which then fired missiles and drones at Bahrain and Kuwait.

American officials signalled that the fighting was over and that vessels could "move freely" through the strait. Donald Trump said he was satisfied with ordering one-off strikes on Iran when it violates the deal with America. Indirect negotiations between America and Iran continued.

Israel and Lebanon signed their first formal diplomatic agreement in 43 years, which in theory sets them on a path towards a lasting peace. The deal commits the Lebanese government to disarm Hizbullah, Iran's proxy in Lebanon. Israel would gradually withdraw from southern Lebanon, although not until the militants are uprooted. Hizbullah is not party to the agreement.

America's Supreme Court struck down Mr Trump's executive order that had denied citizenship to children born to illegal migrants or temporary residents. The court found that the constitution grants such rights, using reasoning that looked back as far as the concept of citizenship in English common law, "which crossed the Atlantic and prevailed in 'each and all of the states' after American independence".

The court sided with Mr Trump in agreeing he could sack federal regulators, a big expansion of presidential powers. But it ruled that he could not fire Lisa Cook from the Federal Reserve's board of governors, citing the central bank's independence. A Fed governor can be "removed for cause" by a president, it found, "but that does not mean he may make that decision for any reason, or no reason". And it also upheld a ban on transgender women competing in women's college and school sports.

Democratic socialists caused another upset in America's primary elections by ousting a 15-term Democratic congresswoman in Denver. Melat Kiros, who is 29 and came to America from Ethiopia as an infant, made opposition to Israel a focus of her victorious campaign. She has called Hamas's attack on Israel in 2023 "inevitable" and refused to describe the firebombing of a march in Boulder last year in support of the hostages taken by Hamas as antisemitic.

Mr Trump's financial disclosure for 2025 revealed that he reported $1.4bn in income from his family's digital-currency assets. The president has relaxed regulation of the cryptocurrency industry since taking office. The White

House said that neither he nor his family "has ever engaged, or will ever engage, in conflicts of interest".

Police in South Africa arrested 900 people during big anti-migrant protests. One person was shot dead in Johannesburg amid the looting of shops owned by foreigners. The protests followed months of anti-foreigner mobilisation and marked a "deadline" set by vigilante groups for illegal migrants to leave the country. Shops and businesses remained closed in many cities.

Uganda's army shut down newspapers and radio and TV stations owned by Nation, east Africa's most influential media group, the latest sign of repression in the country. The closure was ordered by Muhoozi Kainerugaba, the army chief, who is also the president's son and his likely successor. In a rant on X Mr Kainerugaba said "I don't believe in a free press!"

Andy Burnham, who is likely to take over soon from Sir Keir Starmer as Britain's prime minister, made a big policy speech in which he announced bold plans to relocate some governmental powers away from London. As part of his devolution vision, "Number 10 North" will be "the nerve centre of a rewired Britain" on a ten-year mission to rebalance the country. Regions would be tasked with producing "credible industrial ambitions".

In one of his final acts as prime minister Sir Keir committed £15bn ($20bn) to Britain's defence investment plan over the next four years. A third of the money is earmarked for drones and autonomous weapons systems. The plan had been delayed and the previous defence secretary resigned saying it wasn't enough to modernise Britain's defence capabilities. Mr Burnham will have to find £4.7bn to meet Sir Keir's commitment.

South Korea announced that it would ramp up its production of drones, with around 11,000 to be produced this year alone. Drone and counter-drone units will be manned by some 500,000 "drone warriors" and tens of thousands of systems will be deployed across the front line with North Korea. Drones are now "a universal combat tool", said the South Korean defence minister.

In response to a suicide-attack in Karachi that killed three federal rangers, Pakistan conducted air strikes across the border into Afghanistan. At least 28 civilians were killed, according to the UN's local mission. Pakistan said it had targeted militant bases. In retaliation Afghanistan launched a drone attack against what it described as an Islamic State base in Pakistan's border province of Balochistan.

A light aircraft crashed into the CITIC Tower, Beijing's tallest building, killing the pilot. The plane hit the skyscraper just 7km (4 miles) from the closely guarded Zhongnanhai leadership compound of the Chinese government, raising questions about the lapse of security in China's capital.

New Caledonia held its first election since deadly riots broke out in 2024 over plans to expand voting rights for French citizens who live in the Pacific-island territory, which would have diluted the voting power of locals (the proposal was shelved). Independence-minded parties won 26 seats in the 54-seat assembly and "loyalist" parties took 24, leaving the non-aligned centrists with four.

Ukraine launched another big attack on Moscow. Russia said it shot down more than 400 drones in the capital and elsewhere. Ukraine's relentless assault on oil refineries has led to fuel shortages in some Russian regions, which Vladimir Putin now admits are causing "problems". Russia hit Kyiv with another big bombardment, killing at least 17 people and injuring dozens more.

A parcel bomb exploded outside a residential property in Monaco, injuring three people. The injured were reported to be Vadym Iermolaiev, a Ukrainian tycoon, his 13-year-old child and a woman. Mr Iermolaiev was subjected to sanctions by the Ukrainian government in 2023 for allegedly conducting transactions with Russian entities. Born in Dnipro, he made his fortune in property but has since renounced his citizenship.

In an effort to kick-start growth, Germany's chancellor, Friedrich Merz, unveiled a package of economic reforms, which includes €10bn ($11.4bn) in annual income tax relief. Negotiations between the governing Christian Democrats and the Social Democrats, their coalition partners, had been under way for weeks. "Citizens want decisions, not infighting", said Mr Merz. The reforms should mean that firms will be able to hire more easily and bureaucracy will be slashed.

More than 1m illegal migrants have applied for citizenship in Spain under an amnesty programme. Migrants who have lived in the country for at least five months and do not have a criminal record will be granted temporary residence permits. When the amnesty was announced in January it was thought 500,000 would apply.

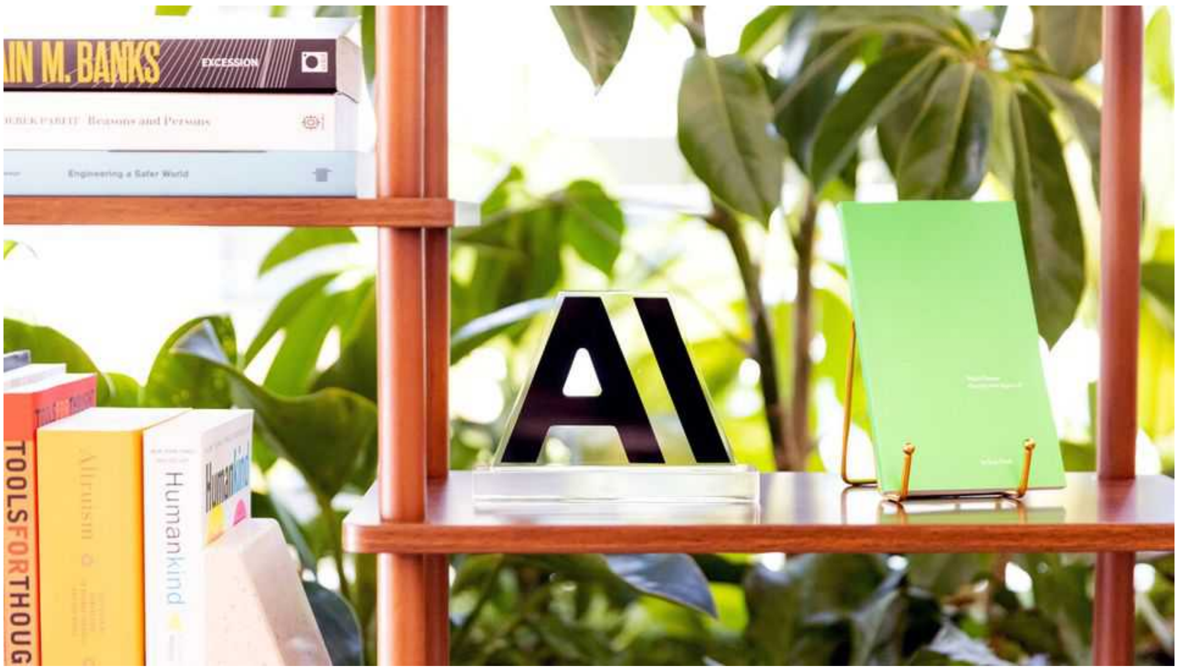
Europe’s sweltering heatwave subsided, but not before more local record temperatures were set. Germany recorded 41.70C (1070F) at Coschen near the Polish border. Poland hit 40.50C in the town of Slubice. The Czech Republic recorded a reading of 41.10C in Doksany, north of Prague.

Correction (July 2nd 2026): The details of Friedrich Merz’s economic reforms have been slightly amended.

The world this week

Business

July 2nd 2026



The Trump administration lifted its ban on non-Americans using Anthropic's latest Fable and Mythos AI models, which it had decreed in mid-June. The ban was imposed over a potential breach of security protocols in Fable; as a result Anthropic closed all access to Fable and Mythos, even internally. The AI firm has implemented new safeguards and worked with the Commerce Department to resolve the concerns, but the issue has highlighted the ease with which the American government can restrict access to frontier AI. Anthropic said it underlined the need for the industry to find a consistent way to assess and fix potential evasions of AI safeguards.

Despite the conflict with Iran and some bouts of volatility, stock markets recorded their best quarter in six years. The S&P 500 rose by 15% from April to June, the NASDAQ Composite by 21% and the pan-European STOXX 600 by 10%. Japan's Nikkei 225 had its best three months ever, rising by 37%. South Korea's KOSPI increased by 68%. Even so, the share prices of some big tech giants did not fare so well in June, with Apple, Meta and Nvidia all down. Microsoft's stock fell by 17%, its worst month since December 2000.

South Korea's chipmakers were largely responsible for a 70.9% year-on-year rise in the country's exports in June, the biggest such leap in 50 years. Driven by demand for memory chips, semiconductor exports were up by 200%. Samsung and SK Hynix, meanwhile, joined the government in announcing a $600bn investment for new chip factories in South Korea's least-developed areas.

The yen hit ¥162 to the dollar for the first time in 40 years, increasing the likelihood of Japan's financial authorities intervening to defend the currency. Investors are betting that Japan will find it hard to curb inflationary pressures caused by higher energy costs.

The future of the free-trade agreement between America, Canada and Mexico (USMCA) was in some doubt after the Trump administration declined to renew it. The US trade representative, Jamieson Greer, said America would now negotiate with Canada and Mexico about the USMCA's "shortcomings".

Reports emerged that Volkswagen will lay off 100,000 employees worldwide, about a sixth of its workforce, and end production at four factories in Germany. The carmaker has been aiming for 50,000 job cuts by 2030. VW's powerful unions were not happy; reports suggested they had not been told of the extra redundancies. The company has been trying to catch up with the switch to electric cars and its sales in China are falling. It says American tariffs on EU vehicles and the conflict in the Middle East have also hurt its bottom line.

Rocket Lab, a rockets-and-space firm founded in New Zealand but now based in America, said it would buy Iridium, a satellite operator. Iridium runs a network of internet satellites, but has been eclipsed by the success of SpaceX's rival Starlink system.

Another big shake-up to America's media industry loomed, as Comcast said it would spin off its NBCUniversal and Sky subsidiaries into a separate company, leaving it to focus on its cable and tech business. It hopes to complete the spin-off by mid-2027, but noted there were no assurances the transaction would be completed.

Nike announced a quarterly profit of $1.1bn thanks mostly to $986m it received in refunded tariff costs from the government. Its footwear sales rose in America but fell in Europe, and China, where they declined by 13%, year on year. Total revenue of $11bn was the company's lowest since 2022. Nike's share price is down by 30% this year.

In Indonesia, the founder of Gojek, a superapp offering 20 services across South-East Asia, including ride-hailing and food deliveries, was sentenced to at least ten years in prison for corruption. Nadiem Makarim left Gojek to become the government's education minister in 2019. He was found guilty of procuring overpriced Chromebook laptops running on software made by

Google, an investor in Gojek, which the court decided was an abuse of authority. Mr Nadiem is to appeal against the verdict.

Loved and loathed in equal measure, Lime started selling shares on the Nasdaq exchange in an IPO that raised $167m. The stock rose by 4% on the first day of trading. The company hires out white and pale-green electric bikes in 230 cities around the world and is backed by Uber, which allows users to rent Lime's bikes through its app. Its global user base rose by 21% last year. In London local councils man hotlines to deal with complaints about rental bikes left strewn across pavements. Lime created a responsible-parking scheme in 2022; not much has been heard of it since.

The world this week

Cartoon: A toast to America's 250th birthday

A lighter take on the news

July 2nd 2026

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

America is anxious, and awesomely powerful

America is mighty—but becoming less dominant

Hope, backlash and the battle for America

America's wrecking-ball revolution

What remains of the city upon the hill?

You can see previous ones here.

Leaders

Leaders | Our cover

America is anxious, and awesomely powerful

Restlessness is what prevents the republic from sinking into stagnation

July 2nd 2026

FROM THE start, 250 years ago, America's founders believed that their republic would shine out as an example to all humanity. But the republic was also an experiment, and they feared that it could soon collapse into disorder or tyranny. Such has been the dance throughout America's extraordinary history. Slavery and xenophobia, corruption and robber barons, civil war and world war have all jostled the republic even as America rose to become the beacon of the free world.

On July 4th Americans are celebrating their semiquincentennial. All those syllables rebut the founders' gloom. Far from succumbing to tyranny, America saved the world from tyrants three times over. Glorious disorder created a dynamism that has long sustained America as a superpower.

Dominance comes with temptations, but the United States has by and large held out republican virtues as the salvation of people everywhere.

Yet this birthday comes at another anxious moment in America’s story. Virtue is under threat and talk of decline is in the air. Even as citizens celebrate together, public life is scarred by division. America is demolishing the world order that it created after the defeat of fascism in 1945. The restless republic is opening a new chapter, but does that signal retreat, as some Americans worry, or instead herald a renewal?

To understand this moment, and to mark the 250th anniversary, The Economist retraced the footsteps of Alexis de Tocqueville, a French aristocrat whose tour of the country in the early 1830s furnished the material for “Democracy in America”, a trove of enduring insights into the republic. If you listen to our podcast, you will discover that many Americans today echo the founders’ fears.

They worry that the separation of powers is degenerating into a White House-takes-all world. Congress was meant to be the leading branch of government, but it is gripped by a vicious partisanship in which “we” are right and “they” are bad. To pass laws requires give and take, but the parties punish compromise and gerrymandering rewards extreme views. The Supreme Court is adding to the might of the executive. This week, though it struck down one of the president’s schemes, over birthright citizenship, it also expanded his power by ruling that he can sack officials in federal agencies.

A nation of immigrants, the United States has at its best treated the people flocking to its shores as a source of vitality and a validation of the American dream. China has a dream, too, but foreigners are excluded by the unalterable fact that they were not born Chinese. By contrast, people of any race or faith can become American. Their welcome is the promise that what they and their children can accomplish is limited only by their imagination and capacity for hard work.

But the American dream has soured. Bits of the MAGA movement want to shut down legal immigration, not just the illegal sort. This year net migration could be zero. As the share of Americans who call themselves “white” sinks towards 50%, some on the right want to give a special status to "heritage Americans", whose forebears have been in the country for generations. This is an ugly throwback to the racism that Americans rejected as part of the moral and material progress that best define the republic's success.

Abroad, America is also retreating from its values. As our essay this week describes, Donald Trump is leading a Wrecking-ball revolution to smash the institutions and alliances that the postwar generation set up to keep the world safe from despotism. He and many Americans on the right and left feel contempt for a global system that they blame—misguidedly, in the view of The Economist—for aiding China, punishing America's workers and sending its young soldiers to spill their blood in far-off countries.

Accordingly, America is throwing its weight around like any other country chasing wealth and power. Freedom and democracy for foreigners are off the agenda. Trade used to be a system of mutual benefit; it has become a tool for extracting concessions. Shared values once united America and its allies; now allies are seen as dependants to be exploited.

Many people conclude that America is in decline. That strikes this newspaper as a grave misreading. America's power is immense—and it could be about to grow beyond all recognition. For evidence of the country's unabated dynamism, look outside its dysfunctional politics.

America's artificial-intelligence companies have rapidly mobilised hundreds of billions of dollars to finance the pursuit of a technological lead. If, as they predict, AI changes everything, then America and its AI stack may become utterly dominant—for a time, at least. Some of that is bound to rub off on America's businesses and its formidable armed forces. Its allies, however much they have been antagonised by Mr Trump, would face a bleak choice between submitting to America or siding with authoritarian China.

As America amasses awesome power, the great experiment could go disastrously wrong. Mr Trump has tainted public life with an ugly cynicism that always sees the worst in everyone. Boosted by AI-enhanced agencies, executive power could become overwhelming. The concentration of wealth and political power could foster a predatory elite. Partisanship, fanned by social media, gerrymandering and party primaries dominated by zealots, could become further entrenched. Politicians might prove unable to deal with the economic and social upheaval that lies ahead.

As domestic politics grows dirtier and nastier, America could also become more predatory abroad. Imagine that its abandonment of the project to promote liberty is permanent. Other countries will copy it. Violent, ambitious leaders will feel emboldened to conquer or coerce their neighbours. The world will descend into chaos.

However, as the founders would attest, that dark future is not certain—or even likely. The corollary of America's dynamism is its capacity for reinvention. Episodes that set the republic back—Pearl Harbour, Sputnik, Watergate—spurred it to recover and charge ahead. Roused, Americans set about making sure that next time they would do better and be better.

One way or another, change is coming to America, because too much today is unsustainable. The social contract, which is financed by borrowing, is fiscally unsustainable. Mr Trump's generation is biologically unsustainable: his successor will belong to a new, younger group of Americans. The hope must be that voters will decide that the two parties' sterile mutual contempt has become politically unsustainable, too.

As celebratory fireworks light up cities and towns across America, remember that restlessness is precisely what prevents the republic from sinking into stagnation. All those arguments and fights are a precondition for the creative destruction that precedes the nation's renewal.

Naturally, the founders would be worried today, just as they were 250 years ago. Yet their revolutionary insight was to build their great experiment on the wisdom of the people. Time and again, that faith has been richly rewarded. ■

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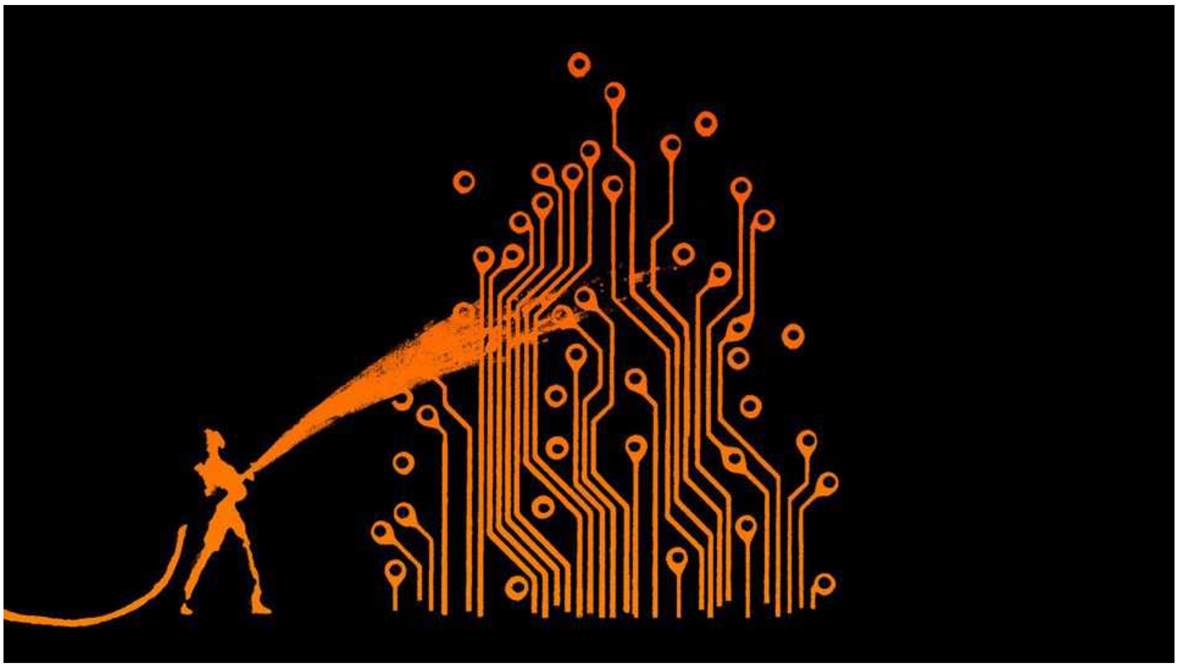
Leaders | Rules for supermodels

America should not imprison frontier AI

Fable is free. But the technology desperately needs better regulations

July 2nd 2026



New rules often come out of disasters. America's Federal Reserve was founded following the Panic of 1907, when stock prices fell by half. Pressure from muckrakers such as Upton Sinclair brought about the Food and Drug Administration. The Securities and Exchange Commission was founded during the Great Depression. Artificial intelligence has not yet caused a calamity, but it might. Models like Anthropic's Mythos and OpenAI's GPT-5.6 Sol are extraordinarily good hackers and could become capable advisers to bioterrorists.

Understandably, the Trump administration is trying to regulate the technology before catastrophe strikes. It is working with AI companies on voluntary standards that could soon be released. Unfortunately, its efforts so far have been a mess.

Anthropic was its first victim, slapped with export controls in mid-June after the release of Fable, a guardrailed version of Mythos. That came not long after a row between the company and the Pentagon. Fears of a grudge were allayed when the administration appeared to compel OpenAI to limit access to its Sol model. Then, on June 30th, the Commerce Department abruptly lifted the ban on Fable after Anthropic fiddled with its safety protections.

Throughout, the government has seemed to make up rules on the fly. Its decisions have also had an unpleasant nationalistic tinge. At first it restricted Fable only for non-Americans; Anthropic decided that a wholesale block was the only way to comply. It looks as if the administration pulled the only lever available, knowing that it was a de facto ban. But throughout the past month's brouhaha, the government has made clear that Americans' AI access takes precedence over foreigners'.

Now that America has started licensing AI releases, it is unlikely to stop. But regulating frontier AI is tricky. China's top models are only months behind America's, and most are open-weight, meaning anyone can run or tinker with them. One recent release, GLM 5.2 from Z.ai, already matches the best of the last generation of American models. Chinese labs may take longer to catch up with Mythos, since they have fewer chips and American labs are cracking down on distillation, when competitors use the outputs of the best models to train their own. But that buys months, or a year at most. America could ban Chinese open-weight models and punish foreigners who use them. But even if it managed to enforce its ban, a vast home market would keep China's model-makers going.

So a permanent block is unworkable. It is also undesirable. Many American AI firms and researchers rely on Chinese models, which are cheap and malleable. The intelligence that makes new models dangerous also makes them tremendously useful. Worries about China aside, a gulf between publicly available and restricted models is a problem. Societies adapt to AI best when improvements arrive gradually, not in a great lurch. Imagine the mess if regulators bottled up several generations of Mythos-style advances.

The few with access would acquire great power. The sudden jump in capability whenever the models did get released would unleash chaos.

How then can models like Mythos and Sol be safely set free? The emerging norm provides for an evaluation period and a staggered release to trusted institutions. That is a good start, but it needs formalising. Some choices, such as how much risk to tolerate, belong to elected leaders. But politicians should not be micromanaging the process or horse-trading with AI companies, as they do today.

Once those goals are set, politicians should stand back. Evaluating a model is a technical problem. Governments have some expertise, for example in America's Centre for AI Standards and Innovation or Britain's AI Security Institute (AISI). But the private sector has more. The finance and electric-power industries offer structures where oversight is carried out by industry bodies, overseen by government. Something similar might help amalgamate knowledge from the AI labs, research groups and foreign bodies such as AISI.

Ideally, America would work with its allies on AI regulation. Alas, it is hard to imagine Donald Trump giving up the immense sovereign power that stems from control of frontier models. Locking others out of AI is not in America's economic or strategic interest, but neither were indiscriminate tariffs or threats to Greenland.

So other countries must build leverage with their own AI sectors and regulations, and find fail-safes for American export controls. They could, for instance, ensure that businesses can easily switch to non-American models that run on non-American data centres. It is far wiser to depend on America than on China, but they would be mad to ignore the risks. ■

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Leaders | Pipe down and pipe oil

Turkey and Israel should trade energy, not insults

Both have much to gain from being less belligerent

July 2nd 2026

A minister in Turkey has spoken of one day “ruling” Jerusalem. Israeli officials have warned darkly that Turkey is “the new Iran”. Listen to the volleys of invective flying in both directions, and you might think that two of the Middle East’s pivotal powers are heading for conflict.

The [tension is real](). Turkey, a mostly Muslim country, fumes over Israel’s ill-treatment of Palestinians. Israel accuses Turkey of harbouring leaders of Hamas, the Islamist group that attacked Israel on October 7th 2023. Each thinks the other threatens its borders. Israel has fostered ties with Kurds, including some that Turkey’s government, ever wary of Kurdish nationalism, sees as enemies. Turkey has close relations with the ex-jihadists now ruling Syria, who appear to be reformed but who Israel fears could one day prove hostile to the Jewish state.

Israel's prime minister and Turkey's president often swap ferocious insults. Binyamin Netanyahu recently called Recep Tayyip Erdogan an "antisemitic dictator" who is "committing genocide against the Kurds". Then again, Mr Erdogan has likened the Israeli leader to Hitler, saying Israel is a chaos factory fuelled "by blood and tears".

Such rhetoric gets attention abroad, but it is mostly intended for domestic ears. Mr Netanyahu faces a tough election in the autumn, and fears that he will lose office having been cast as the man who failed his people on October 7th. Mr Erdogan may lean on Turkey's parliament to call an election next year. Each loves to pose as a doughty defender of the nation against external threats. Each is thus a handy foil for the other.

It does not have to be this way. Both countries are allies of America, which is, belatedly, trying to discourage the verbal salvoes. Not long ago, the armed forces of Israel and Turkey were able to co-operate. In the recent past it was possible to imagine healthy economic ties, too. Their respective industrial and technological strengths and physical proximity should have made that straightforward. Given the right politics, how might a better relationship be fostered again?

Energy may be the key, despite an embargo Mr Erdogan's government imposed on trade with Israel in 2024. Much of the oil Israel imports is pumped in Azerbaijan or the Kurdish region of Iraq, and then transported by pipeline through Turkey or shipped through Ceyhan, a Turkish port.

More should follow. Given Iran's ability to disrupt the flow of hydrocarbons through the Strait of Hormuz, other countries should develop alternative sources and supply routes. One rich possibility is gas in the eastern Mediterranean. Exploration there by Israel is already advanced. It should be open to joint projects with Turkey and other littoral states to develop subsea gasfields and export the energy they find there.

When Israel and Turkey worked together more closely, plans were drawn up for a pipeline to connect the eastern Mediterranean gasfields to Turkey's southern ports. A related project would be to forge a regional network of pipelines to bring oil and gas from afar more easily to market. Israel and Turkey should both aspire to be a part of this network linking Gulf producers and others to buyers in Europe and Asia.

It is still not clear when, or even if, the Strait of Hormuz will be fully reopened to tanker traffic, at least without users paying fees to Iran (and perhaps Oman). If Israel and Turkey want to reduce their vulnerability to the regional rogue, and maybe make a large heap of money in the process, they should trade fewer barbs and more barrels. ■

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Leaders | A wretched response

Venezuela’s earthquakes are partly America’s problem

The government’s response has been dire. Its patron has a duty to help

July 2nd 2026

THE earthquakes that struck Venezuela on June 24th killed more than 2,000 people, by the official count. Many more are listed as missing, and the UN has ordered 10,000 body bags. But the true toll will probably never be known. After decades of brutal kleptocracy, Venezuela is no longer the kind of country where bodies are properly counted.

The regime’s response to the disaster has been dismal. In La Guaira, the worst-hit state, survivors say no official help came in the first 48 hours—the crucial period when there is the best chance that people trapped under fallen buildings might still be breathing. Families were left to scrabble for their loved ones in heaps of dust and broken concrete. Heavy machinery for moving the rubble was slow to come and sometimes lacked fuel. Some rescue teams had no torches. The stench of rotting corpses is now pervasive. Injured survivors who make it to hospital find the wards short-staffed and ill-equipped. The regime, which is as incompetent as it is authoritarian, has been slow to distribute aid.

Since January, when Donald Trump sent military forces to capture Venezuela's dictator, Nicolás Maduro, Venezuela's problems have become America's, too. President Trump replaced Mr Maduro with his more biddable deputy, Delcy Rodríguez, and has boasted that he now runs the country through her. That is an exaggeration, but America does directly control Venezuela's oil revenues, and Ms Rodríguez must to some degree co-operate with Uncle Sam if she wishes to avoid her predecessor's fate. (He is stuck in an American prison.)

America's unique involvement in Venezuela brings unique responsibilities. It should do more to fulfil them. About 300 American rescuers have arrived, along with 900 marines. But of $300m promised in aid, only $100m is new money. All help is welcome, but the need is great.

Meanwhile, other challenges are looming. Venezuela's most popular politician, the opposition leader María Corina Machado, is in exile. The Trump administration has told her not to try to return, for fear that her arrival in Caracas would spark unrest. Until now, she has complied. But, after the quakes, she is understandably desperate to get back to her people. In the past week America and the regime have blocked her. That is wrong. As a Venezuelan, she has a right to go home.

Elections have been promised, but many fear the regime will keep delaying them. Fury is building. Mr Trump's popularity in Venezuela, sky-high just after he removed the hated Mr Maduro, has been falling. This is a dangerous mix. An election may not be feasible soon, but America and the regime should set a timetable for one. That might assuage public anger. It might also give foreign investors hope that the country will one day be less lawless, and hence worth investing more in.

The earthquakes have aggravated another huge challenge: the mess that is the government's debts. By one estimate, Venezuela's sovereign debt adds up to $240bn, or 240% of GDP. If that is accurate, a restructuring would be the most ambitious ever attempted anywhere. Worse, the IMF, which is normally a neutral arbiter, is not involved and the mix of creditors includes Chinese banks, Russia’s government and others who choose to remain anonymous.

American officials say they hope a deal can be struck by the end of the year, but that sounds fanciful. America must not accept a partial, botched agreement merely to stay on schedule. That would be open to legal challenge and accusations of corruption. To give Venezuela its best shot at stable finances, America must instead press its government to stick to international rules and engage with the IMF, even if it takes longer.

For the thousands crushed or smothered by the quakes, it is too late. For Venezuela, there is a chance of renewal, but they deserve better than Mr Trump and his dire protégée. ■

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Leaders | An admission

We woz wrong about oil

The market bested us. But for The Economist, there is no shame in that

July 2nd 2026

An editor of The Economist once said: “We are a paper of opinion and views. We stick our neck out and consequently risk having it chopped from time to time.” The oil price has delivered such a blow. At the end of April, almost two months after America and Israel attacked Iran, we said oil traders were in “la-la land” thinking that oil prices would fall to $88 by the end of the year. Today Brent crude costs just over $70 a barrel. Our prediction went about as well as the war.

We got it wrong for two reasons. First, we thought that America and Iran would hold out against a deal to reopen the Strait of Hormuz: America because Mr Trump deludedly thought he held the whip hand, Iran because its regime knew its people could be made to endure more pain. In fact, facing the fury of American motorists, Mr Trump all but folded, preventing a disaster. Since the two parties struck a provisional deal in June, enough oil has been getting out of the Gulf to reassure markets that supply is coming back online, even if the future of the strait remains uncertain.

Our second oversight was, like others, not anticipating the staggering degree to which China would be able to slash its oil imports. Crude imports are 5m barrels a day lower than a year ago, despite the fall in prices. China has cut its demand and shored up supply. Its oil reserves are opaque—many barrels are hidden from satellites underground, and there is a blurred line between official reserves and corporate inventories. But they have been shown to be a powerful buffer.

Perhaps a newspaper whose critics bang on about a clanger in 1999, when we wrongly predicted oil prices falling to $5 a barrel, should have known better. We woz wrong then, too. Fortunately, we can report that investors who say we are a guide to what to bet against are cherry-picking our failures. With the help of AI we analysed 7,000 of this century's leaders. When we are moderately out-of-consensus, our record is good. Our more outlandish predictions are, unsurprisingly, more likely to be wrong.

In any case, as free-traders, we take a strange satisfaction in being bested by the markets. It is a reminder that the price of an asset in a liquid market is the closest thing there is to the distilled judgment of humanity. Prices incorporate information dispersed unevenly among countless individuals, from the amateur investor to Europe's high-rolling oil traders. The market is not always right—and did not expect oil prices to fall as much as they did—but to think that with average luck anyone can reliably do better is to commit an error akin to that of central planners who think they can allocate resources better than the price mechanism can.

Why, then, have an opinion at all? Prediction markets cover an increasing range of events, making it easier than ever to see how the market views the future. Yet someone who reflexively substitutes the market's opinion for their own will not know why they believe what they believe. The case for prediction is therefore like the case for free speech. Well-argued opinions sharpen the thinking of those who read them, even when they are wrong.

Without such views, there would be nothing to aggregate into a market price.

So we will keep on predicting. In so doing we also hope to spare our readers a great deal of drudgery. The easiest way not to be wrong is to avoid taking any definite view at all, an approach that makes many bureaucratic reports joy-slayingly dull. We read those so you don’t have to—a service for which the occasional blunder is, we hope, a price worth paying. Sorry for our mistake. It will happen again. ■

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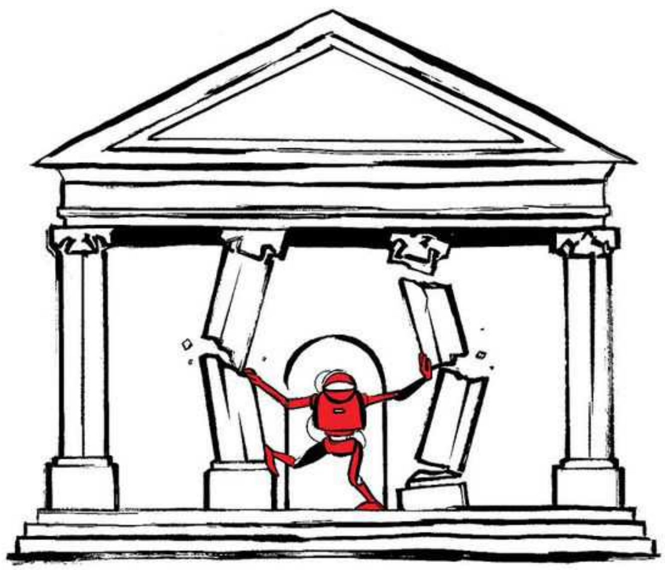
Letters

Letters | A selection of correspondence

Was the Trump administration’s blocking of Anthropic’s Fable and Mythos models dystopian?

Also this week, startups in Honduras, sharing companies’ wealth, cricket in India, China, reading

July 2nd 2026



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The Trump administration’s blocking of Anthropic’s Fable and Mythos models was more than chaotic, it was dystopian (“America’s AI power grab”, June 20th). Just one directive took a leading AI model offline overnight, which worked because the model has an owner, Anthropic, that could be told what to do. This is the actual problem. Centralisation is a liability for anyone working with AI, and it will happen again whether by this government or another.

The solution is to build the only economically viable counter-balance to the hyperscalers: decentralised AI. Contrary to what the large AI companies would have you believe, it is possible to match their business models with open, public, decentralised alternatives. They just have a vested interest in gaslighting us into thinking otherwise.

Jake BrukhmanFounder and chief executiveCoinFundMiami

You characterised America's decision to close access to Anthropic's models as a demonstration of its "vast new power". That may be true in the short term, but in the end it is as unsustainable as Iran's closure of the Strait of Hormuz. In both cases allies and foes alike seek alternative supplies, for AI infrastructure and crude oil respectively, ultimately undermining the very power exercised. The White House has accelerated a dynamic that has been at play since at least the tariff announcements of Liberation Day in April 2025, which is an impetus to build new collaborations, such as the possible "middle power" coalitions on AI that you outlined. The conflict with Iran has also given new urgency to the transition to renewable energy, which was in danger of stalling in developed countries.

Faisal SheikhFounder and chief executiveMonmouth CapitalLondon

The framing of Anthropic as "cultlike" is as misguided as Donald Trump's description of its founders as "left-wing nutjobs" ("A test of faith", June 20th). A tech firm with a sense of civic responsibility above a commercial self-interest is a rarity; that doesn't make it a cult. Part of Anthropic's popularity rests on its principled stand. Its push for AI regulation hopes to guide innovation responsibly without throttling it. Mr Trump's actions were akin to China's harassment of Alibaba—killing some chickens to scare the monkeys.

John ParmanBerkeley, California

Your article on Caribbean special jurisdictions characterised Próspera, which was established on the Honduran island of Roatán in 2017, as a haven for techno-libertarians seeking to escape regulation and attract fintech, biotech and robotics startups ("Castles made of sand", June 13th). I moved to Honduras specifically because of Próspera.

The project's significance is not that it offers an alternative to Honduras, but that it provides Honduras with an additional tool for development. For decades developing countries have competed to attract foreign investment, entrepreneurs and skilled workers. Próspera has succeeded in drawing all three to Honduras, people who otherwise would have settled in Dubai, Miami or Singapore.

Projects like Próspera are most valuable when they expand the range of opportunities available to local residents while attracting new capital and expertise from abroad. Their success should ultimately be judged not by their novelty, but by whether they create jobs, investment and knowledge that remain in the host country. Próspera encourages Honduras to think ambitiously about its future. That may prove to be its most enduring contribution to Hondurans.

Humberto MaciasRoatán, Honduras

As your Free Exchange column noted (June 13th) new proposals for the public ownership of corporate shares, particularly in AI companies, are attracting political attention. In the 1940s Arthur Lewis, an eventual Nobel prizewinner in economics, proposed share acquisitions as a Labour Party policy in Britain. He noted that if the government ran a revenue surplus and invested it in corporate shares, this would redistribute wealth towards the aim of equality, whereas nationalising the commanding heights of the capitalist economy, Labour's then policy, would not. Sovereign-wealth funds and index investment were not part of that discussion.

I have argued that any social-endowment fund must be a government-owned organisation, but run independently, with a board of trustees and managers who would be only indirectly responsible to the democratic legislature. If instead share acquisitions are to be decided by politicians and their friends, the best we can expect is the attempt to pick winners, that will in fact mostly be losers. And, more probably, corruption on a scale that will leave the mass of the population poorer, not richer.

Roger McCainProfessor emeritusSchool of EconomicsDrexel UniversityPhiladelphia

“Building an innings” (May 30th) reported on [Vaibhav Sooryavanshi, India’s 15-year-old cricket star]. Everybody is in awe of him; it is not just the runs he scores but the fearless approach he brings to the game. Cricket has transformed dramatically since India lifted the Prudential World Cup in 1983, and today the country is among the leading powers in the game. IPL 2026 has produced a new sensation in Vaibhav Suryavanshi. What is particularly refreshing is the absence of affectation. Success does not appear to have gone to his head. Watching him bat evokes memories of the fearless West Indian greats—Gordon Greenidge, Desmond Haynes and Vivian Richards—whose attacking cricket captivated an earlier generation. Yet the fascination with sporting prodigies often obscures the factors behind their success. Behind every wonder kid lies a network of family support, coaching, discipline and perseverance. Talent alone is never enough. As Shakespeare observed, “Some are born great, some achieve greatness, and some have greatness thrust upon them.” In sport greatness is rarely a miracle. It is the product of countless hours of practice and an unwavering commitment to improvement. Hailing from Bihar, a state not traditionally associated with producing international cricketers, Mr Sooryavanshi is an inspiration to countless youngsters across India.

DR NAWAL THORATHead of the English departmentGovernment College of Arts and ScienceChhatrapati Sambhajinagar, India

I was pleasantly surprised to see Chaguan writing about Shaoxing as China's most liveable city (June 20th). I was born and raised there. Shaoxing's ageing self-made entrepreneurs have enabled many children from relatively well-off families to migrate within China to cities such as Shanghai and Hangzhou, or even to study and settle abroad. I see many such examples around me. Although Shaoxing is growing older, its well-developed textile industry continues to inject fresh vitality into China's patterns of population mobility.

The wealth accumulated since the reforms and opening-up of the late 1970s and 1980s, combined with the one-child policy, has created a striking generational divide. With all the resources and attention directed towards a single child's development, children in those high-income, low-cost-of-living cities have enjoyed an unprecedented level of investment, regardless of gender. Most of my grandparents did not complete lower secondary school. My parents began working after finishing secondary education. I completed both my undergraduate and postgraduate degrees in London.

The longer one lives in a metropolis such as London, the more keenly one feels the constraints and ceilings on income and career progression. Increasingly, Shaoxing natives overseas are considering returning to China to start businesses. Many of these young people come from families that already possess established enterprises and industrial supply chains. Among successive cohorts of students who have left Shaoxing, it seems ever more likely that a growing number will return to the city to build their own ventures.

Chenlu Yu London

I was humbled to discover in your review of Martin Sixsmith's "Suing the Kremlin" that his 304-page book is "readable in a single sitting" ("See you in court", June 20th). Perhaps you could ask your Bartleby columnist to tell us how to avoid distractions and get such things done.

Yacov ArnopolinNew York

By Invitation

By Invitation | The bigger short

If you thought the global financial crisis was bad…

When the crash comes, stabilising markets will be easy compared with reordering society for AI, writes short-seller Carson Block

July 2nd 2026

WITHIN A FEW years, artificial intelligence will displace a significant portion of the world's highly paid knowledge workers. Aggregate demand will suffer, but flows into retirement investment accounts will turn net-negative: workers won't just stop paying in, they will need to withdraw funds.

These outflows will come largely from passive investment funds, particularly S&P 500 index trackers. Although such redemptions involve selling every constituent in proportion to its index weight, the price impact will not be evenly distributed. The AI "mega-caps" that have powered the index higher, such as Nvidia, Microsoft and Amazon, are also the names whose valuations have been most dependent on mechanical passive inflows as the marginal buyer. The result, ironically, is that the companies powering the AI revolution are likely to suffer the largest price drops.

AI is at the inflection point at which large language models are improving at a rate that is non-linear and will soon become exponential because they are themselves coding their successors. The most sophisticated users of AI are in tech companies. Using the current generation of models, they have in many cases reduced teams that previously had half a dozen workers or more to just one. It is quite possible that within three to four years AI will have replaced 15% of jobs in America's broader knowledge economy.

The two counter-arguments are the "Jevons paradox"—the historical experience that new technology that increases efficiency also increases demand, thereby creating new jobs that offset losses—and scepticism about the slope of the adoption curve. Both will be proved wrong.

Humanity's ability to innovate and invent clearly outpaces its ability to adapt to its innovations and inventions. AI models are doubling in power roughly every six months. This means that workers made obsolete will not be able to develop the skills to use AI as a tool, rather than to compete with it.

Even if demand for services and products increases because of falling costs and prices, many displaced workers will still be obsolete, with more workers made so by successor model generations. AI will have such a profound impact on businesses' costs and pricing that failure to adopt quickly will prove existential for a large swathe of the economy.

The job displacement will fall disproportionately on highly educated, well-paid workers whose retirement savings drive America's stock markets. Michael Green of Simplify Asset Management has shown how passive investing has resulted in "broken" equity markets that are largely driven at an index level by flows into retirement accounts. His and others' research shows how passive investing has led to multipliers on the aggregate market and individual stocks that cause the net inflow or outflow of one dollar to have a much larger impact on the stocks in which it is invested, possibly as high as a multiple of 100 for the largest firms.

The S&P 500 has become an index that creates its own momentum for its largest constituents. Because the top ten companies now represent an unprecedented share of the market's value, the index is no longer a diversified basket but a concentrated volatility trap. When the professional class begins to draw down its accounts to service mortgages, the resulting market impact will be sudden and violent, as passive funds are forced to sell the index to meet the redemption demands of the displaced losers.

Ironically, the companies with the highest multiples, which present the greatest risk from net outflows, are largely those that make up the AI stack. When the labour-displacement thesis plays out, it will be the stock prices of these new-world stars that get clobbered the hardest.

The resulting crash in equity prices, particularly combined with falling aggregate demand, will itself be enough to cause a financial crisis on the scale of the global one of 2007-09, if not larger. Problems in private credit and insurance companies' balance-sheets may well make things worse. A reduction in liquidity globally will affect all asset values. Deflationary pressures will mount.

The good news is that the crisis of almost 20 years ago has given policymakers a well-tested playbook to restore liquidity and reflate assets. The bad news is that stabilising the financial markets will be the easy bit for governments. They will struggle far more to manage the reordering of society that will result from the mass displacement of highly productive labour.

Ultimately, in another irony, the AI revolution will lead to a world in which many consumers no longer have the income to participate in the revolution. Remaking a society in which growth has been decoupled from employment is a task for which today's political structures are unprepared, to put it mildly. We will witness not just an almighty market correction, but the end of the existing social contract. In terms of politics and policy, as the old saying goes, "You ain't seen nothing yet."■

Carson Block is the founder and chief executive of Muddy Waters Research.

By Invitation | Slaughter: The argument for

America's Supreme Court was right to expand presidential power

As undesirable as an imperial executive is, the court read the constitution correctly, argues Sai Prakash

July 2nd 2026

THE DECISION was as unforeseen as a hot and humid Washington summer. On June 29th the Supreme Court, in Trump v Slaughter, struck down the congressionally imposed for-cause removal protections for commissioners of the Federal Trade Commission (FTC). Last September, the court had foreshadowed this when it granted the Trump administration's request for an emergency motion to bar an ousted commissioner from resuming her duties.

Many commentators lament the humbling of the FTC and the other so-called independent agencies. They misread the constitution and the decision's real-world effects. The court was belatedly correcting its own error, and the independence of these agencies was more imagined than real. Congress lacks constitutional power to restrict the president's removal of officers enforcing the law, and the "independent agencies" have not been meaningfully independent for decades.

Trump v Slaughter arose because President Donald Trump did what he was most famous for before turning to politics: he fired people. In March 2025 Mr Trump removed Rebecca Slaughter and Alvaro Bedoya, the Democratic commissioners of the FTC. The Federal Trade Commission Act purported to limit the president's removal power to "inefficiency, neglect of duty or malfeasance in office", but Mr Trump had not alleged, much less proven, any of those causes. Ms Slaughter sued in federal court and secured an order that in effect reinstated her. Mr Trump eventually secured relief from the Supreme Court, a stay of the district court's order in favour of Ms Slaughter.

One reason why some regard Slaughter as extraordinary is that in 1935, in a case called Humprey's Executor v United States, the court had upheld these precise restrictions on the removal of the Federal Trade commissioners. Slaughter inters Humphrey's, expressly overruling it. But anyone who has been paying attention knows that the Supreme Court has been undercutting Humphrey's for more than a decade: narrowing it, issuing pronouncements inconsistent with it and generally calling it into question. Long before Slaughter, the current court, led by Chief Justice John Roberts, was openly hostile to removal restrictions.

Opposition to this week's decision relies on two arguments: that the court got the constitution wrong, and that the ruling will adversely affect agency decision-making. The first contention is misplaced. As Alexander Hamilton put it, the constitution makes the president the "constitutional executor" of the law and empowers him to oversee and, if need be, remove officers who do not honour his orders and agenda. The president has constitutional powers over the execution of the law; the commissioners do not. Indeed, James Madison famously said: "I conceive that if any power whatsoever is in its nature executive it is the power of appointing, overseeing, and controlling those who execute the laws." The FTC's commissioners are certainly executing federal laws and the president may control and remove them.

Furthermore, Congress lacks the constitutional power to constrain the president's removal power over executive officers, just as it lacks the constitutional authority to limit the veto or pardon powers. Specifically, the constitution nowhere authorises Congress to refashion the separation of powers that the constitution establishes. So, if the removal of executive officers is an executive power, if the commissioners are executive officers enforcing the law, and if Congress lacks the power to impose removal restrictions, the federal law purporting to protect the commissioners from removal by the president is unconstitutional. That is why Slaughter was right to say: "Subordinates who exercise the President's power are subject to removal by him."

Turn to the second point, about decision-making. Independent agencies have long been less independent than the name or the lore suggests. Although many of their commissioners have statutory terms of five years or more, commissioners don't typically serve a full term. This quicker turnover means presidents usually appoint new commissioners more frequently than one might suppose. Relatedly, presidents appoint commissioners who are party loyalists and who often seek further offices, appointed or elected. In that context, it pays to be a team player and advance the party's agenda.

But doesn't the ability to fire commissioners mark a big change? Not really. The old regime meant that a president controlled the independent agencies for about four (or eight) years, with that control beginning one or two years into his first term and extending one or two years into the term of a new president from the other party. The shift to at-will removal makes the president's command of the agency correspond to his actual time in office. Slaughter effects a time-shift in presidential control.

As soon as the incumbent president secures a party majority within an "independent agency", through a combination of holdover appointees and new appointments, the commission works almost hand-in-glove with his administration. Indeed, it is telling that two of the FTC's sitting commissioners joined Mr Trump's briefs arguing that the president may fire them and their colleagues without cause. Democratic commissioners have proven no less loyal to Democratic administrations: during Joe Biden's presidency, for instance, the FTC worked closely with the White House on antitrust. The vaunted independence of these agencies has long been more fiction than fact.

Slaughter arrives at a fraught time. Many are fearful of expanding executive power. They are right to be apprehensive: recent presidents have shown disdain for the constitution and Congress. Waging wars, eliminating agencies, refusing to spend appropriated funds, spending where there is no appropriation, forgiving billions in student debts, destroying the Department of Education, granting millions of aliens a legal status and refusing to enforce congressional laws—these and countless other presidential actions have made mincemeat of the separation of powers, breeding widespread cynicism.

The more presidents stretch their own powers, the more their successors press to further distend the office. Every president is ready to cite the constitutional excesses of his predecessor as justification for his own legal stretches. It is time to return to an era where Congress makes laws and presidents do not write and rewrite them.

Slaughter is not the cause of the appalling expansion of presidential power. Rather, it rests on a correct reading of the constitution and of America's separation of powers. Yet it does nothing to bring the nation closer to constitutional normality, to dethrone the imperial executive. ■

Sai Prakash is the James Monroe Distinguished Professor of Law and a Miller Centre Senior Fellow at the University of Virginia.

For an opposing view on Trump v Slaughter, read the guest essay by Victoria Nourse.

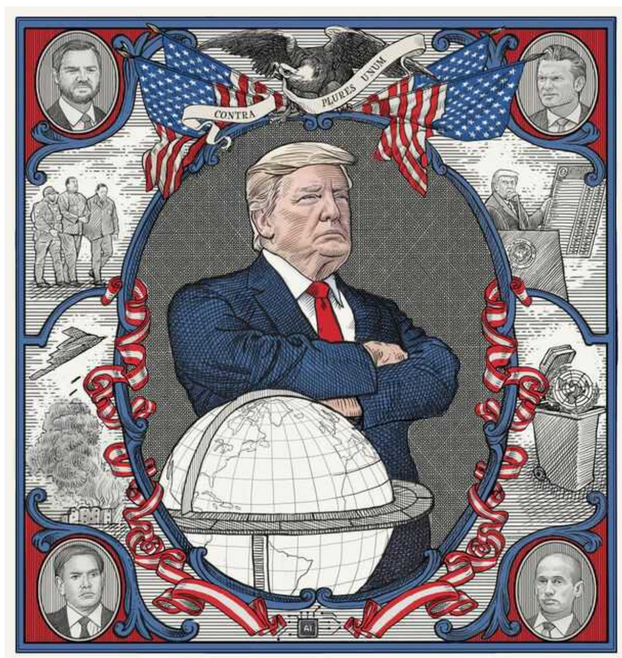
Essay

Essay | Geopolitics

America’s Wrecking-ball revolution

The architects of the post-war order are tearing it down. Edward Carr asks what will rise from the rubble

July 2nd 2026



AS IT CELEBRATES the 250th anniversary of its independence, the United States is once again in a state of rebellion. This time the revolution is against the world America itself created.

Instead of George III and his parliament in far-off London, the enemies of this Wrecking-ball revolution are the global institutions, alliances and system of values that America built to keep liberty safe after the defeat of fascism in 1945. Many Republicans, as well as some on the left, believe these structures impose burdens that Americans should be no more willing to tolerate than they were the Stamp Act of 1765.

A year into his second term Donald Trump dumped 66 international bodies, including 31 UN agencies, like overtaxed crates of tea. Six months later the wrecking ball is still in full swing. Last month Mr Trump proposed a new round of sweeping tariffs as part of a campaign against multilateral trade. If he strikes Cuba, it will be the eighth time he has used military force since January 2025. He will not seek approval from Congress or the UN Security Council. Unlike previous presidents, he will not claim any rationale under international law.

Listen to the talk of secession. In his confirmation hearing before becoming secretary of state, Marco Rubio declared that "the post-war global order is not just obsolete; it is now a weapon being used against us." Steve Bannon rejoices that the rules-based order has been tossed into "the dustbin of history". Speaking for allies who feel attacked and betrayed, Ursula von der Leyen, president of the European Commission, laments that "the West as we know it no longer exists."

You might think the billionaire son of a property developer would make an unlikely revolutionary. Mr Trump is uninterested in ideas. He has no ideals nor any higher purpose. The war in Iran demonstrates his lack of grand strategy.

But that vacuum is precisely what equips him to tear down the old order. An opportunist with an insatiable ego, he cares nothing for the institutions that were entrusted to him. Instead he wants to erect a monument to his own version of American greatness and put his name on it.

And the time is right. Every scheme for organising geopolitics eventually faces a shift in the balance of power or a crisis of legitimacy. This revolution hits one beset by both. Its rival China, Americans now believe, will never share the universal values America used to stand for. So what good is a system centred on them?

And if America, instead of investing in a peaceful world, extracts what it can from a violent one, why should others not do the same?

It is too early to say for sure where this will lead; revolutions follow logics of their own creation. But something precious lies broken. In his inaugural address, John F. Kennedy declared: “Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty.” That vision is dead.

TO EVALUATE the Wrecking-ball revolution this essay looks at it in three contexts: that of America’s revolt in 1776 and the world it made; of the European revolutions of 1848 and the way they stalled; and of France’s of 1789 and its descent into chaos.

The American revolution was both a war of secession from Britain and the genesis of a new sort of society. In the formulation of David Ramsay, who chaired the Continental Congress in 1785-86, it was based on a new social contract which turned subjects into citizens. Instead of being compelled to submit to the will of the Crown, individuals possess within themselves universal rights by which they freely contract to become citizens of a sovereign republic. Even dukes and earls are not so exalted as citizens, Ramsay wrote, because they are just “creatures of kings”.

This posed a question. People in other countries were obviously not American citizens. But in the idealised conception of the framers, they were human beings imbued with the exact same natural rights as Americans. The United States should be to them the model of a new and better way of governing—a shining city on a hill. But how should it act when the broad interests of universal freedom and the narrow interests of the republic differ? As its power grew, the question gradually became consequential.

Woodrow Wilson’s belief that America’s mission was to spread God’s plan for mankind made him an epitome of the universalist approach. For democracy to be safe from the scourge of militarism and the cynicism of realpolitik, the president said in 1917, “Peace must be planted upon the tested foundations of political liberty.” In 1945 America made good on that, bringing freedom to the defeated Axis countries and seeking to build a defence against communism on that peaceful foundation and the prosperity it would bring.

Today’s revolutionaries have gone the other way. Here is Stephen Miller, the White House deputy chief of staff, speaking to Jake Tapper, a journalist, on

CNN earlier this year: “We live in a world, in the real world, Jake, that is governed by strength, that is governed by force, that is governed by power: these are the iron laws of the world since the beginning of time.” Coming from Mr Trump’s chief ideologue, that sounds like royalist talk.

Or consider how J.D. Vance buried the shining city beneath blood-and-soil rhetoric when he accepted the vice-presidential nomination. He told the Republican convention about the five generations of his forebears lying in the Kentucky earth: “That’s not just an idea, my friends,” he proclaimed. “That’s not just a set of principles. Even though the ideas and the principles are great, that is a homeland. That is our homeland.”

Wilson’s Christian universalism has given way to Christian nationalism. The wrecking-ballistas think their predecessors’ quaint belief in free trade and enlightened self-interest has sapped the warrior spirit America needs to thrive in a nasty, violent world. They want less Adam Smith and more Carl Schmitt.

Odd Arne Westad, a Norwegian scholar, doubts that the pendulum is simply swinging between values and realpolitik, as it did after Wilson in the early 20th century and after Barack Obama in the early 21st. He believes that, for the first time in its history, America is thinking like a narrow, self-interested nation. “What you are seeing is an overthrow of the more basic universalist approach to American foreign policy,” he says. “And I don’t think that it’s just a blip.”

Michael Beckley of Tufts University expects America to become “more unilateralist, muscular and transactional”. Experts imagine it demanding more and providing less. American bases in Germany, say, will become German bases paid for by Germany—though America would still insist on the right to use them. In exchange for guarantees of help in times of war, America will require economic concessions during peace. It will impose “balanced” trade, enforced by the use of tariffs and quotas designed to favour its own economy. It will require its partner-vassals to sever their ties to China, block inward investment and ban their citizens from owning Chinese assets.

The simple reason why the wrecking-ball revolutionaries believe they will be able to impose all this is that America remains so powerful. And, because of AI, it is about to get more powerful still. Chris McGuire, who worked on technology policy in the National Security Council (NSC) under Joe Biden, says that even those immersed in the technology often fail to grasp the degree to which it is "happening so fast, and is so consequential for US global power".

To succeed in AI requires the mobilisation of capital, infrastructure, computing, models and applications. America is impressively endowed with all five. And it can often exert serious influence on the deployment of those factors overseas. Recent decisions about new models from Anthropic and OpenAI show how the right to use cutting-edge models could one day depend on a nod from the Oval Office.

As well as controlling the models, America has perhaps 15 times as much computing power as Europe and much more planned. "I think the Europeans are completely screwed, to be honest," says Mr McGuire. They will therefore be obliged to stay close to America. "Yes, the US is frustrating and annoying," he says; "sometimes even a bad actor. But in the scheme of things, it's a less bad actor than China or Russia by a lot…None of this is going to be based on legitimacy. It is going to be based on power."

Some will ask what's new. Doubters have always seen America's rhetoric of liberty as a smokescreen designed to camouflage the imposition of hard power—rather as its talk of universal rights excluded slaves, its new social contract offered no citizenship to native Americans and its equalities excluded women.

But that misses the point. All countries are selfish. What is surprising about America is the degree to which it has pursued a universalist agenda alongside—even, sometimes, against—narrower ones. This broader interest led to errors of overreach. Perhaps the worst was to believe freedom could be spread to Iraq, and the Middle East thus stabilised, by force of arms in the face of world opinion. But the reason allies allowed themselves to become over-reliant on America was that they truly, and correctly, believed that America had an interest in the common good and that it understood that interest.

The wrecking-ball crew takes the opposite view. They are offering the world less right offset by more might. This, they imagine, will make America more dominant and prosperous than ever. It will also make it less popular among nations which used to admire it.

The more that future presidents extract money and favours with bullying, the more relations with the rest of the world will become resentful and hostile. Kori Schake, a scholar at the American Enterprise Institute, warns that "a predatory America [is] going to activate antibodies against American power."

ON FEBRUARY 21ST 1848 the French government banned reformists from holding a banquet in honour of George Washington's birthday. Protesters poured into the alleyways and boulevards of Paris, demanding change. Three days later King Louis-Philippe abdicated; he fled to England as a "Mr Smith".

It was a year of poor harvests and economic doldrums in which liberal revolutions spread rapidly across continental Europe. Their fires were fanned by nationalism and the first sparks of socialism. Kings, princes and dukes buckled in the flames. In Austria and Hungary serfs won their freedom. Presses were spared the censor.

And then the revolutions sputtered out. Nationalism divided the revolutionaries; socialists split from liberals; newly minted governments staggered under the burden of popular expectations. The kings, princes and dukes clawed back power. Louis-Napoleon Bonaparte, elected president of France in December 1848, had himself proclaimed emperor four years later.

The Wrecking-ball revolution, too, could fail to follow through. Most Americans still cling to the idea that their country is the indispensable nation, even if, after $8trn of "forever wars", many of them have no further interest in supplying the world's police force.

Two-thirds of Americans tell the Pew Research Centre that the United States should weigh other countries' interests in important foreign-policy decisions. For a long time they also thought that it did so. However, surveyed in late March, a month after the start of the war against Iran, 53% of them said that, in practice, foreign policy now ignores the interests of other countries—the first time a majority had that view since polling on the subject began in 2002. In the same questionnaire, 54% said the war in Ukraine matters to them personally, against 34% who said it does not.

In this, as in so much else, the country splits along party lines. Democrats are much more likely to think America ignores the interests of others than Republicans are, and are more worried about it. If Mr Trump's MAGA faction loses control of the White House in 2028, the relentless aggression towards allies will subside. A new administration will be more likely to listen to America's allies and talk about values, less likely to throw its weight about.

That leads many scholars to doubt the staying power of the narrow and nativist nationalism of Messrs Miller and Vance. To Mr Beckley, America is simply too diverse: "the idea of blood-and-soil nationalism and going pre-1776: I think it's just not going to gain much political steam." Stanford's Francis Fukuyama agrees: "I'm just not convinced that Americans in general have given up on this liberal project that so many American presidents have supported."

A greater reluctance to bully may be coupled with less scope for doing so. Brad Smith, the vice-chairman of Microsoft, points out that the gains from general-purpose technologies such as AI often favour those who are best at diffusing them through the economy, not those that invent them. At present America, number one in the world at AI invention, is only 21st at diffusion. Leads can slip away. “It’s not like this race ends,” says Mr Smith. “People act like you win the race, get the gold medal, and that’s worth something.”

Mr Smith also doubts that the government will choose to weaponise AI. His company does 45% of its business outside America. “We cannot be successful without those customers, and those customers are all globally interconnected themselves,” he says. For America to thrive, American businesses must thrive. For American businesses to thrive they must thrive in Europe, in Asia, in Latin America.

But if the wrecking ball fails to go all the way, that does not mean that the accumulated rubble gets rebuilt. America’s revolution has triggered reactions that no change in Washington can easily reverse.

European attitudes have hardened. Since Mr Trump’s threats in January to seize Greenland from Denmark, MAGA has become so disliked that even populist nationalists feel the need to take a stand. “Trump has been progressively losing his cards,” says Nathalie Tocci, an Italian scholar. The EU has accelerated trade agreements with Australia, India, Indonesia, Mercosur and Mexico. As Mr Trump’s influence over Ukraine has drained away, Europe’s has grown.

Germany’s defence spending has doubled since 2023. Its target is to reach 3.5% of GDP by 2029, three times its low in 2015. Europe needs to build military mass and systems which can both use it effectively and deploy it quickly. If Vladimir Putin mobilises Russian troops, says Camille Grand, a former French official who served in NATO, Europeans “have to be able to provide the cavalry”.

Asian democracies are also trying to build stronger regional alliances. “We need to fill the vacuum the US has been creating in our neighbourhood, particularly South-East Asia,” says Ishii Masafumi, a former Japanese diplomat. He favours an elaborate programme of engagement with countries across the region. The key will be making common cause with the big, populous and fast-growing ones. In GDP terms, Indonesia will be bigger than Japan in just 20 years.

The strongest call for vacuum-filling was the one issued by Mark Carney, Canada's prime minister, at the World Economic Forum in Davos last January. He told other "middle powers" that there was no alternative: "If we're not at the table, we're on the menu." And indeed, there is a theory in international relations which says that, although a hegemon is needed to build an order, lesser powers can sustain one.

The argument is that order produces real economic benefits by co-ordinating the provision of public goods: setting standards in areas such as air-traffic control; enforcing agreements over things like freedom of navigation; developing the confidence that the world will run smoothly. That gives other countries good reason to step in when America abandons its sponsorship of institutions they value, as they did to salvage a Pacific trade deal now known as the CPTPP.

Unfortunately such hegemon-free arrangements tend to be unstable. "At some point somebody's going to decide they want to break out of it, or they want to break the rules, or the rules don't apply to them," says Dr Fukuyama. Without someone to force renegades back in, the system breaks down. Especially if the erstwhile enforcer is on the outside singing the praises of the renegade life.

Nor are all middle powers necessarily keen on the idea. Team Carney can expect little help within in its own hemisphere. Latin America is being Trumpified one country at a time. The right has won all seven of the presidential elections there since the beginning of 2025. Resisting America's agenda is not on the cards.

Across the Atlantic many in the EU have Carneyite sympathies. But their own institutions make painfully clear how hard it is for a collection of powers to co-ordinate. Its 27 members have developed complex procedures in a bid to make collective government efficient. Even after decades of institution-building, they struggle to work fast. Dr Tocci argues that methods built for peace are ill-suited to times of conflict.

Asian countries, for their part, tend to see the middle-power idea as a dangerous Western illusion. They do not believe that they can withstand China without American help. "There is no possibility of countering China without the United States," says John Lee, a former adviser to Australia's foreign minister. "Ultimately, Asian allies will do and give what it takes to preserve that American balance."

That said, if America seeks some sort of reform, it may be able to work with the smaller powers to hold the system together. Some of those powers understand that a modified American primacy would give them a weight and agency that other arrangements do not. Therefore they may reduce the scale of what they expect from America, making a new, less partisan foreign policy there more plausible. Meanwhile their demands for dependability might help those forging that American policy to further their goals at home. "The US is going to have to earn its way back into institutions and practices it has abandoned," says Dr Schake. "We're going to have to prove ourselves trustworthy and others are going to tell us when we're failing."

Look back again, though, to 1848. The revolutions foundered; but Europe never restored the conservative order, based on the divine right of monarchs, that Klemens von Metternich had established at the Congress of Vienna. Instead, Otto von Bismarck sought stability from the manipulation of power. In the same way, if the wrecking ball is stayed from completing its destructive work, a new equilibrium could see America still dominant. But the ties would be shallower; if wariness limited commitment, they would be less useful.

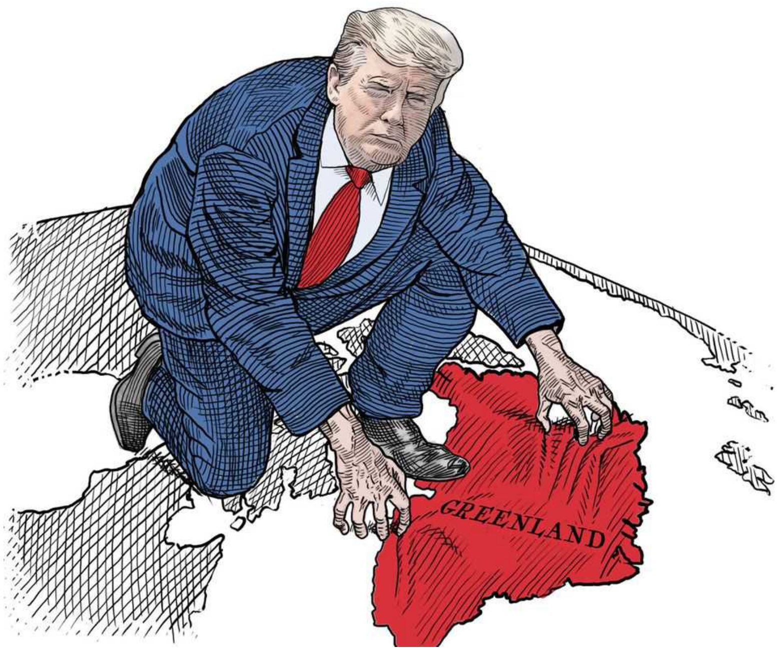
WHEN LOUIS XVI locked the National Assembly out of its meeting rooms in 1789 a Parisian doctor with an interest in the reform of capital punishment proposed that they simply move their deliberations to a nearby tennis court. There they swore that they would not stop those deliberations until the job of providing France with a new constitution had been completed. It was all very reasonable.

It took just four years for the revolution to descend into the Terror, during which the Committee of Public Safety beheaded almost 17,000 people using the contraption first proposed by that very reasonable doctor, Joseph-Ignace Guillotin.

The instigators of the Wrecking-ball revolution may not wish it to descend into anarchy and violence, any more than Guillotin intended his commitment to more humane execution to lead to mass murder. But Mr Trump has set in motion a juggernaut neither he nor any other world leader will be able to control. His contemptuous treatment of allies and principles—and his indulgence of dictators and rule-breaking—has greased its axles. An unhappy, anarchic and violent end is all too possible.

Many countries are resentful of the order now passing, some with good reason. China and Russia, like the wrecking-ballistas, are actively working against it. Russia has become a pariah that invades, interferes, sabotages, murders and then protects itself by hiding behind the rules it has just trampled. Its hypocrisy is deeply corrosive. China is more deliberate, because it wants to erode America's control without causing so much mayhem that it is obliged to help clear things up. Its threats to withhold exports of rare earths, which it dominates, are putting the world trading system under intolerable strain. It is setting up a shadow governance system of development banks and political forums which cannot replace the old order, but can help with its fragmentation.

The chaos will spread as the forces that once drew the world together increasingly pull it apart. Eswar Prasad of Cornell University used to think that the overall economic and security benefits created by globalisation would offset leaders' reluctance to make concessions. He now fears that globalisation has become tainted. "Not only are we not getting those benefits," he says, "but that stabilising force versus the zero-sum game of politics is gone." The recent book in which he makes his case is called "The Doom Loop".



Dr Prasad observes that populist leaders blame trade for destroying jobs, whereas technology usually plays a much bigger part. Technologies such as AI and crypto are empowering small rogue states and domestic troublemakers. Dollar dependence stabilises economies in the short run, but exposes them to rich-world sanctions and punishing capital flight in a crisis. He worries that, if ever economies need emergency dollar liquidity, Mr Trump may seek to exploit his leverage to extract concessions.

As norms collapse, countries will produce innovations under stress, seizing on opportunities that would once have been too risky. China's move on rare earths is one such example. Iran's grabbing control of the Strait of Hormuz, and its attacks on its neighbours' energy infrastructure, are another. Although denying ships safe passage is illegal, the Islamic Republic will not give up its new prize willingly. For the foreseeable future the threat of a renewed blockade will hang over the strait like a loitering drone.

As Mr Trump has monetised his alliances, so Iran will seek to pay for its reconstruction through transit fees. Other chokepoints, geographical or metaphorical, will also be up for exploitation. Who will control the Panama Canal, the Northern Sea Route, Bab al-Mandab or the Strait of Malacca? Will the Netherlands exert leverage thanks to its lead in lithography or Taiwan through its world-beating wafer fabs? What of the Democratic

Republic of Congo's minerals—or Brazil's? If the world is zero-sum, nothing is to be gained from being a good international citizen, only from taking out what you can.

Suspecting that America will no longer make a fuss, and that the UN's bark has lost any residual bite, leaders will dust off plans to settle scores with their neighbours. China has disputed territorial claims on reefs and shoals and rocky outcrops against just about every maritime state in Asia. Cambodia and Thailand repeatedly snipe in the Dangrek Mountains. Turkey occupies parts of northern Syria. Israel has created buffer zones all around its frontiers. Many of Africa's ruled-line borders, drafted in distant capitals by imperial administrators, defy local logic. Leaders who hold back out of respect for the rules will not get any thanks. Instead they may miss their chance.

A breaking international system will reward predators, just as a successful one used to suppress them. By helping Mr Putin fight Ukraine Kim Jong Un, North Korea's pariah president, has clawed back influence with Russia and China.

Everywhere, a paranoid scramble for security will set off arms races. When Iran struck its neighbours in the Gulf, America was unable to protect them fully. They will now have to find ways either to defend themselves, to deter Iran, or (more likely) both. And so Iran, feeling threatened itself, will invest in yet more weapons—and the cycle will repeat itself.

Such security dilemmas are already infecting nuclear policy. The era of nuclear-arms control is over; the New START treaty between America and Russia lapsed in February, leaving both sides free to move weapons from storage to active duty. Russia has issued nuclear threats as part of its war against Ukraine, a dangerous blurring between nuclear and non-nuclear warfare. China is massively expanding its arsenal, and standing in the way of arms talks.

The prospects for proliferation look just as worrying. In 1963 President Kennedy said he was "haunted" by the dread that in the 1970s, 15, 20 or 25 countries could get nuclear weapons. More than 60 years later, the ranks of the nuclear powers have merely grown from four to nine; and if five have joined the ranks permanently, four others gave up their weapons. Some of this was down to targeted counter-proliferation efforts; some was down to the belief that peace could be maintained without them, sometimes under an explicit nuclear umbrella, sometimes not. With its security guaranteed by the international rules-based order, what need had the Ukraine of 1994 for nukes it inherited from the Soviet Union?

The Iran war has thrown into doubt the ability of even an unfettered America to stop proliferation by force. The Wrecking-ball revolution is making countries devoid of previous nuclear ambitions newly interested in peace through that hideous strength. If Mr Trump sneers at America's allies—even the closest—why would he go nuclear on behalf of any of them?

Acquiring nuclear weapons takes time and money. Paul van Hooft, head of the deterrence initiative at RAND Europe, a think-tank, says countries may soon be able to save both with conventional alternatives. By the early 2030s those with the know-how and willingness to spend could have large numbers of conventional weapons able to make precision strikes deep inside enemy territory. And within Europe the two existing nuclear deterrents might be shared more explicitly.

Countries which nevertheless seek a bomb of their own know that there is no more dangerous time than that between their schemes being detected and their deterrent being in place. Minimising that window means having detailed design work done in advance and stocks of civilian nuclear material ready for quick repurposing. Brad Roberts, a former Pentagon official, points out that East Asian nuclear plants have a surprising number of supercomputers. "They have legitimate functions, I'm sure," he insists. "But you have to wonder what other functions they've had."

Dr van Hooft warns that if a number of states sprint for a bomb, things get hairy—all the more so if they plan to use existing deep-strike systems to deliver them. "I think the likelihood of war goes up," he says, "and the likelihood of one of those wars involving a nuclear-armed state, involving the use of a nuclear weapon or two, those all go up." He stresses that this does not mean a planet-destroying conflagration. But even if the fallout from the first nuclear weapons fired in anger since 1945 were small in absolute terms, it would be as symbolically potent as the layer of iridium-laced clay which caps off the age of the dinosaurs.

“It’s a pretty dark picture,” says Joel Rosenthal, president of the Carnegie Council for Ethics in International Affairs, another think-tank. “I don’t really see a way out of it. I just see mitigation, not prevention.”

AMERICA’S NEXT leaders will discover that securing a new order is a lot harder than demolishing the old one. Under the careless hand of Mr Trump, the Wrecking-ball revolution got under way without much heed to what would come next—a bit like the demolition of the East Wing of the White House. He will not, in the end, be the man to determine what, if anything, should take its place.

Despite the clear evidence that it is happening, it is still in some ways hard to believe that America set about the demolition at all. Whatever Mr Trump, his lieutenants and their apologists say, the system their country created after the second world war brought it vast benefits over the best part of a century—permanent mechanisms with which to exert influence, stability on its own terms, the economic gains which come from being the anchor of the financial system, open markets and the conditions for its companies to thrive in them. And absence of great-power war.

For Americans to knock this down, therefore, may seem a morbid symptom of decline—the external face of the decay of its values and politics at home, a predatory hegemony begot of a failing democracy. The alternative view, though, is that a new order will emerge in which America continues to lead, and that this revolution will instead come to stand for the country's extraordinary dynamism and powers of renewal.

It would be a remarkable reversal. New orders usually emerge from conquest and conflagration. It took the horrors of the Thirty Years War, one of the most devastating conflicts in Europe's history, to bring about in 1648 the peace of Westphalia—and with it the concept of the sovereign state, the fundamental notion on which geopolitics is founded. There would have been no Concert of Europe for Metternich to conduct without the Napoleonic wars, no nations to unite in 1945 without the defeat of Hitler. America's leaders are trying to impose a new—if still Westphalian—order even as their own politics is convulsed by populism, a disruptive new technology promises to upend every part of modern life and a risen China is itching to exert control over East Asia and influence over everything.

Instinct says that if such a thing is to be done successfully it must be undertaken slowly. America and China, on whose relationship so much else rests, need to feel their way towards a co-existence that both can tolerate, one which is based on a shared understanding of their relative strengths.

There is some comfort, in this respect, to be taken from Zhao Tong, who works at the Carnegie Endowment for International Peace. He believes that China's leaders are not in a rush. They have been so preoccupied with weakening America's leadership that they have given less thought to the shape of the order that would follow. They wish to continue accumulating power, and that will take time—which might let the two sides gradually, through probing and diplomacy, arrive at an accommodation.

But for a balance of power to bring a new order it must do more than satisfy the two main actors. It must also bring stability to others or be flexible enough to encompass change. It must offer something of what Britain brought to 19th-century Europe through policies which sought to preserve the status quo by ensuring no country could dominate. Wars still happened, but their goal, as Henry Kissinger put it, was equilibrium, not total conquest.

Unfortunately, as Dr Fukuyama points out, using small wars to recalibrate the balance of power in a world studded with nuclear weapons will court catastrophe. How such a system could function is a mystery. “I’m scared,” he admits. Dr Westad sees a growing temptation for ambitious, ruthless or reckless leaders to act fast so as to get what they want while they still can. “That’s seriously why I am worried,” he says.

Like those of 1776, 1789 and 1848, the Wrecking-ball revolution has already taken on a life of its own. The constant, overwhelming fear will be that the forces which have broken free will not stop until the wreckage is complete.■

Essay | America at 250

Hope, backlash and the battle for America

July 2nd 2026

2006-09Too big to fail

In August 2006 we called America's housing market "the biggest bubble in American history" (not boasting, just stating facts; remember, we're British). But even we could not imagine the cataclysmic events to come. Cheap credit and aggressive lending to high-risk, or "subprime", borrowers were fuelling demand, driving up house prices. Banks were bundling these risky mortgages into complex securities, obscuring the underlying risk. In 2007, when house prices dropped, many borrowers defaulted. Mortgage-backed securities suddenly lost value, hitting banks hard. In March 2008 Bear Stearns, America's fifth-largest investment bank, collapsed. Six months later Lehman Brothers, the fourth-largest, filed for bankruptcy. The financial system seemed on the verge of unravelling.

To restore confidence, the Bush administration proposed a $700bn bail-out, largely aimed at financial institutions deemed “too big to fail”. Republicans and Democrats somehow worked together to pass the measure and rescue the financial system. But the crisis still triggered the worst global recession since the Great Depression. Many Americans wondered whom the political elites cared most about protecting—a question that would reverberate through the country’s politics until the present day.

2008-16The meaning of Obama

On November 4th 2008—nearly four centuries after the first enslaved Africans arrived in the colony of Virginia—America elected Barack Obama its first black president. His victory reflected an increasingly diverse nation. Some 96% of blacks thought it would improve race relations. We declared: “America can claim more credibly than any other Western country to have at last become politically colour-blind.”

That was the hope, anyway. But underneath the optimism roiled anxieties about the changing ethnic make-up of America, which seemed destined to become majority non-white. Antipathy towards Mr Obama and his policies, including a massive expansion of health-care coverage nicknamed Obamacare, fuelled the rise of the Tea Party, a populist movement that would reshape the Republican Party. And there was not only anxiety and partisanship, but racism. Conservative media—and a reality-television star named Donald Trump—amplified the baseless claim that Mr Obama had not been born in America. Mr Obama’s election, then, was both a milestone in America’s long struggle over race, and a reminder that the struggle was far from over.

2012The unthinkable becomes routine

In 2012 in Newtown, Connecticut, a 20-year-old man armed with a semi-automatic rifle walked into Sandy Hook Elementary School and killed 20 children, six adults and himself. The murders of six- and seven-year-olds shocked the country. Yet, despite hopes that the massacre would lead to tougher gun laws, Congress mostly offered “thoughts and prayers”.

America’s relationship with guns has made it an outlier among rich countries. It has an estimated half-billion in circulation, the overwhelming majority acquired legally. Since Sandy Hook there have been thousands more mass shootings. Yet in much of the country gun laws have become more permissive. Gun-rights advocates argue that most restrictions violate the Second Amendment, and this century the Supreme Court has often agreed. In the view of the court’s conservative majority, at least, the founders wanted to give the right to bear arms as much protection as the right to free speech.

Someone should tweet about this

For most of American history intermediaries such as newspapers and broadcasters controlled the flow of information. Then came the internet. Suddenly anyone could make themselves read, heard or seen by millions. America—with its free-speech culture and dynamic economy—led this transformation for better and worse. American entrepreneurs built vast social-media companies whose algorithms and users came to shape online discourse

.Social media tilted the balance of power away from institutions and towards the public. Anyone with a phone could expose an abuse of power by posting a video online. But the platforms did not upgrade public discourse. Companies’ algorithms served ever more of whatever users craved most—conspiracy theories, rage-bait, titillation, cat videos. They gave strident voices more exposure than reasoned ones. The result was a more polarised political culture, one in which populist politicians flourished.

2016-20The party of Trump

When Mr Trump rode down a golden escalator to announce his presidential campaign in 2015, few pundits gave him much chance of winning. Even after he won the Republican nomination, polls showed him losing to Hillary Clinton, a former First Lady and secretary of state. But Mrs Clinton represented the establishment and voters were in an anti-establishment mood. Mr Trump stoked anger at elites, whom he blamed for shipping American jobs overseas. He also stoked resentment of undocumented immigrants, promising to build a wall along the southern border and make

Mexico pay for it. His isolationist, nationalist—and pugilist—politics appealed to voters who wanted to put "America first" and "make America great again"

.Mr Trump won the presidency and, over the course of his first term, remade the Republican Party. He passed large tax cuts and appointed three justices to the Supreme Court, creating a 6-3 conservative majority. He also discarded or undermined establishment Republican support for free trade and alliances such as NATO. Many Americans recoiled from his inflammatory rhetoric, frequent lies and divisive policies. Business leaders, though, liked his tax cuts and hands-off approach to regulation. The stock market boomed.

The Trump presidency widened America's divisions. Support for or opposition to him became a core part of many people's identity. The red MAGA hat became a totem, worn proudly by some and loathed by others.

The great awokening

During Mr Trump's first term debates about sex, race and power intensified. In 2017 investigative journalists reported that Harvey Weinstein, a prominent film producer, was alleged to have harassed, assaulted and raped women in Hollywood. The revelations emboldened other women to speak out about similar experiences. Using the hashtag #MeToo, they exposed the pervasive problem of sexual harassment in America and around the world. Powerful men lost their jobs or status, as behaviour that had long been tolerated was now condemned

.In 2020 George Floyd, a black man suspected of using a counterfeit $20 bill, was killed by a white police officer, Derek Chauvin, in Minneapolis. Video of Mr Chauvin kneeling on Floyd's neck for more than nine minutes went viral, galvanising a sense in society that racism and police brutality had been tolerated for too long. Millions took to the streets, protesting under the banner of "Black Lives Matter". Like #MeToo, the movement prompted a reckoning in American life and politics that many thought was overdue. But these and allied movements, critics said, encouraged excesses, such as ideological conformity, censorship and, in hiring and education, an emphasis on identity at the expense of merit.

2020The year the world stayed home

"A new human coronavirus has appeared in China." So went our first (understated) report on covid-19 in January 2020. The disease would soon spread around the world, creating the biggest public-health crisis in a century. In an effort to slow it down, state and local governments imposed sweeping restrictions. For liberty-loving America, it was a lot to absorb. Public-health measures quickly became polarising, triggering resistance, especially on the right. Schools and offices closed, children lost months of classroom learning and millions of Americans began working from home. Mr Trump himself played down the virus and promoted dubious treatments

.Still, the government spent trillions of dollars to prevent an economic collapse. It also poured money into research. Just 11 months after the virus was identified, effective vaccines were produced. It was a triumph of American science and industry (working with international partners)—and, somehow, yet another source of polarisation. Anthony Fauci, the public face of the government's response, became an object of hostility on the right. Some, including Robert F. Kennedy junior, now the health secretary, questioned the safety of the vaccines. More than a million Americans died from covid. The jabs are thought to have saved hundreds of thousands of American lives, and millions globally.

2020-21Sore loser

Mr Trump's handling of covid did not inspire confidence, and the recession triggered by the pandemic left voters in a sour mood ahead of the presidential election in 2020. The virus led to changes in voting procedures; more states accepted mail-in ballots. In the end Joe Biden, a moderate Democrat well past retirement age, triumphed.

But Mr Trump refused to concede, claiming the election had been rigged. He made up stories about vote-counting shenanigans in Democratic strongholds. He blamed mail-in ballots, election workers and voting machines. The courts, including judges he had appointed, roundly rejected these claims. Still, he persisted in the lie, culminating in a rally on January 6th 2021, after which his supporters stormed the Capitol. The attack shocked the country. More than 140 police officers were assaulted. Members of Congress, in fear for their lives, were ushered into hiding. It was the most serious challenge to the peaceful transfer of power in modern American history.

Most Republicans soon got over their shock. The Democrat-controlled House impeached Mr Trump (for a second time). But the Senate acquitted him. He remained free to run again.

The return of great-power competition

As America wrestled with challenges to its liberal principles at home, a new, illiberal power was rising in the east. For decades politicians had argued that as China became more integrated into global markets and international institutions, it would become more invested in the American-led world order—and, ultimately, more open and free. China did become the world's factory and second-biggest economy. But rather than liberalise, it tried to bend the world order more to its liking. In America, concerns mounted over its growing geopolitical, economic and military power. The first Trump administration made competition with China a central theme of its foreign policy, imposing stiff tariffs on Chinese goods. Mr Biden's presidency solidified the government's hawkish turn. America's unipolar moment was over. A bipolar or even multipolar world was emerging

.AI did not write this

When OpenAI introduced ChatGPT in 2022 artificial intelligence entered the mainstream. Suddenly, the idea that computers could display something approaching human intelligence no longer seemed like science fiction. As with other recent technological revolutions, America led the way. No other country on Earth has the genius, capital and infrastructure necessary to dominate the field—well, except perhaps America's rival, China

.The surge in investment has boosted the American economy. But AI has also stirred anxieties: workers worry about their jobs, national-security officials are concerned about cyber-attacks and disinformation, and environmentalists are alarmed by the enormous energy demands of data centres. AI has raised an old question: who should control a transformative technology—the state or a handful of rich entrepreneurs such as Sam Altman, Dario Amodei and Elon Musk (pictured)? The concentration of such power in so few private hands poses a profound challenge to America's liberal principles.

The Roberts court

In 2022, nearly five decades after the Supreme Court found a constitutional right to abortion, it reversed itself, returning the issue to the states (many of which have since banned or sharply restricted the procedure). Under Chief Justice John Roberts a conservative supermajority has reshaped constitutional law more thoroughly than any court since the civil-rights era. It has expanded gun rights, redrawn the lines between church and state, in effect ended affirmative action in university admissions and curbed the power of federal agencies—all while expanding executive power and granting broad legal immunity to presidents. But it sometimes slapped Mr Trump down, for example when he claimed the power to impose tariffs at will or abolish birthright citizenship

.Supporters argue that these decisions uphold the constitution as written. Critics see unelected judges making policy from the bench. The argument over the judiciary's role is almost as old as the republic itself.

2024-presentTrump unbound

Capitalising on high inflation, concerns about immigration and short memories, Mr Trump defeated Kamala Harris, Mr Biden's vice-president, in the race for the White House in 2024 (after a faltering Mr Biden was pressed to drop his bid for re-election). In his second term Mr Trump has turned the dial of Trumpiness up to 11. Instead of a trade war with China, he launched a trade war with the whole world, imposing sweeping tariffs. His immigration crackdown has prompted repeated accusations of human-rights abuses. And he has proved more willing to use military force abroad than his "America First" rhetoric had implied

.Perhaps most striking of all is the transformation of the federal government itself. Mr Trump has blurred the line between public office and private interest through his family's business ventures. He has replaced independent officials with loyalists and used the Justice Department against political opponents. The norms and institutional checks that had once constrained presidents are eroding. The republic whose history we've just spent seven chapters reviewing suddenly looks rather less settled.

If you can keep it

In the year this timeline begins, not long after America declared its independence, the future of the young country was in doubt. George Washington's troops were retreating, his army close to collapse. "These are the times that try men's souls," wrote Thomas Paine. Yet Paine was not one for despair. "What we obtain too cheap, we esteem too lightly." He believed deeply in the Enlightenment ideals on which the new republic rested, and wrote to stiffen America's resolve at a moment of genuine peril. Washington is thought to have read the words aloud to his troops.

Two hundred and fifty years later, America is in need of another dose of Paine's resolve. The country's great liberal experiment is under strain. Politicians show little regard for many of the Enlightenment ideals the founders held dear. Americans themselves are bitterly divided, rarely agreeing on what ails the country, let alone the cures. History offers some consolation. The American experiment has faltered before—and recovered. Its story has been one of setbacks as well as renewal.

From the moment the framers set out, in the constitution's opening sentence, "to form a more perfect Union", the country has wrestled with its imperfections. In Philadelphia in 1787, just after the constitutional convention adjourned, an ageing Benjamin Franklin was asked, "What have we got, a republic or a monarchy?" His reply: "A republic, if you can keep it." America's liberal experiment remains incomplete and contested. Two and a half centuries on, Franklin's challenge endures.■

Essay | America at 250

What remains of the city upon the hill?

America cannot serve as an example if its founding principles are discarded, writes Michael Beschloss

July 2nd 2026

LAST MONTH I gave the main commencement speech at the University of Pennsylvania in Philadelphia, where 250 years ago our founders signed the Declaration of Independence. They were a jubilant and friendly crowd, with one exception I was later told about: when I praised our country's rule of law a man sprang furiously to his feet, thrust a middle finger at me and stormed out of the arena.

Such is America in 2026. We are enveloped by anger, polarisation and fear. Before we get too hyperbolic about our current national predicament, it is worth noting that America has endured grave crises before. But what has repeatedly sustained it is adherence—however imperfect—to certain shared founding principles.

During his inaugural address in 1933, at the nadir of the Great Depression, Franklin Roosevelt said of the nation's troubles: "They concern, thank God, only material things." It is painful to note that, in contrast, today's society suffers not only from inequality in "material things" but from declining faith in some of the most basic tenets that the founders exalted in their debates over the constitution. For much of America's history, its citizens accepted these so widely that they were almost boilerplate. But some of the earliest, most sacred ideas are almost radioactive in America now.

First among these is the rule of law. Unlike in cynical Europe, where corrupt kings often pardoned their friends and locked up their enemies, the revolutionary American generation dreamed that ours would be a land of equal justice in which the judicial system gave out no special favours and no special punishment. Yet today, perhaps more than ever before, favourable antitrust rulings are lavished on allies of the current administration while the Justice Department indicts its political foes.

The second threatened tenet is faith in free and fair elections. When I was in first grade in 1960, our teacher threw a blanket across the tops of two easels to let us cast secret "ballots" for John F. Kennedy or Richard Nixon (persuaded by my classmates, I cast my first "vote" for Nixon). In that election, as throughout American history, we experienced some electoral corruption that required rigorous scrutiny. But never before in our history did a substantial number of Americans fear, as polls report today, that a national election might be hamstrung or overturned by federal forces dubiously citing a "national emergency".

Both Lincoln during the civil war and Roosevelt during the second world war were advised by some to severely restrict or even cancel elections. These great leaders insisted instead that the balloting proceed, wishing to demonstrate that even during existential crises (both far more grave than any immediate dangers today) America should uphold the letter and the spirit of its democracy—and that its democracy works.

The third tenet Americans are in danger of losing is equally fundamental. The founders wanted all Americans to pay close attention to the failures as well as the triumphs of our present and past. Unlike absolute monarchs or dictators, they wanted Americans to learn from their mistakes. They believed we would be a better country only if we were relentlessly self-critical and self-correcting.

I don't find anything that suggests that the founders ever imagined that federal authorities would close down museum exhibits or destroy signs at historic sites—as they now are doing—that tell visitors about shortcomings in the nation's past, such as the evils of political corruption or enslaving and torturing fellow human beings. What we think about history and who our heroes are should not be dictated to Americans by the churlish fiat of any four-year federal administration, whether of the left or the right. Neither historians nor citizens should be treated as obedient circus clowns.

In fact, most of the founders considered the dissenter just as patriotic as the American who celebrates an existing president. Weren't the rebels of 1776 literally dissenting from the British king? In 1966, amid President Lyndon B. Johnson's military escalation in Vietnam, Senator Robert Kennedy trenchantly told a receptive crowd of draftable Berkeley students: "It is not enough to allow dissent. We must demand it!"

The founders envisioned an American political system of honesty, candour, competence, high ethics, compassion, decency and self-sacrifice. Kennedy and Ronald Reagan quoted John Winthrop, an early governor of the Massachusetts Bay Colony, who said that we must always behave like citizens of a "city upon a hill", with all "eyes" upon us. Thomas Jefferson dreamed of a political culture so efficient that it would spread around the world. How are we doing in 2026? Do other countries want their political systems to be like ours?

If other moments in American history show the resilience of democratic principles under strain, the centennial of the nation's founding in 1876 shows what happens when those principles are discarded. That year, the severely contested presidential election between Republican Rutherford B. Hayes and Democrat Samuel Tilden was resolved only by a stinking back-room bargain. Although Tilden had won the popular vote, the Republicans grabbed the presidency by making a hypocritical, sordid commitment to pull federal troops out of the South, abruptly ending Reconstruction.

This corrupt bargain brought a screeching halt to Abraham Lincoln's dream that liberated black Americans might, before long, enjoy their hard-won legal rights. All Americans suffer from that ugly horsetrade to this very day.

My prayer for the upcoming anniversary is that we heed George Washington's desire that all American leaders and citizens strive to heal and unite a fractious nation. No matter how brutal our political differences, we must reaffirm that we are bound by what Lincoln called "our bonds of mutual affection".

If we recall and re-embrace some of these most profound traditions of American democracy, then in the future some of the tumult and jeering that we see and hear on our 250th birthday will prove to have been a fleeting aberration. As the famous political adage goes, the ills of democracy are best cured by more democracy.■

Michael Beschloss is a historian and the author of nine books on the presidency, including "Presidents of War: The Epic Story, from 1807 to Modern Times" (2018).

United States

United States | Quantifying power

America is mighty—but becoming less dominant

Ahead of its 250th birthday, an empirical look shows the world's leading country no longer stands so far apart

July 2nd 2026

Discussions of American power are prone to hyperbole. In his first inauguration speech, in 2017, Donald Trump lamented "American carnage". In his second, in 2025, he declared that "America will reclaim its rightful place as the greatest, most powerful, most respected nation on earth." Americans themselves are gloomier. Six in ten now think that by 2050 their country will be less important on the global stage. But has America's power actually been in decline? And what is the nature of American strength? These are questions on which many politicians offer opinions, which in turn can help win elections, guide policy and reshape the world.

So, to mark America's 250th anniversary, The Economist set out to move from the subjective to the quantifiable, with an empirical look at America's global might. Economically, militarily and technologically, the country is richer, stronger and cleverer than ever. However, its relative position is not what it was. By the numbers, its dominance appears to be eroding—with decisions being made now that may bulk up some forms of power and starve others.

The nation's rocketing trajectory can be tracked most easily through the rise of its economy. In 1820, the year in which comparable economic figures began, America was a small country of roughly 10m people, including European settlers, slaves and Native Americans. Its land area was less than half its current size; its economy about one-tenth that of the British Empire, itself overshadowed by Qing-dynasty China, which controlled roughly a quarter of the world's economic output.

Fuelled by war, colonisation and the industrial revolution, the British Empire overtook China as the world's largest economy around 1840, when the first opium war between the countries was under way. America was, however, catching up fast.

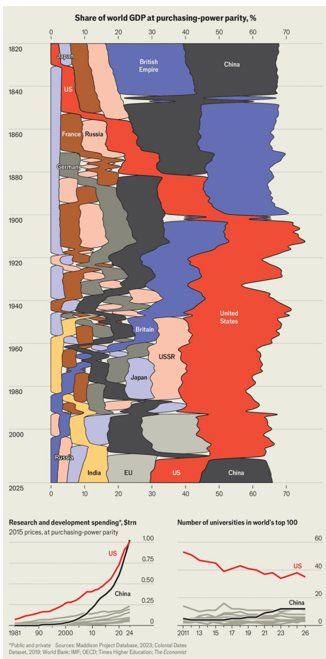
The invention of the cotton gin in 1793 and brutal deployment of slave labour meant that the country produced most of the world's cotton by the 1850s. America expanded, often violently, westward, gaining natural resources that would be the envy of the world.

Sprawling forests supplied timber for rapid construction. Well-positioned ports and the sweeping Mississippi river provided routes for export. Coal mines in Pennsylvania, Appalachia and the Midwest powered railroads and factories; the Great Lakes' rich deposits of iron ore fed steel mills. Civil war ravaged the country but did not destroy it, ending slavery in 1865.

Industrialising rapidly, America overtook Great Britain as a guzzler of energy in 1891. We calculate that in 1899—after the Spanish-American war and the Treaty of Paris, which gave it control of Puerto Rico, Guam and the Philippines—it controlled more fertile land than any country bar the Russian empire. A few years later, in 1903, America had the world's largest economy.

America’s dominance grew as Europe was drained by war. In 1945, as much of the world lay in smouldering ruins, its economy peaked in relative terms. A country with 6% of the world’s population controlled roughly a third of its output.

America’s economy then took off, driven by industrial strength, ravenous consumer demand and state investment—in national laboratories, for instance, and highways. It helped that oil, discovered in Pennsylvania in the mid-19th century, began gushing from Texas wells in the 20th.



Add immigration, a reliable rule of law, ample capital and animal spirits, and America’s economy raced ahead, growing more in absolute terms between 1945 and 1999 than that of any other country. Its researchers developed the building blocks of modern life, including the transistor, the computer chip, the personal computer and the internet.

Today America’s economy is smaller than China’s, adjusted for local prices. But it is still by far the world’s largest at 2025 exchange rates, with a gross domestic product (GDP) of $32.4trn, 55% bigger than China’s, at number two. It is leading the development of generative artificial intelligence and has become the world’s biggest producer of oil and natural gas. Unlike many other countries—including China, Russia and much of Europe—it has a growing population. The dollar accounts for the highest share of global trade invoices and about half of international payments. Its entrepreneurs are the world's most successful: eight of the world's ten most valuable firms are American, and four of them were founded at least in part by immigrants in the past 40 years.

With the country at the centre of the world's economy, America has used its might to elevate the world's poor and punish its enemies. It has given some $2trn, in 2026 dollars, in official development assistance since 1960, according to tallies by the OECD, a club of mostly rich countries. The pervasive dollar lets America use economic sanctions to isolate individuals, companies and entire countries.

An examination of American military power produces a similar portrait of unmatched strength. America was at its mightiest, in relative terms, in 1945, not least because it was the only country with nuclear weapons. In the decades that followed, its role became more complex. America helped create the post-war order, then set about defending it—British and American troops sometimes met in doorways of remote outposts, as one left and the other moved in. By 1965 America had over 600,000 soldiers stationed abroad, spread across 108 countries.

In the years since, it has spent much more than other countries on its armed forces. The might and animosity of the Warsaw Pact nations, staring down America's soldiers across the Fulda Gap during the cold war, provided one reason. America's position within NATO supplied another. In grand alliances, game theory suggests the largest power will spend disproportionately more, as it has more to lose.

Even comparisons of military spending may understate America's hard power. No country has more advanced military technology or, arguably, is more experienced deploying it at scale (in some areas, generals in Ukraine now have an edge, showing the expertise that springs from desperation). America's outlay over the decades has yielded kit that lasts: an aircraft-carrier, of which it has 11, may remain operational for half a century. China has just three, none of which has seen combat.

Why, then, all the doomsaying on America's vertiginous decline? There is a difference between strength and dominance—a relative term that happens to be one of Mr Trump's favourites. America is stronger than ever, but on some economic measures it is less dominant. The dollar's share of global foreign-exchange reserves has been on a decades-long decline, to 57% last year. Most important, an American-led world order has buoyed other countries. That is either a feature or a flaw, depending on your vantage point.

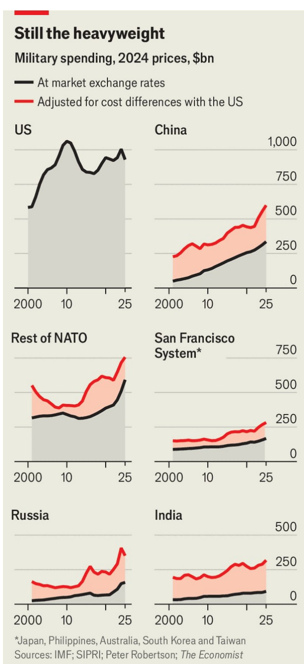
Since 1945 the world economy has grown by a factor of 19, and average incomes have risen roughly fivefold. China's rise, particularly after joining the World Trade Organisation in 2001, has infuriated Mr Trump. It became the world's largest economy at local prices about a decade ago. On two measures dear to Mr Trump—manufacturing output and the export of goods—America has lagged in relative terms. In 1945 America produced about half of the world's manufactured goods; by 2024 it accounted for about 15%, with China's share of manufacturing more than twice that. Never mind that America exports twice as many services.

There is also a perception, at least among some, that the post-war order has brought ordinary citizens a measly return on investment. It has become clear—in Iraq, Afghanistan and, more recently, Iran—that military capability alone does not guarantee military success. All those aircraft-carriers cannot prevent Iran from choking off the passage of oil through the Strait of Hormuz or stop China from limiting access to rare earths.

Nearly six in ten Americans surveyed in 2024 thought that America had lost more than it had gained from trade with other countries. "The wealth of our middle class", Mr Trump declared in 2017, "has been ripped from their homes and then redistributed across the entire world." The so-called "China shock" did have an impact, accounting for the loss of up to 2.4m jobs from 1999 to 2011, according to research from David Autor, David Dorn and Gordon Hanson. However painful for those individuals, that did not rattle America's broader job market. At the end of 2011 America saw a regular churn of about 4m jobs each month.

The post-war order clearly promoted American prosperity. Since 1960 real incomes have increased more in America in absolute terms than in any other large country or region, rising more than five times as much as in India and twice as much as in China. Median family income has more than doubled in real terms since 1960. Inequality in America is real, and above the average in rich countries. That has much to do with rising returns to wealth and America's tax structure.

Mr Trump and his acolytes are now keen to renew American strength, or at least to forge a new version of it. He has a distinctly 19th-century interest in new territory, and the resources that come with it. Last year military spending by America's allies, when adjusted for local prices, exceeded America's. But the White House has proposed a $1.5trn defence budget for the 2027 fiscal year, a 44% increase on 2026. After adjusting for factors such as higher wages for soldiers to make figures comparable across countries, America's military spending would still be twice that of any other country. However, the president is explicit that American strength does not guarantee protection of allies. A NATO summit on July 7th and 8th will centre on Europe's need to take more responsibility for defending itself. AI may become an important new tool of leverage.



Mr Trump seems happy to let America's power atrophy in other areas where it was once strong. Last year USAID, the country's main development agency, was fed "into the woodchipper", in the words and at the direction of Elon Musk, now a trillionaire. Annual transfers were slashed to $29bn, about half their former level. America now gives about as much as Germany, which has an economy one-fifth its size.

Mr Trump is similarly sanguine about the risks to the country's pre-eminence in research and innovation. America has more top universities than any other country—35 out of the top 100—but this number is dropping. China's spending on research and development exceeded America's in 2024. More than a third of top journal articles are now written by Chinese researchers, who last year published as many papers as their American, British, German and Japanese peers combined.

At the very pinnacle of science—Nobel prizes—America remains dominant. That is probably a lagging indicator. Over the past decade the median recipient has been 72 years old. Mr Trump is not working to reverse the trend. More than 7,800 research grants were frozen or terminated last year, estimates Nature, a scientific journal. The president is ceding innovation in green technologies to America's rivals.

Most dramatic, and in contrast to much of the country's 250-year history, is the view that this nation of immigrants is harmed by them. America may have near-zero net migration this year. Polling by Gallup suggests that America remains the top destination for migrants, but just 15% of adults who say they want to move permanently to another country name America as their top choice, down from 24% in 2007-09. In polling by Nira Data of people in 85 countries, respondents ranked America as the world's fifth-most-disliked country, more abhorrent than Russia or China.

This swing in sentiment may be temporary, linked to an unpopular president. Among America's greatest strengths is its dynamism, and its ability to change course. For now those outside America's borders observe, with caution, a country that is still mighty—but in motion.■

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United States | A term of endearment

The Supreme Court leaves Donald Trump with plenty to celebrate

The justices handed the president some notable defeats. But their biggest decisions strengthened him

July 2nd 2026

AS THE Supreme Court wrapped up its latest term, Donald Trump took stock. The president had suffered some conspicuous defeats over the preceding months. In February, for example, the court struck down his "Liberation Day" tariffs, sending Mr Trump into a rage. More recently, it turned back a Republican bid to upend mail-in voting practices. And on June 30th it declared unconstitutional an executive order ending birthright citizenship for babies born in America to parents who are there unlawfully or temporarily.

But on the whole, the president seemed pleased with the court's work. "The Republican Party was treated very fairly," he wrote on social media. In the past week alone the court upheld bans on transgender athletes, loosened campaign-finance rules and expanded presidential power. There is now speculation that Justice Samuel Alito, one of the court's six conservatives, might step down this summer. If he does, Mr Trump—who appointed three justices in his first term—will have the opportunity to deepen his already substantial imprint on the court.

No decision seemed to delight Mr Trump more than Trump v Slaughter. For decades conservatives have argued that the constitution vests all executive power in the president rather than giving some of it to semi-independent officials insulated from political control. On June 29th the court embraced that view. By a 6-3 vote it swept aside a 90-year-old precedent, ruling that presidents may fire the commissioners of independent agencies at will. Mr Trump hailed the ruling as "the Greatest Increase in Presidential Power in the last 100 years".

In a dissent that she summarised from the bench—a mark of unusual pique—Justice Sonia Sotomayor, joined by her liberal colleagues, Justices Ketanji Brown Jackson and Elena Kagan, asserted that the majority's position had "very little support" in history or precedent. She accused the majority of replacing decades of settled practice with a "half-baked" theory. And she argued that the ruling would upend agencies built on the understanding that some decisions should be made by bipartisan bodies with a measure of independence.

The dissenters also warned of a wider blast radius. Slaughter casts doubt on the statutory protections afforded to inferior officers—and perhaps even to swathes of the 2m-strong civil service. Many of those employees, after all, exercise at least some executive power. Mr Trump has already fired thousands of federal workers; the question now is whether Congress can impose any limits on their removal. The president's own reaction suggested he grasped the ruling's breadth. He has previously argued that Article II of the constitution, which outlines the powers of the executive branch, allows him to do "whatever I want".

The Slaughter ruling came with a caveat, though. In Trump v Cook the court refused to let Mr Trump remove Lisa Cook, a Federal Reserve governor, despite his allegations that she had lied on a mortgage application. Writing for a 5-4 majority, Chief Justice Roberts said the Fed occupies a “unique” constitutional position, rooted in a tradition of insulating monetary policy from political interference. The result, as Justice Amy Coney Barrett noted in dissent, is a curious asymmetry: the president may now dismiss leaders overseeing labour relations, securities markets and nuclear safety—but not central bankers.

As with executive power, Mr Trump may also be pleased, on balance, with the court’s decisions on immigration. It ruled against him on birthright citizenship, but in a trio of 6-3 decisions it held that migrants waiting in Mexico cannot claim asylum in America; made it easier to treat some green-card holders as though they were seeking admission for the first time; and allowed the administration to terminate Temporary Protected Status (TPS) for some 340,000 Haitians and Syrians. Under TPS migrants from countries deemed unsafe can remain in America. Justice Kagan, dissenting in the case, said the majority had blinded itself to Mr Trump’s rhetoric in concluding that his choice of people to de-authorise was not “overtly racial”. She pointed to his claim that Haitian migrants were “poisoning the blood” of the country.

Even in Trump v Barbara, the birthright-citizenship case, the margin was closer than had been expected. Though the ruling was 6-3, Justice Brett Kavanaugh concurred on statutory grounds alone, leaving just five justices to hold that the 14th Amendment means what it says: “All persons born or naturalised in the United States, and subject to the jurisdiction thereof, are citizens of the United States.”

Stephanie Barclay, a law professor at Georgetown University, notes that Mr Trump’s three appointees split three ways in Barbara. In other cases, too, they have sometimes frustrated the president, prompting him to call them “very unpatriotic” and “an embarrassment to their families”. Would he therefore appoint a more dependable—or more pliant—justice if Justice Alito were to step down?

The timing of such a move would make sense ahead of the midterms, when Republicans could lose the Senate. It would also come before another consequential term for the court. The docket includes cases involving bans on semi-automatic weapons, new requirements for voter registration and a law allowing runaway teenagers to get gender-transition care. With so much at stake, Mr Trump will hope, once again, to be treated very fairly. ■

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United States | Grim past, brighter future

Transforming the cradle of the Confederacy

Tourists are flocking to monuments on America's racial history

July 2nd 2026

ACROSS AMERICA more than 4,400 black people were lynched between 1877 and 1950. Some were killed for flirting with white women, others for talking back to bosses or trying to vote. In downtown Montgomery, Alabama, each of their names is carved into a rusted steel column marking the county where they lived and died. As visitors walk through the six-acre memorial the columns seem to rise. By the end they resemble a sea of dark bodies hanging heavily overhead.

Montgomery, Alabama's capital, once had more slave-trading depots than churches. More recently, it has become home to memorials that commemorate this history. As Donald Trump sets out to build grand new structures in Washington, DC, Montgomery's monuments offer another model of urban reinvention. About a decade after the project was conceived, Montgomery's downtown is transformed and tourism is booming.

The project has been led by Bryan Stevenson, the founder of the Equal Justice Initiative (EJI), a non-profit law firm that defends death-row inmates. Mr Stevenson had observed how Berlin, Johannesburg and Kigali confronted their bleakest chapters. When he first moved to Montgomery, it didn't have a single marker that mentioned "slavery", yet had 59 monuments to the Confederacy and three high schools named for its war generals and soldiers. This seemed odd.

Montgomery had been home to the first White House of the Confederacy. It also is the city where, in 1955, Rosa Parks refused to relinquish her seat to a white passenger, sparking wide boycotts; where segregationists bombed Martin Luther King junior's home; where a mob beat activists at a bus depot; where George Wallace, Alabama's governor, declared "segregation forever" in 1963; and where, two years later, the long march from Selma concluded with King calling for "a society that can live with its conscience" from the steps of the state Capitol. So Mr Stevenson set out to develop sites to tell the story of American slavery, racial violence and civil rights.

With private financing, he opened the memorial and a museum in 2018, then a few years later a sculpture park and, this spring, a town square. In town halls, Mr Stevenson recalls, some locals used to be sceptical. That changed when they saw tourists, and cash, roll in.

Each month 50,000 people visit the "legacy sites", some coming from as far as Europe and Asia. Demand is such that, in the past year, the EJI has partnered with for-profit groups to open a five-star hotel, two restaurants and a coffee shop, ventures that might inspire reluctant admiration from a certain New York developer turned politician. Profits go back into funding the museums and memorials. The hotel, named Elevation, has some unusual features: the architects included a library and "reflection garden" and reduced the number of rooms to make communal areas for visitors to talk to each other.

High-end tourism to grapple with racism is either a triumph or caricature of American capitalism, depending on your view. For Montgomery, though, the legacy sites have clearly been a boon. "It's been a game-changer," says Ron Simmons of the Montgomery Regional Chamber of Commerce. Tourists stay in town twice as long as they did a decade ago. Last year 1.4m visitors spent $1.4bn, roughly four times the city's annual budget.

Combined with big new investments from Amazon, Meta and manufacturers, surging tourism means that Montgomery's economy is, according to its mayor, Steven Reed, in its best financial position in 30 years. The city is using new revenue to raze abandoned buildings, give grants to small businesses, hire more police and invest in financial-literacy programmes. In May the city launched a "midnight basketball" league, to occupy young people when they might otherwise get into trouble.

Last year, in an executive order titled "Restoring Truth and Sanity to American History", Mr Trump instructed federally funded museums and parks to remove exhibits that "degrade shared American values" or "divide Americans based on race". The president has taken particular exception to the Smithsonian Institution for emphasising "how bad Slavery was".

Mr Stevenson's projects are immune to this pressure—because he is in the business of litigating against the government, he has never taken a penny of state or federal funding. Mr Reed notes that "pointing out truths doesn't mean pointing your finger." Asked what Montgomery now represents to its visitors, he says, "an enduring patriotism". ■

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United States | Lexington

Donald Trump's reflecting-pool debacle is a gift to America

What a fitting way to honour its birthday

July 2nd 2026

Just what message Washington, DC, means to send about itself, and about the country of which it is the capital, has always been uncertain. Is the city out to intimidate or inspire? To overwhelm visitors with the potency of centralised authority, or to summon the potential of every citizen? The mixed signals reflect varying ambitions at the foundation of the city and then muddled execution in developing it. Thomas Jefferson envisioned a compact, modest capital, in line with his republican values. But the French engineer hired by George Washington to design the city, Pierre L'Enfant, was inspired partly by Versailles, where his father was a royal painter. He planned a governing seat of grand proportions, suitable for what he believed would be a "vast empire".

Washington forced the irascible L'Enfant out after a year, in early 1792. A decade later, when President Thomas Jefferson took solitary horseback rides through the soggy wilderness, along rutted tracks L'Enfant had designed to be elegant boulevards, sceptics doubted his vision would ever be realised.

When Mark Twain visited after the civil war, he found a jumble of grandiosity and squalor, a suitable backdrop for the pomposity, incompetence and corruption of the elected denizens. Yes, the Capitol was noble, he wrote in 1873, in the novel that gave its name to the era, "The Gilded Age". But the cost overruns in its construction were shocking and it lorded over "a sorrowful little desert of cheap boarding houses". As for the Washington monument, "that memorial Chimney", it was still unfinished, with cow sheds at its base and pigs dozing in "its protecting shadow". The executive mansion was an ugly "white barn", and the streets so sodden Twain wondered why "they do not dilute the mud a little more and use them for canals". In fact, L'Enfant had designed a stately canal, but it became a health hazard—Washingtonians used it as a sewer—and it was filled in.

At the turn of that century, after the Spanish-American war extended America's dominion into the far Pacific, the chairman of the Senate committee overseeing Washington, James McMillan of Michigan, assembled some of the country's most eminent architects to design a capital worthy of a global power. They dug out L'Enfant's plan and magnified it. They not only removed clutter such as train tracks from what L'Enfant imagined as a central garden, they expanded that space into a National Mall, with a reflecting pool stretching towards a new memorial to Abraham Lincoln. In a metaphor of national healing, a broad new bridge would connect that memorial to Arlington cemetery in Virginia, where so many lay who died in the war between the states.

Those were just some elements of a project whose ambition seems unimaginable today. But in that confident era, L'Enfant's dream of a magnificent capital at last became reality. And ever since, as citizens, architects and politicians have bickered over each new design, the buildings and memorials of varying success that sprouted along the National Mall have honoured the framework laid down by L'Enfant and the McMillan commission.

Now comes Donald Trump. With his iron grip on his party and some Nixon-to-China audacity, he might have made history by achieving immigration reform or rationalising the tax code. Instead, he has done what no Democrat could, by siphoning resources into the swamp he had promised to drain, pulling tens of millions of dollars out of national parks across the country and pouring it into Washington. In an era of unapologetic American hegemony, he wants his capital to send an unambiguous message. The city is surely as beautiful as it has ever been, if you can ignore the embarrassing tough-guy images of a squinting Mr Trump that toadies have hung from cabinet buildings. Fountains dry for years are gushing water. Regilded statues gleam in the sun.

Mr Trump is not interested in mere restoration, of course. So far, his most impressive monuments to himself are the pit where the East Wing was and the corresponding pile of dirt, known as Mount Trump, dumped by the ninth hole of a public golf course in East Potomac Park. Courts have reversed Mr Trump's most obscene attempt to aggrandise himself, adding his name to the performing-arts centre honouring a slain president, John F. Kennedy.

The fate of Mr Trump's most egregious assaults on Washington's design remains uncertain. His bloated ballroom would block the line of sight from Congress to the executive mansion, destroying L'Enfant's visual metaphor honouring the Founders' emphasis on congressional oversight. Mr Trump is also planning a massive triumphal arch by Arlington cemetery, though the precise triumph remains unclear. ("Me", he replied, when asked whom the arch was for.) It would block the line of sight the McMillan commission planned between the Lincoln Memorial and the cemetery, where L'Enfant himself, who died penniless, also now lies.

Mr Trump's greatest contribution, however accidental, has been his work on the Reflecting Pool, meant to seal its leaky bottom and paint it blue rather than grey. He said he had fixed the pool for 50-100 years. Instead, he undercut any image of omnipotence, mixing Washington's message once again and restoring the city to a very human scale. As the new seal peeled away and algae bloomed a bilious green, one could almost hear Twain guffaw alongside the tourists who flocked to chuckle at the sight.

Even if Mr Trump succeeds for a time in fixing his previous fix, the pool's underlying failings, such as leaky pipes, will remain. Maybe all the attention to this spectacle will provoke some future generation to confront the real problems. In the meantime the water, whatever its colour, continues to mirror the sky and monuments in all their glory. Somehow, regardless of the flailing of those temporarily in power, the thing still works. ■

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The Americas

The Americas | Starting the engine?

Promised reforms could change Cuba radically

But only if they actually go ahead

July 2nd 2026

CUBA'S RULING Communist Party first cracked open the door to private business in the 1990s, when it lost the Soviet Union as its patron. Starting in the 2010s it went further, pushed first by the global financial crisis and then by the covid-19 pandemic. Will Donald Trump, whose measures have plunged the country into unprecedented hardship, achieve the next and most drastic economic change?

In an emergency session on June 18th Cuba's National Assembly approved a package of 176 reforms. It is the most radical attempt to overhaul the economy since the revolution in 1959. On paper the measures push the country towards a market economy, while preserving the state's control.

Cuba is going to implement “market socialism, Cuban-style,” says Juan Triana Barros of the University of Havana. Not everyone is sure about that.

Fully implemented, the reforms would shrink the areas of the economy from which private businesses are banned, enable them to import and export more freely, and let them attract foreign investment. For the first time entrepreneurs would be permitted to hire more than 100 employees and own multiple firms.

The reforms would also shake up state-owned enterprises. They could be sold or made into commercial ventures with shares and equity stakes—and the possibility of bankruptcy. They could set their own prices. In theory financing for private and public firms would get easier. Private banks would be allowed and the foreign-exchange market opened to more players.

Some services that were once the pride of the state, such as nursing homes and soup kitchens, will in theory go private. Blanket subsidies provided through the Cuban ration book are to be replaced with direct support for “vulnerable individuals”. The president, Miguel Díaz Canel, said the accumulation of wealth in private hands would no longer be forbidden. “If there is no wealth, there is nothing to distribute,” he said.

Such changes are sorely needed. Decades of mismanagement and America’s embargo have hammered the island. Measures enacted since January by Mr Trump and Marco Rubio, his Cuban-American secretary of state, are pushing Cuba to the brink. America has put sanctions not just on Gaesa, the military conglomerate, but any Cuban or foreign business working with it. They have blocked off fuel.

The economy has shrunk by over 20% since 2020. A dollar now buys over 600 pesos on the informal market, making the minimum monthly wage worth only around $5. Officially, inflation hit nearly 16% year-on-year in May; the real rate is certainly higher. Tourism was down by 58% in the first five months of the year. Blackouts last around 22 hours a day even in central Havana; when power comes on, Cubans rush to do what they can while it lasts. Water runs every other day. “It is utterly exhausting,” says a father of two.

Yet the government's announcements have been met with little enthusiasm—at home or abroad. For one thing, the promised reforms fall short of the huge changes that once shook up China's and Vietnam's hidebound economies. Moreover, many doubt the promises will become reality, or at least not at the speed required. An official at the US State Department dismissed the proposals as "superficial smoke signals". The government has promised change many times before, only to later drag its feet. It is a "circus", says a former translator in Havana.

Even a deeply committed government would find implementing the reform plan tricky. Cuba lacks foreign currency, rule of law and institutional capacity. American sanctions make it almost impossible for Cuba to get foreign capital. Even if America's government issued a licence tomorrow for everyone to operate in Cuba, firms could be sued for dealing in expropriated property, says Yosbel Ibarra of Greenberg Traurig, a law firm in Miami.

Cubans fear any reforms will primarily benefit regime insiders and the already rich. Without a proper social safety-net—including reviving the island's once decent systems of education and health care—ordinary people might struggle to withstand the hyperinflation that market reforms may bring. The gap between Cuba's haves and have-nots is already plain. On a Saturday afternoon, the pool at the Meliá Habana hotel is packed with people sipping cocktails as their children swim around. The $15 entry fee is far beyond most Cubans. BMWs are parked outside fancy restaurants where steaks cost $100.

For the moment there is little sign that political change will follow an economic opening. Political prisoners are not being released, despite American requests. On June 20th Manuel Cuesta Morua, a moderate opposition figure, was seized, roughed up and threatened with being shot, all for supporting a pot-banging protest (these now happen nightly). Mr Trump and Mr Rubio also want Cuba to reduce its security ties with China, Russia and Iran.

Mr Trump reckons he can pile more pressure on Cuba before cutting a deal. On June 23rd the State Department put sanctions on more Gaesa-linked bodies, including AUSA, which ran container traffic at Mariel port. Days later Gaesa sold it to another state-owned company so that supplies may again reach the island.

If Cuba's rulers move fast, the reforms may buy the island some breathing room. "This is a lot," says Paolo Spadoni of Augusta University. "But it is not enough." Mr Trump is betting that more pain will force deeper change; the regime is betting it can please or outlast him. Ordinary Cubans worry that, either way, they will lose out. ■

Correction (July 2nd 2026): It was the president, Miguel Díaz Canel—and not the prime minister, Manuel Marrero—who said that the accumulation of wealth in private hands would no longer be forbidden.

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The Americas | Aftershocks

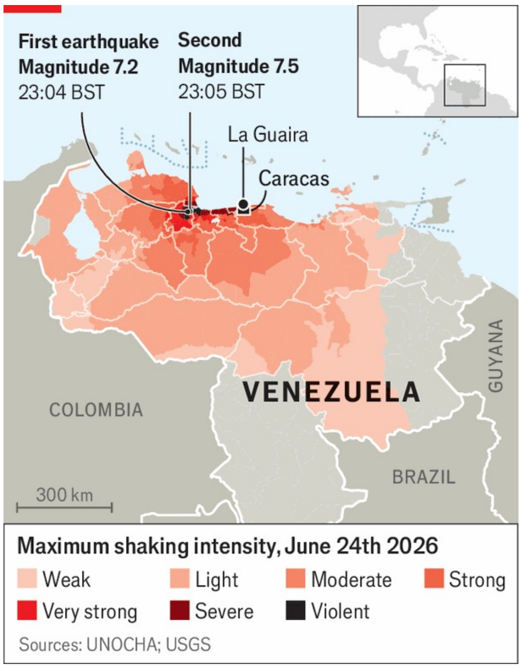
Venezuelans are furious with the American-backed regime

But the earthquakes could give it an excuse to keep putting off elections

July 2nd 2026

Wooden coffins are being piled up behind the port of La Guaira, a short drive from Caracas, Venezuela's capital. The municipality, once known for its beaches and proximity to the international airport, was among the worst hit by two powerful earthquakes on June 24th. Across the country more than 59,000 buildings have been badly damaged or have completely collapsed, according to one tally.

A week on, specialist rescue teams from at least 27 countries were still racing to save those trapped in the ruins. There have been extraordinary stories: a mother and an 18-day-old baby were rescued after nearly two days; a 21-year-old man was saved after 106 hours. But by July 1st the number of people known to have been killed had reached 2,295, with another 11,267 injured. Reports of over 50,000 missing appear to be exaggerated, mostly based on a crowd-sourced website where people could add loved ones' names (some names appear several times). But the death toll is bound to rise. The UN in Venezuela says it is procuring 10,000 body bags.



In Caracas dozens of buildings were destroyed. All schools are shut until July 5th. Most businesses have closed, in mourning. People are lining up to donate food, medical supplies and clothing.

The tragedy, and the limits of the response to it, are causing deep anger, mostly aimed at the regime. "Negligence has a terrible cost," said María Cristina, a university student, as she queued to donate canned food in the capital. La Guaira residents say they were totally on their own for the first 48 hours after the quakes. They tried to save people with their bare hands. "It was all volunteers, the government was no help at all," says one woman. There is widespread criticism of the armed forces. Some military folk have been seen milling around ruined sites while civilians search for survivors. Four policemen were caught apparently stealing bags of dollar bills from a ruined building when they were meant to be searching for a 14-year-old.

Systemic corruption under the purportedly socialist governments of former president Nicolás Maduro and his predecessor Hugo Chávez have left the services needed to confront a disaster like this hopelessly run down. In Caracas brave members of a government rescue team were borrowing phones from onlookers to use as torches. Messrs Maduro and Chávez used to have a stock answer to critics: that hardships were all the fault of America. But in the "new" Venezuela, that excuse will not fly.

The current interim president, Delcy Rodríguez, is in power thanks to the Trump administration. Following the capture of Mr Maduro, her boss, by US commandos on January 3rd, the former vice-president has been working closely with the Americans. America has eased sanctions. Ms Rodríguez has reformed rules that discouraged foreigners from investing in oil and mining. Mr Trump portrays all this as a great strategic success. He has called it "sort of like a joint venture". Apart from the earthquake "the people are happy, they're dancing in the streets," he said, preposterously, on June 26th.

The earthquakes have imperilled Mr Trump's narratives. His administration must now decide how far it is prepared to get involved in a large-scale reconstruction effort. The quakes have caused damage and losses between $7.5bn and $9bn, equivalent to nearly 8.5% of GDP, said Asdrúbal Oliveros, a Venezuelan economist.

James Story, a former US ambassador to Venezuela, says America has a duty to help on a large scale, given its overt interference to date. "Clearly Delcy was not an elected president," he says: "The actions of the United States put her in power." He recommends "a full effort" of American assistance to alleviate suffering. The Trump administration has deployed significant resources to the crisis. The warship USS Fort Lauderdale has docked at La Guaira. Some 900 armed forces personnel are said to have joined the rescue effort. US soldiers have repaired a runway at Caracas's international airport, which was damaged in the earthquakes.

America's grand plan for Venezuela is supposed to involve three stages: stabilisation, recovery and transition. The idea is that stabilisation and recovery (both of Venezuela's economy and its battered institutions) can take place while Ms Rodríguez is interim president. The third stage, transition, requires democratic elections. No timetable has been given for this process, and the earthquakes may provide a reason to slow it down. That would doubtless suit the regime, which is widely loathed. “There is every reason to believe that this terrible tragedy will be instrumentalised to keep them from moving to elections any time soon,” says Mr Story.

As for the Trump administration, it has hardly shown much urgency in returning Venezuela to democracy. María Corina Machado—a Nobel peace-prize laureate and by far Venezuela’s most popular opposition leader—has said she wants to return to her homeland from her base in the United States. Following the earthquakes, she tried to do so by both private and commercial flights. A jet with her on board, en route to Curaçao, returned to the United States after American authorities asked her to turn back. On June 28th the Venezuelan regime is also believed to have told an airline in Panama, through which Ms Machado was travelling, that she should not be allowed to board. She still says her plan is to be in Venezuela “soon”.

That the Trump administration is still wary of Ms Rodríguez’s main opponent will bring the interim president some comfort. But leading an unpopular regime following the mass trauma of a natural disaster will be difficult. As Ms Rodríguez’s convoy swept through Caracas on June 29th, a homeless man started shouting “ladrona” (thief) at the blacked-out cars. No one tried to stop him. ■

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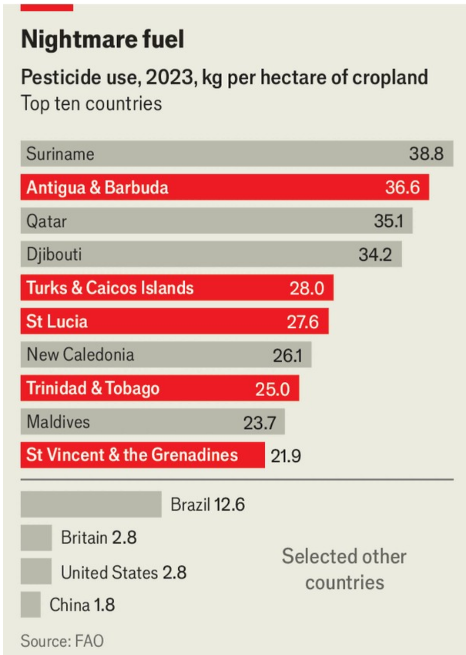
The Americas | Pick your poison

The Caribbean has a problem with pesticides

It uses them more intensively than anywhere in the world

July 2nd 2026

TEEK IS ALARMINGLY relaxed about the noxious substances he uses to make sure his watermelons survive. The young farmer in Antigua is whipping up a toxic brew, mixing ingredients as if preparing a rum cocktail. Where did he learn this delicate art? “YouTube,” he says. He and his cousin go on to drench a four-acre field with their marvellous medicine. Such scenes are common in the Caribbean. It has become a hotspot for pesticide misuse.



The problem is not the total stock of pesticides that the region gets through: Brazil scatters more chemicals in a week than the Caribbean does in a year. Nor is it about toxicity: African countries possess deadlier stockpiles of obsolete or highly hazardous pesticides (HHPs). The challenge in the Caribbean is the intensity with which these poisons are administered. Caribbean islands dominate use per hectare, says the UN's Food and Agriculture Organisation (FAO). They make up five of the world's top ten users. Hectare-for-hectare, Saint Lucia sprinkles ten times more than the United States (see chart). Trinidad & Tobago uses 30 times as much as Russia.

There are some good reasons for this. Heat and humidity stimulate pests and weeds. Hilly terrain makes pesticides less effective. Labour shortages increase the incentive for farmers to weed using chemicals. Small markets limit access to natural alternatives that are used elsewhere, says Jonah Ormond, a regulator in Antigua & Barbuda. The plantation crops left behind by colonials are highly vulnerable to disease. And the European shops that buy them will take only perfect produce.

Yet waste and complacency also play a part. Many of the region's farmers are poorly trained; they don't detect pests until they are running amok. Even then, they can't always diagnose what problem they have, says Melvin

Medina Navarro of the FAO. So they use the wrong substances, at the wrong time, in the wrong dose.

Governments in the region have been lax about deciding which pesticides farmers should use. Only a few Caribbean countries and dependencies have banned paraquat, a notorious herbicide long prohibited in Brazil, China and the EU. Its main manufacturer is now stopping production amid lawsuits in America claiming links to Parkinson's disease.

The costs of all this are large. The Caribbean has high rates of prostate cancer and multiple myeloma, both of which are thought to be made more likely by long-term exposure to pesticides. Easy availability of pesticides contributes to high suicide rates, thinks Gamini Manuweera of the Centre for Pesticide Suicide Prevention in Britain. People use it to kill themselves.

Weedkillers run into rivers and bays, killing fish and bleaching coral reefs. Empty containers are dumped, harming livestock and wildlife. Treatments are making soil gradually worse, by killing off things such as worms and bacteria that nourish it, says Michael Joseph, an Antiguan farmer.

Guadeloupe and Martinique are still contaminated with the dangerous insecticide chlordecone decades after its prohibition, notes Luc Multigner of Inserm, a French medical-research agency. That limits what they can grow. It can hang around for 600 years. So the Caribbean may face pesticide problems for centuries yet. ■

The Americas | China in Latin America

Brazilians are going gaga for Chinese brands

They think China has better tech than America

July 2nd 2026

Fernanda Lima and Rodrigo Hilbert are known as "Brazil's favourite couple". She is an attractive television presenter. He is a handsome handyman who hosts home-improvement and cooking shows. Their twin boys are models. And now the whole family are brand ambassadors for Geely, a Chinese maker of electric vehicles. "A beautiful family like that has real influence here in Brazil," grins Jianjun Chen of Renault Geely, the firm's Brazilian wing. "We only arrived in Brazil last year, so we have to hurry up with the marketing."

Chinese brands have become ubiquitous in Brazil. Affluent Brazilians drive cars made by BYD, use phones made by Huawei, watch televisions produced by Hisense, order meals with 99Food, a delivery app (see main picture), and shop online at Shopee. In 2025 Chinese companies invested at least $6bn in Brazil, according to data collected from corporate disclosures by the American Enterprise Institute, a think-tank in Washington, and the China-Brazil Business Council. That was more than 10% of all their large overseas investments. And it was more than Chinese companies invested in any other foreign country.

Investments in manufacturing have overtaken those in oil and mining. In August Great Wall Motors (GWM) started production at a plant formerly owned by Mercedes Benz. In October BYD opened a $1bn factory, its largest outside Asia, on the site of a former Ford plant in northern Brazil. Geely has bought a 26% stake in Renault Brazil, which already has a factory in the south. BYD and GWM were the fastest-growing car brands last year in Brazil, with Chery, another Chinese competitor, following close behind.

These companies are spending mountains on marketing. To promote its premium SUVs, Chery hired Bruna Marquezine, an actress and model, at a rumoured cost of 10m reais (around $2m). As well as partnering with the Lima-Hilberts, Geely has sponsored “Big Brother Brasil”, a reality television show. “It was the best investment we have made so far this year,” says Mr Chen. BYD has paid for its cars to feature in two prime-time soap operas. In one episode, a driver for one of the show’s wealthy protagonists buys a BYD for himself, telling viewers: “Electric cars are for everyone. They ain’t just for the rich!”

Lately these and other Chinese firms have spied a new opportunity: to provide massive batteries for power grids. It is hoped that Brazil’s first battery auction, scheduled for December, will raise $1.5bn of investment in cells designed to store surplus power from solar panels and wind turbines, and feed data centres. On June 17th BYD said its next phase of investments in Brazil would be in batteries. Daniel Abdo of Sigma Lithium, Brazil’s largest lithium company, says the company’s main mine in Araçuaí, in Minas Gerais, has been “full of Chinese visitors”. Many of them have grid-scale storage in mind.

Chinese money is flowing to Brazil in part because European countries and America have been throwing up protectionist barriers. But it also matches China’s domestic priorities. In the early 2000s its firms invested in Latin America to secure natural resources; in the 2010s they built lots of infrastructure to help export excess steel. Now China is seeking places where it can dominate in high-tech fields. “All the attention from our headquarters, all of our resources, are being focused on Brazil," says Matheus Benatti of Hisense Brazil. Atilio Rulli, the head of public affairs for Huawei Brazil, says that this year Brazil will bring in more revenue for Huawei than any country except China.

It helps that the governments of Brazil and China get on. China has been Brazil's largest trading partner since 2009, when it surpassed the United States. On June 25th the country's finance minister, Dario Durigan, said that for the first time Brazil will borrow in yuan. In April the administration of Luiz Inácio Lula da Silva was accused of firing a labour-ministry official for including BYD on a list of employers accused of subjecting workers to slave-like conditions (the government said it was a routine personnel change). In 2024 Brazilian police rescued more than 160 Chinese workers brought in to build BYD's factory in Bahia, who were found living underpaid in squalid quarters. BYD has said it was unaware of the conditions and blamed a subcontractor; it says it has cleaned up its act.

Ordinary Brazilians are also warming to China. They increasingly see it as the world's top technological power. Around half of Brazilians think China is leading the world in AI, compared to 39% who think America is ahead, according to a poll by Public First, a consultancy in London. "In the past consumers had reservations about Chinese brands," acknowledges Andy Fang of Huawei Brazil. No more.

Many Brazilians are leery of Donald Trump. In May he and Lula had a friendly meeting in the White House. But days later Jamieson Greer, the United States Trade Representative, called for tariffs of 25% on many Brazilian exports. Brazilians see Mr Greer's justification—"unfair trade practices"—as a cover for protectionism. On June 18th Mr Trump told Axios, a news site, that he "couldn't care less" about Lula.

Chinese investors are unfazed by Brazil's general election in October. "The private sector is much more important in pushing this relationship forward than anything to do with governments," says Hsia Sheng of the Getulio Vargas Foundation, a university in São Paulo. "If the election mattered, investments would have stopped, but the opposite is happening." That may be bad news for Mr Trump, who appears to think that if Lula's right-wing rival wins power, the country will loosen its ties with China. "Frankly, there are no people in the American administration that understand Brazil right now," says one analyst. It shows. ■

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Asia

Asia | The new geography of subsea cables

The AI boom and geopolitics are rewiring Asia's oceans

New cables between data centres are avoiding China and chokepoints

July 2nd 2026

"THE SEABED is a battlefield," Australia's defence minister told a room full of admirals and generals in Singapore at the end of May. Richard Marles, citing several subsea cables that have been cut in the Baltic Sea and around Taiwan in recent years, joined 16 of his counterparts in announcing plans to protect the submarine tendrils of the digital world: the nearly 700 communications cables which mostly lie exposed on the floor of the world's oceans.

Governments and armed forces in Asia have only recently awoken to the importance of subsea cables. Some of their fears of subterfuge may be overblown; to date, no conclusive evidence has been shared to suggest that the cuts highlighted by Mr Marles are sabotage. But they are right about the vulnerability of these arteries of commerce. And the private firms which build and operate almost all of the world's subsea cables are not waiting for governments to better secure them. They are increasingly taking steps on their own to avoid Asia's most contested waters.

Asia and Australia are now connected to Europe by fibre-optic cables which tend to hug the coastlines of the Asian continent before heading up the Red Sea. But a combination of the AI boom and geopolitics is rerouting cable traffic across the Indian and Pacific oceans. This new geography avoids chokepoints like the Strait of Malacca and contested waters like the South China Sea. Much of it avoids South-East Asia entirely, running from the Middle East and India to Australia and then onward through the Pacific Islands to America.

The first cable to run the new route was laid in 2022 between Oman and Australia, with spurs to the Anglo-American military base at Diego Garcia and the Cocos Islands, a tiny Australian territory in the Indian Ocean. Then, last year, Google announced that Christmas Island, another Australian territory in the Indian Ocean, would become a hub for a new cable network between Australia and the Middle East. Fibre will run from Oman via the Maldives to Christmas Island, and then onward to Australia. Meta's $10bn Project Waterworth, a global cable network still in development, looks set to follow a similar course in the Indian Ocean.

The first shift remapping cable routes is a change in who pays for them. Subsea cables are expensive. To defray the cost, for most of the last few decades big national telecoms firms would form consortia to build them. Back in 1999, one of the first big fibre-optic cables between Europe and Asia to come online, known as SEA-ME-WE 3, cost $1.3bn and had 92 consortium partners. Financing and planning a cable among so many firms tended to increase costs and delay laying it. Once it was funded, the number of partners involved pulled the route close to the Asian continent where the bulk of the customers were located.

But the AI boom is scrambling the economics of the subsea cable business and changing its geography. Over the past ten years, internet giants have begun to finance and build cables single-handedly. That has simplified the fundraising and planning process, and cut the lead-time for new cable projects. Google invested in its first cable in 2008. It has since funded at least 34 more, 18 of which it owns without partners. Increasingly, firms like Meta, Google and Microsoft are building cables not to connect population centres but to connect their data centres.

And build them they are. By one estimate, the next four years will see an average of $4bn a year in new cable investment, the bulk of it by so-called hyperscalers seeking to win the AI race. While satellite internet service from firms such as Starlink is getting cheaper, it is still orders of magnitude more expensive to beam each gigabyte of data into space than it is to push light down a cable, and is likely to be so for many years yet. As a result, subsea cables still carry 99% of the world's intercontinental internet traffic.

As the subsea cable market consolidates vertically, it is expanding geographically. Unshackled from the need to remain close to population centres, ships are laying subsea cables across the open ocean more than ever before. The new routes have been drawn up to avoid seabed governed either by China or by governments that might seek to extract payment for laying or repairing a cable across a chokepoint, such as the Indonesian straits.

Geopolitical risk has become particularly acute in the South China Sea, where China has yet to effect full control on the surface but exercises de facto sovereignty over the seabed. Under international law, states are not supposed to interfere with repairs to cables outside their territorial sea. But repairs to any cables within China's "nine-dash" line, which stretches over a thousand kilometres from China's coasts (and which it claims as the extent of its waters) require approval from officials in Beijing.

Cables transiting through chokepoints like the Strait of Malacca run similar risks, says Samuel Bashfield, who studies subsea cables at La Trobe University in Australia. Constantly shifting rules set by littoral countries like Malaysia and Indonesia are designed to extract value from cable operations through measures like requiring the use of local ships. These can be expensive annoyances. But recent musings by Indonesia's cash-strapped president and finance minister about how the country could make money from its position astride some of the world's great sea-lanes suggest that more aggressive measures could be coming.

To avoid these risky shoals, more and more internet traffic is simply going around them. Google and Meta's new networks run instead from the Middle East through Australia and onwards to Japan and South Korea or America. In the Pacific, cables increasingly use Guam as a hub to connect American allies in Asia. These new routes are part of an increasingly bifurcated internet infrastructure beneath the waves: no new cables between America and China have been approved since Barack Obama was in office. ■

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Asia | A delicate duel

Pakistan’s army chief battles with its imprisoned ex-prime minister

Which of Asim Munir or Imran Khan will prevail?

July 2nd 2026

PAKISTAN’S POLITICS revolves around two men who detest each other. And just as in a good drama, their fates are entwined. One is Imran Khan, the swashbuckling all-rounder who led Pakistan to cricketing glory and subsequently went on to become prime minister in 2018. Mr Khan rode to power with the backing of the armed forces, who had, as they periodically do in Pakistan, grown tired of the old ruling parties. But he proved to be an erratic and often alarmingly messianic premier. He upset the military and political establishments so much that he was ousted in 2022, and is now serving a 14-year prison sentence on a trumped-up corruption charge. Behind bars, rather than dealing with tricky neighbours and IMF loans, his popularity has soared.

The other is Asim Munir, the steely and scheming army chief. He was fired by Mr Khan from his role as the country's spy chief in 2019 (there were rumours that he had been sniffing around the tax affairs of Mr Khan's wife). He has had ample opportunity for revenge. Appointed as military chief after Mr Khan was toppled, he secured his grip on the army, elevating himself to the post of field marshal. He extended its control over government, and hobbled Mr Khan's party, the PTI (it has not been banned, but senior figures have been arrested and the party has been prevented from taking part fairly in elections). For a man who once operated in the shadows, he seems to be enjoying an increasingly prominent role on the world stage, in particular by helping to broker a ceasefire between America and Iran. At a summit in Switzerland in June J.D. Vance, America's vice-president, gushed that he was one of two "very important people" in his life, the other being his Indian wife.

As Field Marshal Munir plays the statesman, Mr Khan sits in a seven-by-eight-foot cell. In April he passed 1,000 days in prison. For the past eight months he has had little outside contact, and just an exercise bike and a few books to keep him occupied. Over tea at the family's lush estate in the hills above Islamabad, Mr Khan's sister, Aleema, accuses the authorities of trying to break her brother's spirit. Meetings and phone calls have been restricted (the family can send him a regular supply of his beloved avocados, grown next door). Mr Khan's eyesight is deteriorating due to a blood-clotting condition for which he has had five rounds of treatment under close supervision. His family have questioned official statements on his health and requested, so far in vain, that he be seen by his personal physician.

The safest bet is that Mr Khan will stay in prison for as long as Field Marshal Munir is in power. That could be a long stretch, given recent constitutional changes which mean that the army chief could keep his role for another decade or more. Mr Khan could still have a hand in his fate, though. His popularity is an awkward problem for a regime that lacks legitimacy. Taking him for hospital tests in the dead of night suggests the government is aware of his appeal. Keeping Mr Khan locked up may be the safest option for now. But it is not without risks, particularly if his health worsens or public dissatisfaction grows.

The government was unpopular even before Pakistan's economy was walloped by the Iran war. Since then fuel and energy prices have soared; in May year-on-year inflation reached 11.7%. Last month the ruling PML-N party lost ground in an election in Gilgit-Baltistan, a northern region. In time the country's military leaders may feel the need for fresh faces. "If you look at Pakistan's history, it is clear that you can't keep an unpopular system in place for ever," says Ali Zafar, a PTI senator. Some within Mr Khan's party believe that they can plot a way back to working alongside the armed forces. But that has caused a rift over strategy. Mr Khan's family have accused senior PTI figures of "complete silence" over his ongoing legal cases.

Currently, the sworn enemies coming to an agreement is a distant prospect. In fact, although the PTI has been targeted most, figures from more establishment parties say it is becoming harder to criticise the government. "The space for opposition is closing," says Miftah Ismail, a former finance minister and member of the broader opposition alliance. Field Marshal Munir is not yet in any mood for compromise. The latest sign of that came last month, when courts handed down long sentences to four PTI leaders and a high-profile Baloch activist.

Mr Khan, for his part, remains defiant. Perhaps he is playing a long game. He tells his family that two hours of exercise a day means he has never been in better shape. The last time he issued a public message, via a visitor in December, he branded his nemesis "mentally unstable" and called on Pakistanis to "break the chains of slavery". Radio silence thereafter suggests that his mindset has not changed. The two men are locked in a "battle of nerves", says Aleema. Her brother's outlook would not have sounded out of place on an Elizabethan stage: "Liberty or death". ■

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Asia | In a hole

India’s government overhauls a vast workfare programme

Critics say it has been gutted

July 2nd 2026

India’s ruling Bharatiya Janata Party (BJP) loves a name change, a good acronym and flexing its Hindu credentials. Last December it combined all three to replace the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) with the Viksit Bharat–Guarantee for Rozgar and Ajeevika Mission (Gramin)—which translates from Hinglish as “Developed India–Guarantee for Employment and Livelihood Mission (Rural)”. As an acronym it is VB-G RAM G, a reference to Ram, a revered Hindu god.

This was far from a mere rebrand. VB-G RAM G, which began officially on July 1st, revamps a scheme that has been a pillar of India’s rural-development policy since 2005. Combining social protection with public works, it guaranteed 100 days of paid toil to any rural household that demanded it. Plenty did: in 2024-25 some 60m households were employed on an assortment of projects, from wells and ponds to rural roads. The scheme earned international acclaim for its scale and ambition: the World Bank has called it the world's largest public-works programme, and the International Labour Organisation has recommended that other developing countries copy it; many, including Bangladesh and South Africa, have done so.

The government argues that its new scheme is an improved version of the old one. Workers can now get 125 days of work, rather than 100, and they will work on a narrower set of tasks to build "productive infrastructure"; many of the previous projects, it argues, were of little real value. But opponents say the scheme is being gutted. "The government has essentially removed the legal guarantee of work that made MGNREGA so unique," says Nikhil Dey, the founder of an advocacy group that helped draft the original act.

The issue is how the programme is funded. Under the old law, the central government covered the full wage bill, but the new scheme sets a limited allocation of funds for each state every year—a fixed sum that, once exhausted, leaves the states to cover any further cost. That, says Mr Dey, converts a legal right into a capped scheme with a limited budget.

State governments are pushing back: some may challenge the new law in the Supreme Court. It has also become an international cause: a coalition of global economists, including Thomas Piketty and Joseph Stiglitz, have signed an open letter urging that the new scheme be repealed, calling it a historic error.

None of that has swayed the government. Many in the BJP's leadership have long viewed the old scheme with contempt. Soon after coming to power in 2014 Narendra Modi, the prime minister, mocked MGNREGA as a "living monument" to the previous Congress government's failures, jibing that it forced Indians into "digging holes in the ground".

The flaws were real. In many parts of the country, participants were denied the work they were supposedly guaranteed because of a lack of funds or bureaucratic inertia. In such cases, they were entitled to an unemployment allowance; but only around 8% of what was owed between 2019 and 2025 has been paid. Even when work was provided, wages were delayed. Corruption was commonplace.

Activists, however, do not believe the new approach will fix any of this. There is little clarity on how wages will be set. Moreover, the new financing structure could force cash-strapped states to ration work. The MGNREGA Sangharsh Morcha, an activist coalition, estimates that at the funding levels proposed for this year, several states will be able to provide barely a fifth of the promised 125 days of work.

All this risks jeopardising a programme that delivered big benefits even with all its implementation problems. Since its inception a plethora of studies have examined the impact of MGNREGA and found positive effects. At a minimum, it gave the poor a cushion during economic shocks (demand for work surged during the pandemic, for example). But it was far more than that. Studies suggest it empowered women and India's lower castes. It also raised private-sector pay, as employers were forced to put up wages to compete with the scheme.

The erosion of such benefits would come at a difficult moment. The rural economy is under strain: wages have barely increased for more than a decade, despite rapid economic growth. The war in Iran has pushed up fuel costs and this year's monsoon has been weak. A workfare scheme that no longer reliably provides work could leave Mr Modi's government in a hole of its own. ■

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Asia | Ashoka

Why can’t India’s government build a decent website?

Clunky online experiences reveal the failures of Indian officialdom

July 2nd 2026

Before you read beyond this paragraph, grab a glass of water and 1,000mg of paracetamol. Walk over to your laptop—the supercomputer in your hand is not up to the task—and make yourself comfortable. Now navigate to indianvisaonline.gov.in and see if you can figure out how to apply for a visa.

If you succeeded, welcome back, and apologies. Several questions are probably fighting for space in your addled brain. Let’s take them in turn. The answer to the first is no, the government of India does not hate foreign visitors. Its online services for Indian citizens—railway ticketing, voter registration, income-tax filings—are just as hostile. Those are among the better ones.

Many are worse. They feature a sadistic mix of pop-ups, moving text, flashing graphics, ministerial portraits and antique elements like text-based Captchas, a bot-prevention tool that these days only thwarts humans. If a citizen does find the useful section of a site, she encounters obstacles such as broken links or the railways' infuriating 16-character limit for names. Things are no better in the backend. In May a 19-year-old "ethical hacker" exposed critical flaws in an important school-leavers' exam system, causing a national uproar.

On to your second question. It is indeed 2026 and the visa website of a country renowned for its people's IT skills resembles a Geocities page from 1999. One reason is that India's approach has long been to reproduce paper processes in digital form rather than rethinking them altogether. The concept of UX—jargon coined in 1993 to mean designing things to ease the user's experience—did not enter the official guidelines for government websites until 2023. Another reason is that the National Informatics Centre, the government's in-house technology provider (whose triumphs include the visa website), has little ability to push back on demands from ministries to fill their sites with everything except usable features.

For projects beyond NIC's capabilities, officials look to the private sector. A mid-level bureaucrat is usually put in charge of procurement. Most have no technical knowledge. Their solution is to hire the best the market has to offer. They rely on brand-name consultants to help design the project and draft requirements. The most ambitious jobs are often executed by the same IT services companies that build products for Western clients.

Yet here, too, the result can be lacklustre. By expecting outsourcers to do both the thinking and the execution on its behalf, the government puts itself in a vulnerable position, argues Susan Thomas of XKDR, a think-tank in Mumbai, in a recent paper. It buys a system "but lacks the internal expertise to understand what it has bought or how to evolve it, turning a strategic asset into a costly, unmanageable liability". Bureaucrats do not need AI to fall victim to cognitive surrender.

As for your last question, official sites are unlikely to improve. They may soon offer better UX. But the real problem is institutional design rather than web design. Bureaucracy runs on risk aversion. Officials worried about anticorruption bodies award contracts to the lowest bidder, despite having the discretion to weigh up other factors. They splurge on top-tier consultants because it gives them cover for their decisions. A bureaucrat who takes a risk and produces a terrific outcome gets no reward. One who does a bad job the correct way pays no penalty. Even the official who botched the school-leaving exams was merely transferred to the agriculture ministry.

India is justly proud of itself for developing Aadhaar, a national biometric ID system that has become the foundation for many other digital services both public and private. But a huge reason for Aadhaar's success is that it was spearheaded by someone with both technical expertise and authority. Nandan Nilekani, a co-founder of Infosys, an IT-services firm, accepted the job on the condition that he had the formal status of a cabinet minister. That let him take calculated risks, think creatively and hire a bunch of Silicon Valley hotshots even as he stayed within the rules.

Few governments can afford to pay their best techies what the private sector can. They may, though, lure talent with prestige, power and patriotism, as India did with Aadhaar. Yet it has failed to apply the lessons of what made that project a success. It is not the rules around building IT that need overhauling but the culture under which they are applied. Of that there is no question. ■

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China

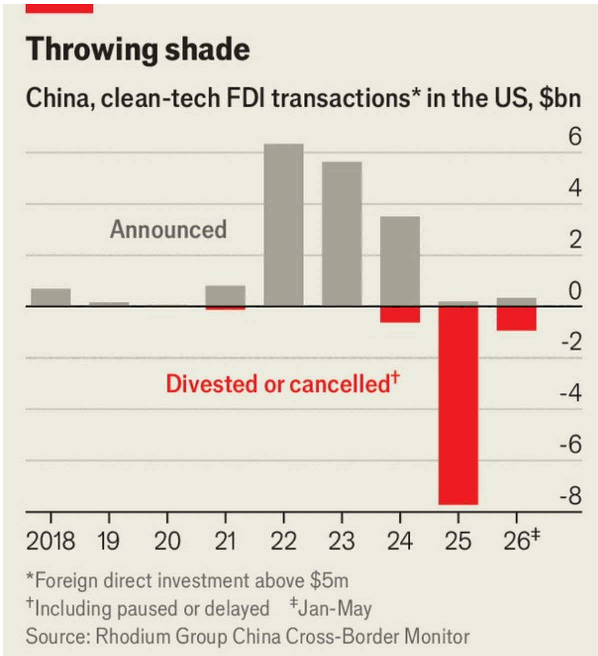
China | Sunshine policy

Donald Trump is kicking out Chinese firms, but keeping their tech

China's stranded assets are creating a new class of American green-tech investors

July 2nd 2026

In a factory in Dallas, an American flag hangs from the ceiling. Beneath it, 1,200 workers and some state-of-the-art robots churn out 20,000 solar panels a day, a tenth of America's total output. The location has a capacity of 5gw, meaning it makes enough solar modules each year to power 1m American homes. "Never bet against the United States's engineering and innovation," effuses Russell Gold, an executive at t1 Energy. But the facility was not always so star-spangled. Trina Solar, a Chinese giant, built it in 2024, before selling up just days after it entered operation.



All over America, Chinese firms are divesting clean-energy assets at fire-sale prices: since 2025 almost $9bn of Chinese renewables investment in America has been cancelled, paused or sold to local investors, up from none in 2022 and 2023 (see chart). Some assets have traded at discounts of as much as 40%, says one buyer. The sell-off was triggered by a little-noticed change in America's tax law last year, meant to purge Chinese influence from the clean-energy sector. American investors are enjoying a windfall as they snap up assets from industry leaders. Whether these transactions will reduce dependence on China is another matter.

America's clean-energy sector had been becoming increasingly Chinese, even as relations between the two countries soured. From 2022 to 2024, Chinese firms committed $15.5bn to green-energy projects, nine times as much as in the previous four years. Foreign markets offered Chinese producers respite from brutal, profitless competition at home. America was particularly appealing owing to generous subsidies for battery and solar assets introduced by Joe Biden's administration. They helped drive annual solar-module production capacity up by half, to 65gw last year. China-linked producers made up 25gw of the total.

Now all that is at risk. The change in the law was initiated by Donald Trump's One Big Beautiful Bill Act. Since it was passed in July 2025, firms with connections to China have been banned from getting subsidies. One of the affected programmes, called Section 45x, reduces a firm's tax bill by seven cents for every solar-module watt and $35 for every battery-cell kilowatt-hour it makes. For a 5gw solar-manufacturing facility, like the one Trina Solar built in Dallas, the handout could amount to $350m a year. Rhodium Group, a research firm, says more than half of Chinese clean-energy investments since 2022 have been cancelled, paused or delayed.

Chinese operators that have already built solar and battery assets have been identified as "Foreign Entities of Concern" (feoc), alongside firms from Iran, North Korea and Russia. Regulators have taken a strict interpretation of the feoc rule, says Herbert Crowther of Eurasia Group, a consultancy. A Chinese entity can have no more than a 25% stake in a factory, the facility must not rely on licensed Chinese technology and it must buy less than 50% of the value of its inputs from Chinese suppliers—a figure that will fall to 15% in 2030.

The restrictions are a hammer blow to Chinese investors. In a filing to the Shanghai Stock Exchange in April, Boway, a Chinese industrial firm, said that its solar-module factory in North Carolina had become unprofitable after the withdrawal of government money. Even for those that can afford to operate without tax credits, competing against subsidised domestic suppliers is a losing battle, as Western firms in China have learned. Uncertainty about whether producers, even after big restructurings, will be able to satisfy American authorities has led some solar installers, banks and insurers to pause doing business with manufacturers out of concern that their tax credits will never arrive. Indeed, American authorities are said to have expected, and hoped, that Chinese producers would leave the market altogether before introducing the new rules.

As a result of the legal changes, billions of dollars in assets, technology and know-how are being transferred to American investors. Corning, an American firm, bought a 2gw solar-module factory in Arizona for an undisclosed sum last year. Boway sold its new 3gw factory in North Carolina for $254m in May, 15% less than it cost to build. The assembly lines left by retreating firms are full of Chinese technology, intended to assemble Chinese-designed solar panels with Chinese-made inputs. Other firms, wanting to keep their foothold in the American market and find ways to hang on to the tax credits, are creating joint ventures with local partners, says Mona Dajani of Cooley, a law firm.

Joint ventures can improve the competitiveness of local industry by sharing technology, as China showed in the 1990s. This time, however, there will be fewer spillover benefits, since many ventures appear superficial. At least one transaction exists more on paper than on the factory floor: Canadian Solar shifted its American assets from a Chinese subsidiary back to its Canadian parent by, in effect, creating a joint venture with itself. “The goal is compliance, not integration,” says Ms Dajani.

In part, that is because the activities of Chinese firms abroad are being watched more closely by authorities at home. America has forced sales of high-profile Chinese assets, including TikTok, a video app, and ports on the Panama Canal. New rules to protect China’s investments abroad took effect on July 1st. They include clamping down on technology exports. The measures also promise retaliation against “discriminatory measures” taken by foreign governments. Nancy Sun, a lawyer in Shanghai, says the rules “encourage the Chinese company to say ‘no’”.

American clean-tech firms worry that merging with a Chinese partner will anger the Trump administration. Chinese firms want to avoid handing their tech to competitors. So many assets are being bought by financial investors, not clean-tech manufacturers. Jinko Solar sold 75% of its 2gw solar facility in Florida to fh Capital, an American investor. “There is a marriage of convenience where the us partners get a majority of the financial upside, but the Chinese partner is…delivering the operational competency,” says Mr Crowther.

Disentangling from Chinese supply chains is difficult in any industry. In clean technology, China is almost inescapable. It makes 95% of the world’s polysilicon, the main input to solar panels. Investors The Economist spoke to refused to say where their inputs would now come from: the ability to source scarce non-Chinese materials is a commercial advantage. Others have work-arounds to limit their links to China. Trina Solar, for example, sold its intellectual property to a Singaporean firm so that t1 Energy could license it.

Mr Trump’s legislation sought to scupper the green-energy boom. Instead, it may end up shaping a new generation of American green-tech investment. Mr Gold’s firm is building a factory in Austin for solar cells to be used in modules made down the road in Dallas. fh Capital plans to double capacity at its Florida facility and begin making batteries. The industry is rebranding itself as “non-woke”, trying to divert government hostility to clean energy.

In fact, the industry is now invoking America’s competition with China in an attempt to extract support from the government. Saudi Arabia was once the largest oil producer, and Russia used to supply most of the world’s natural gas, muses Mr Gold. Today America is the energy superpower. Still, “China is the largest producer of solar panels,” he says. Having picked the fruits of China’s investment, America’s clean-energy industry now needs higher tariffs on imports of Chinese polysilicon, he claims. “Then we can be globally competitive.” ■

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China | Clear the skies

China hushes up a plane crash in the heart of its capital

A light aircraft flew into Beijing's tallest building. A news blackout followed

July 2nd 2026

On july 1st the Chinese Communist Party celebrated the 105th anniversary of its founding. The event was marked this week by a concert attended by China's leader, Xi Jinping, and a state ceremony at the Great Hall of the People. But for the organisers the lead-up to the celebrations was overshadowed by a troubling incident in the heart of Beijing, not far from where the ceremonies would be staged: a security lapse on the evening of June 26th that was both unusual and embarrassing. A two-seater plane took off from an airfield on the outskirts of Beijing, then crashed into citic Tower, the capital's tallest building. This happened a few kilometres from a complex where the Communist Party's leadership lives.

Few Chinese people will have even heard about the incident. There followed a near-complete news blackout, except a terse statement saying the pilot had died and 13 people were injured. On July 2nd authorities said he was a 66-year-old man surnamed Liu, who had mental-health problems, and suggested he had taken his own life. Staff in the building, which is known as "China Zun" after a Bronze Age jug that inspired its design, were told not to talk to anyone about the incident. Even online photographs of the building, unrelated to the crash, are reported to have been removed from Chinese social media.

The crash was captured on video from a nearby building, but that dramatic footage and any other speculation about it, including discussion of whether the pilot crashed deliberately, have been censored. The small hole made by the plane in the building's side (pictured) has been covered up and police have cordoned off the area. Light aircraft have reportedly been grounded across the country.

Beijing is one of the most tightly secured cities in the world. Street corners bristle with surveillance cameras. Police and plainclothes officers swarm around areas like Tiananmen Square (close to citic Tower). Chinese citizens driving into the capital from other parts of the country usually have to go through security checkpoints. Airspace is especially restricted, with a permanent no-fly zone of 100 sq km over central Beijing. Even buying drones is banned within the city limits, and owners have to register with the police. Flying them is only possible with approval from authorities.

China-watchers have been shocked, noting that if a small plane can hit the citic Tower, it would be easy for a drone or a missile to do so, too. That such an event could happen in the heart of Beijing is a "massive security breach", wrote Bill Bishop, an analyst at Sinocism, a consultancy, on X. This is an "earthquake" in Beijing's security system, he added. "Not many more seconds of flying and [the crash] could have been at Zhongnanhai", the leadership compound. The Straits Times, a Singapore newspaper, reported that public flight-tracking data show a Hainan Airlines jet only narrowly avoided colliding with the light aircraft as it flew towards central Beijing.

The crash will also have been noticed by developers of one of the Communist Party's pet projects, the "low-altitude economy" of drones and self-flying cars. Last year a Chinese company became the first maker of electric vertical take-off and landing (evtol) aircraft to receive a licence to fly passengers commercially. The civil-aviation authority reckons the low-flying economy will reach a turnover of 3.5trn yuan ($515bn) by 2035. But Mr Bishop suggests the crash is unlikely to hurt that nascent industry in the long term, and "may end up being constructive as it forces a regulatory revamp".

Still, the incident is undoubtedly causing consternation in security circles in Beijing. It comes as China's armed forces and defence ministry are already reeling from a years-long purge aiming to stamp out corruption. Now more officers may lose their jobs. Some analysts are comparing the crash to an incident in 1987, when an amateur West German pilot named Mathias Rust landed his light aircraft in Moscow's Red Square, exposing the weakness of Soviet air defences. Several high-ranking defence officials lost their jobs as a result. ■

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China | Chaguan

Hong Kong, once a great place to raise and spend money, is halfway back

Tighter ties with the mainland have not always helped

July 2nd 2026

The ancient Egyptians were cat people. They prized them not just as pets but as predators that could keep snakes, rats and other pests in check. They worshipped a cat goddess, revered as the guardian of the home. They also sacrificed cats, wrapping their bodies in linen before burying them as offerings to the divine. So great was the demand for cats to mummify that temples bred them specially for the purpose.

That is one of the things you can learn at the Hong Kong Palace Museum, which is exhibiting mummified cats and other, shinier treasures from ancient Egypt in a blockbuster show that will end in August. The fun is not confined to the museum. In metro stations around the city, you can pose next to "pharaoh cat", a cartoonish mascot, and translate your name into hieroglyphs (Chaguan's name includes two vultures, a jar stand and a quail chick).

The plan to build the museum was unveiled almost ten years ago, backed by China's central government to mark the 20th anniversary of Hong Kong's "return to the motherland" in 1997. Not everyone was grateful. Back then, many Hong Kongers were confident and irascible enough to point out that no one had asked them if they wanted the gift. Things are different now. The covid-19 pandemic—sandwiched between a spate of anti-government protests and a spell of high interest rates—kneecapped Hong Kong's economy. Tough new national-security laws also gutted any public opposition to the mainland authorities. Today the city is eager to win any favours it can get from Beijing.

The central government has obliged, bestowing other treasures on the city. It has allowed some big mainland companies to list on Hong Kong's stock market, including catl, a battery-maker, and Zijin Gold, which mines pharaonic tombfuls of precious metals. For the first time since 2019, Hong Kong last year topped the global charts for initial public offerings by value. And, though share prices have since faltered, plenty of firms are still looking to list. Hong Kong is once again a great place to raise money.

The city's tighter ties with the rest of China do have one economic downside: the so-called "Shenzhen effect". Even as mainland firms flock to Hong Kong to raise money, the city's residents now rush to the mainland to spend it. Shoppers routinely cross the border to nearby Shenzhen on weekends to enjoy the mainland's cheaper prices and scrappier retailers. On June 19th over half a million Hong Kongers raced out of the city, rather than staying to enjoy local attractions like the dragon-boat competition in Stanley, on the beachy south side of Hong Kong island.

This exodus of customers, as well as the incursion of mainland e-commerce firms eager to grab market share, has stymied Hong Kong's retail recovery. Shops, restaurants and hotels employed over 630,000 people in 2018. That number has fallen by 22%.

Stanley is one sad example. The picturesque village offers watersports, hiking and historic buildings like Murray House, a colonial barracks, dismantled and moved from central Hong Kong. The village's other draw is its market, a jumble of 100 shops, shaded by tarpaulins and corrugated plastic, selling leather handbags, Bruce Lee t-shirts, personalised calligraphy and the like.

Far removed from Hong Kong's metro system, Stanley used to be a popular weekend destination, especially for expats. But it is a shadow of its former self. The restaurants that once animated Murray House have died, leaving the neoclassical building with a noteworthy past but no obvious future. The market used to be inconveniently crowded. ("It was a pain," says one resident.) These days it is ominously easy to navigate. Some shops have shut. One former wine kiosk now houses a bitcoin atm, which swallows banknotes in return for cryptocurrency. Letters to former tenants, including one from the taxman, gather dust behind it.

To revive Hong Kong's fortunes, the government is investing in a range of "experiences" beyond shopping. The Palace Museum is one successful example. Kai Tak stadium, opened in 2025, is another, able to seat 50,000 people on the site of the city's former airport. It has just hosted i-dle, an all-female Korean pop group, and will soon stage a friendly pre-season football match between Manchester City and Inter Milan. The number of mainlanders visiting Hong Kong so far in 2026 is up by 16% year-on-year, but still 25% below the peak before the protests of 2019.

Stanley, like the ancient Egyptians, is putting its faith in cats. When business flagged at Beesy Bay, a local restaurant, it commissioned a mural for the restaurant's iconic yellow building. The artist, known as LeonLollipop, painted a cat called "Gloomie", his cheek resting on an upturned paw in what the artist describes as a "pensive pose". It soon became a popular spot for selfies. After Anson Lo, a Hong Kong pop star, posted a photo of himself mirroring the pose, his fans flocked to the site. The district office has commissioned more cat and dog murals across the village, painted by Art Dreamers, a local group. The aim was to "add some vibrancy to the area", says Sandy Cheung, the district officer. LeonLollipop was not involved, but he thinks the results are "lovely".

Unfortunately, Gloomie could not save Beesy Bay, which recently closed. But other businesses hope to benefit from an increase in foot traffic. From

July, Hong Kong will allow customers to bring real-life pets to restaurants. Some Stanley establishments have applied for the necessary licence.

The city's retail sales are still far from their peak. But they increased by over 9% in the first four months of 2026, compared with the same period last year. Not long ago Hong Kong was declared dead by some financial commentators, and ready for embalming. But it is now finding a path back from the afterlife, with pensive cats to guide the way. ■

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Middle East & Africa

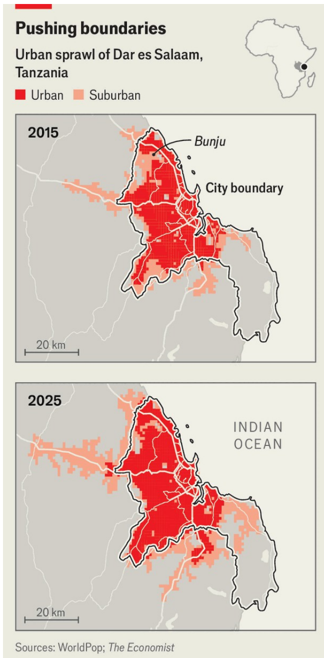
Middle East & Africa | Sprawl for all

Africa’s new middle class is putting down roots in the suburbs

For a glimpse of the continent’s future, visit the edges of its burgeoning cities

July 2nd 2026

BUNJU, ON THE outskirts of Dar es Salaam, Tanzania’s largest city, has many of the hallmarks of a new African suburb. The houses are a mix of finished, half-finished and not-yet-started. Though the government has yet to pave the roads, firms have already moved in. There is an English-language private school, a pet shop, a water park, a gym and a pharmacy. Yet there is still ample evidence of Bunju’s recent past as farmland. Piles of bricks squat in patches of maize. Boys climb palm trees to fetch coconuts to that they sell by the main road.



Africa, which is already quite urban, is urbanising faster than any other part of the world. By 2050 the number of African megacities (those with at least 10m people) will rise from three to 17, the second-most of any continent, forecasts Africapolis, an initiative of the Sahel and West Africa Club, a group affiliated with the OECD, a club mainly of rich countries. These include Dar es Salaam, whose population will more than double from 6.9m to 15.6m (see map). Much of the growth will be beyond current boundaries, as the city absorbs once-rural areas. These are not suburbs typical of the West. An idiosyncratic, African suburbia is taking shape—and reshaping the continent.

At some point earlier this century the population of Africa became, for the first time, predominantly urban, according to Africapolis. It classifies any agglomeration of at least 10,000 people as urban. From 2000 to 2025 Africa's urban population soared from 248m to 829m—or from 32% to 57% of the total. (The UN, using a narrower definition, reckons that 45% of Africans lead urban lives.) Some 106 cities have at least 1m people.

To probe how African cities have changed over the past decade, The Economist used WorldPop, an open-source provider of spatial and demographic data. We took its estimates for the population density of every square kilometre in Africa, then split the continent into urban cores (at least

1,500 people per square kilometre), suburban (between 300 and 1,500) and rural areas (fewer than 300). We estimate that the total area of cities with at least 100,000 people grew by 74,000 square kilometres—slightly more than the size of Ireland. Almost three-quarters (72%) of this expanding footprint was suburban growth. When mapping cities' expansion over time, the process resembles an ink blot seeping through paper (see map, right).

We also find that the population of urban cores (up by 44%) and suburbs (up by 41%) grew at similar rates in such cities. In Dar es Salaam, the suburban population has grown by 54% in the past decade, faster than the average rate in suburbs across Africa. Other fast-growing suburbs include those of Dakar, Senegal's capital (pictured on previous page); Kumasi, Ghana's second city; Hawassa, in Ethiopia; and Kano, in northern Nigeria.

It is on the fringes where the African middle class is being made. One case study is Salisala, an area south of Bunju, assessed by Claire Mercer of the London School of Economics (LSE). She notes in a book, "The Suburban Frontier", how it shares some characteristics of rich-world suburbs, such as the importance of cars. But whereas Western suburbs are typically planned and connected by local municipalities to services before houses are constructed, places like Salisala are part of a "self-built suburban frontier".

In Dar es Salaam's suburbs plots are bought on a grey market from informal brokers, many of whom speculate on future city growth. Houses go up over many years, in fits and starts as cash becomes available. This is typical in sub-Saharan Africa, where the World Bank estimates that just 5% of adults have taken out a mortgage in the past year, many in South Africa.

African cities are set to expand ever farther outward. A forthcoming World Bank report projects that from 2025 to 2050 the physical area of cities in sub-Saharan Africa will grow by 90%, slightly faster than the expected 85% growth of their populations. This may be an underestimate. Urban scholars use a rule of thumb, based on historical trends in developing countries, that when a city's population doubles the area it occupies triples.

Over the next 25 years urban Africa will more or less double its footprint, adding 275,000 square kilometres, according to Africapolis—the equivalent of more than 4,000 Manhattans or almost 400 Singapores. Thousands of new towns and cities will pop up; many will be like tiny stars in galaxies of mega-agglomerations such as Dar es Salaam, Lagos and Nairobi. This should be a boon for Africa. Bigger cities means bigger markets, a greater density of talent and broader tax bases.

Yet the correlation between urbanisation and GDP per person is weaker in Africa than in Asia, argues Kurt Lockhart of the Africa Urban Lab (AUL), a group at the African School of Economics in Tanzania. Africa is urbanising while still poorer than other places were when they did so. When 40% of Africa's population became urban, its average output per person was $1,500; the corresponding figure for Latin America was $2,500 and for East Asia $5,400.

Poverty is a cause and an effect of Africa's sub-optimal urbanisation. From 2014 to 2020 African governments spent just $27 per person on infrastructure. The effects can be seen in the congestion clogging African cities. In Manhattan and London about a quarter of the land is given over to roads; in Dakar, Accra and Nairobi it is roughly one-eighth.

It does not help that African cities often get round to providing services only after areas are populated. Retrofitting settlements to provide them with infrastructure is three times pricier than putting it there beforehand, says the International Growth Centre, based at the LSE. It is even harder when cities grow so big that they span different local-government units. Bamako, the capital of Mali, today covers 12 administrative jurisdictions.

Onerous regulations and uncertain tenure reduce housing supply, pushing up costs. The UN reckons Africa lacks 120m houses. It notes that more than half of households that pay rent in sub-Saharan Africa spend at least 30% of their income on it, more than in any other region.

Africa, in other words, is not taking full advantage of what cities can give. Better urban planning would help. But Africa has an average of one urban planner per 100,000 people, a twentieth of the ratio in the OECD. Many complex, donor-funded spatial plans are never implemented.

The challenge is to find a sweet spot between no planning and over-planning. Patrick Lamson-Hall, who leads the urban expansion programme at AUL, says that African cities that work are doing what American and European cities did in the 19th century: predicting growth, providing a basic framework (arterial roads and housing plots), and letting the city grow organically. The use of basic plans in Ethiopian cities has been shown to raise the average income of residents relative to control groups in unplanned cities. Kenya, Mozambique, Rwanda, Somaliland and Uganda are implementing similar “urban expansion planning”.

Bunju, too, is an example of such a rudimentarily planned suburb. In the 2000s Tanzania’s government subdivided the land and sketched out roads. The scheme had flaws: plots were too large and Tanzanians grumble that the well-connected got first dibs. But recent research suggests that land values are higher than in unplanned suburbs that were used as controls.

The implication is clear. African cities are expanding fast. It is better to plan for an urban future than react after the fact. ■

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Middle East & Africa | Looking for a connection

Africans are turning to Starlink

They are fed up with the continent's terrible internet

July 2nd 2026

Ekiti, a state in south-western Nigeria, is named after the Yoruba word for hill. In the 19th century, its rocky terrain was useful for self-defence. It is less ideal for 21st-century commerce, as Akin Oyebode has found. The state commissioner wants to boost the economy of Ekiti. But that goal is being hampered by terrible network connections. Connecting mobile towers or getting fibre cables up the hills from the landing point 250km away in Lagos, the commercial capital, is expensive, and he has struggled to persuade internet providers to bring more of their infrastructure closer. But recently the government's connection, at least, has improved—thanks to Starlink, the satellite-internet service provided by Elon Musk's SpaceX.

Mr Oyebode is not alone. Maddened by poor connections, more governments and rich Africans are turning to satellite terminals. For now, it is an expensive stop-gap. But in the coming years it could boost connectivity, both by providing internet to more Africans and by spurring broadband providers to improve.

Africa's internet infrastructure is not fit for purpose. During a communications boom in the early 2000s, the continent eschewed fixed-line internet for cheaper mobile broadband; today more than 400m Africans, the bulk of the continent's users, gain access to the internet this way.

But the technology has not kept pace with the rapid increase in data demand from streaming and AI-powered applications. Even in big cities like Lagos and Nairobi, Kenya's capital, WhatsApp video calls can be glitchy. And things will get worse. Traffic is expected to at least triple by 2030. Cabled fibre internet, which has much higher capacity, is used by less than 1% of Africans and is being expanded too slowly. Nigeria alone "has a shortage of 90,000 kilometres of fibre-optic network", says Bosun Tijani, the digital-economy minister. Africa as a whole is probably short by hundreds of thousands.

All this made the continent fertile ground for Starlink when SpaceX started the service there in 2023. Starlink relies on satellites, not cables or mobile-phone towers. It is useful for programmers trying to supplement the patchy network in a co-working space in a city and for aid workers in far-flung areas with no cables. Starlink is most active in Nigeria, where it first launched, and Zimbabwe. But it offers its services in 27 African countries and it is likely to have 1m customers on the continent by early next year, says TMF Associates, a satellite-industry analysis firm (today some 12m people subscribe globally, according to SpaceX).

Starlink will not fix everything. It is much pricier than mobile internet, and often costs more than even fibre broadband. The service, like existing providers, can struggle to meet rising demand. After launching in Kenya it could not cope with the pace of sign-ups in Nairobi, so halted new subscriptions for seven months to maintain connection quality. In Ekiti's fortress capital, says Mr Oyebode, the weather can mess up the signal: "You need a backup in those heavy months of rain."

Starlink's most important role is therefore to spur competition in a complacent industry. "When Starlink came in, [data] prices went down. That is a welcome change," says Babacar Seck, a tech investor. MTN Nigeria, the biggest subsidiary of Africa's biggest telecoms provider, raked in $723m in profits last year, 21% of its revenue. Fears of losing its most lucrative customers to Starlink may prompt it to invest more to serve them better.

Starlink does have competitors, though none can yet match its speed or capacity. OneWeb, run by Eutelsat, a French firm, does not sell to consumers, but helps telecom firms provide mobile internet in remote areas, including in the Democratic Republic of Congo and Ivory Coast. Starlink is partnering with Airtel Africa on a similar venture. Nigeria is investing in its own satellites and licensed three more providers this year, including Amazon's Leo, though they have yet to start operating. If Starlink can provoke more rivals to step up their game, the benefits could soon spread more widely. ■

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Middle East & Africa | Under siege

Uganda’s volatile army chief goes after the press

Muhoozi Kainerugaba, the president’s son, looks increasingly like a despot-in-waiting

July 2nd 2026

Like a digital bugle, the post went out. Then the troops rushed in. Just before midnight on June 27th Muhoozi Kainerugaba, Uganda’s army chief, announced on social media that he had decided “to close” the Daily Monitor, a newspaper, and NTV, a broadcaster. Shortly afterwards soldiers descended on the two outlets, blocking entry to staff and placing the offices under what the Monitor described as a “military siege”. “I DO NOT believe in a free press!” General Kainerugaba posted, superfluously.

No legal charges have been brought against either the Monitor or NTV. But as The Economist was published, their offices were still occupied by soldiers. General Kainerugaba initially said that the outlets, both owned by the Nation Media Group (NMG), a Kenya-based media conglomerate, would be "closed for good". He later suggested that he would let them reopen if they changed their behaviour. On July 1st General Kainerugaba met Rostam Azizi, NMG's owner. A pro-government newspaper wrote that they discussed "what the government deems biased and malicious reporting" by NMG's Ugandan subsidiaries. Negotiations are continuing, according to the general. The results will be submitted to Yoweri Museveni, Uganda's president, for "final approval".

There, perhaps, lies the rub: General Kainerugaba is Mr Museveni's son. Having ruled Uganda since 1986, Mr Museveni is growing old. As the father's vigour wanes, his son is aggressively positioning himself as his successor. In May General Kainerugaba had Uganda's speaker of parliament, one of his most powerful rivals, removed from office and placed under house arrest. In June his troops abducted the former mayor of Kampala, Uganda's capital; the army chief boasted that he had taken his captive "to the basement".

Perhaps the despotic behaviour is a sign that the general feels sure of his position as heir apparent. Or perhaps it is the opposite. Salim Saleh, Mr Museveni's brother, is rumoured to regard his nephew's antics with disquiet. Some suspect that Mr Saleh and others are frustrating General Kainerugaba's ambitions behind the scenes, prompting him to lash out. "He is spiralling," says one seasoned observer. "The way he sees it, it is by weaponising fear and terror that he gets power." That suggests dark days lie ahead. ■

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Middle East & Africa | Turkey v Israel

The next great Middle East rivalry

Turkey and Israel are natural allies and yet they are increasingly at odds

July 2nd 2026

Turkish and Israeli officials have been hurling threats and insults at one another for years. The war of words has grown more acrimonious since the start of Israel’s war in Gaza in 2023. But it seems to be getting out of control. Israeli politicians speak of Turkey in the same breath as Iran. On June 23rd an Israeli minister claimed that Turkey, along with Syria, had replaced Iran as the biggest danger to his country. Israel upped the ante on June 28th by recognising the genocide of the Armenian people carried out by the Ottomans in 1915 (Turkey does not recognise the deaths as a war crime, let alone a genocide).

Recep Tayyip Erdogan, the Turkish president, has accused Israel of genocide too, but in Gaza. He recently claimed that Israel’s bombing campaigns in

Syria and Lebanon posed a threat to Turkey. In early June his interior minister said he hoped to become the governor of Jerusalem once the city came under Turkish control. The Ottoman empire ruled Jerusalem and Palestine for four centuries until 1917.

Much of this is posturing for domestic audiences. Israel's prime minister, Binyamin Netanyahu, who faces voters in October, wants to sustain the narrative of an Israel besieged and thus the need for a strong leader, ie, him. Mr Erdogan, who may bring forward Turkey's election, due in 2028, needs a bogeyman to distract from inflation at 30% and high interest rates.

But both sides fear being encircled by the other. Israel points to Turkey's oversize footprint in Syria and its budding military alliances with Egypt, Pakistan and Saudi Arabia. Turkey stresses Israel's wars in Gaza, Iran and Lebanon, and its co-operation with Kurdish insurgents. Turkish policymakers consider Israel an impediment to "every single file in the Middle East they're involved in", says Asli Aydintasbas of the Brookings Institution, an American think-tank. For now, the risk of confrontation is remote. But it is no longer negligible.

Israel's war in Iran is only the most recent cause for alarm for Turkey. It has long opposed interventions there, fearing the prospect of Iranian state collapse, a new refugee crisis on its borders and disruptions to trade and energy flows. But it also worries that the Iranian regime, with which it has mostly cordial relations, might be replaced by one friendly to Israel.

Turkey also chafes at Israeli support for Kurdish armed groups in Syria, Iran and Iraq. American and Israeli plans to involve Kurdish fighters in the war confirmed Turkey's worst fears. A personal intervention by Mr Erdogan is said to have helped convince Donald Trump to shelve the idea.

Israel's expanding co-operation with Greece and Cyprus, designed to check Turkey's influence in the eastern Mediterranean, is another source of friction. The three countries have stepped up intelligence-sharing, as well as naval and air exercises, and discussed plans to protect offshore energy infrastructure. In recent years Israel agreed to provide Greece with precision rocket artillery-launchers and Cyprus with air-defence systems. Turkey, meanwhile, is doubling down on its claims to disputed waters in the Mediterranean and to the gasfields beneath.

Israel has long been aggrieved by Turkey's support for Hamas, the Islamists behind the October 7th attacks. But recently it has been more worried by its role in Syria. Ahmed al-Sharaa's movement took over a country devastated by war. Still weak, his government has sought to placate Israel, its aggressive neighbour. Many Israeli officials, however, consider the country a ticking time-bomb, controlled by Turkey's leaders who, they believe, have undue influence over the regime led by Mr Sharaa, a former al-Qaeda commander.

Tensions over Syria have subsided since 2025. But the potential for conflict remains. The countries have rival spheres of influence there. Turkey has troops in the north, Israel in the south. But their objectives remain incompatible. Turkey wants a strong Syrian state; Israel a weak one. Israel has carried out hundreds of strikes against Syrian military targets, including air bases slated to be transferred to Turkey. Regular communication between their intelligence agencies and armed forces has, so far, prevented Turkish and Israeli troops from ending up in each other's crosshairs.

The war in Iran has strengthened Turkey's hand. The country cemented its role as a broker between America and Iran, improved its standing inside nato and managed to remain on good terms with Mr Trump despite refusing to back his war. To hedge against potential threats from either Iran or Israel, Turkey has also continued to draw closer to other regional powers, especially through defence co-operation. Talks on a regional security pact, which Turkey wants to conclude with the Egyptians, Pakistanis and Saudis, have picked up steam over the past year.

Israel, meanwhile, has failed to achieve its aims in Iran. Mr Netanyahu resents Mr Trump's bromance with Mr Erdogan and America's readiness to work with Turkey elsewhere in the region, particularly Syria. Mr Trump's repeated suggestions that the Syrian government take on Hizbullah is being seen by Israel as letting Turkey—Mr Sharaa's patron—in through the back door. This has irked the Israeli prime minister. Aides to Mr Netanyahu say few things anger him more than to hear Mr Trump credit Turkey's president with felling the Assad regime. Mr Netanyahu insists that Israel's battering of Hizbullah opened the way for Syria's revolution.

Israel is also alarmed by Turkey's renewed attempts to secure the f-35 stealth fighters it ordered from America a decade ago (in the Middle East, only Israel possesses f-35s). America blocked the sale in 2019 after Turkey bought an s-400 air-defence system from Russia. But Mr Trump has suggested he may reverse the decision. On June 24th he said America was reviewing the issue. "I'm going to probably do something that's going to make him very happy," he said of Mr Erdogan.

Some analysts believe the f-35s explain Israel's latest broadsides, and that Mr Netanyahu's intended audience is Congress. "The Israelis know that Trump is getting ready for an f-35 breakthrough," says Soner Cagaptay of the Washington Institute for Near East Policy, an American outfit, "and they want to kill it pre-emptively."

Neither side has burned its bridges with the other entirely. Turkey maintains an embassy in Tel Aviv and Israel one in Ankara, although both recalled their ambassadors in 2023. Despite a trade embargo Mr Erdogan announced two years ago, Turkish exports continue to reach Israel, by way of other countries or the Palestinian Authority. Oil from Azerbaijan and northern Iraq still arrives in Israel through Ceyhan, a Turkish port.

Turkey and Israel may be able to bury the hatchet once the Netanyahu and Erdogan eras are over. Turkish and Israeli officials like to say that the two countries, as Western-aligned non-Arab powers in the Middle East, have too much in common to remain at loggerheads. In the 1990s Turkey was Israel's most valuable regional partner.

But the angst goes beyond their current leaders. Israel sees Hakan Fidan, the Turkish foreign minister and a former spy chief who may succeed Mr Erdogan, as implacably anti-Israeli and claims he has strong ties to Iran. One Israeli intelligence analyst calls him "the most dangerous man for Israel in the region". The prospect of open conflict between America's closest ally and nato's second-largest army seems far-fetched. But recent years have shown that wars once deemed unthinkable are possible. And the stakes could not be higher. ■

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Middle East & Africa | The two Middle Easts

Donald Trump’s hope for a new Middle East is premature

Recent attacks underscore the limits of diplomacy between Iran and America

July 2nd 2026

TWO PARALLEL Middle Easts exist. One is a hopeful realm of diplomacy. America and Iran are planning talks to implement the memorandum of understanding (MoU) signed on June 17th. J.D. Vance, America’s vice-president, is eager to set up a hotline whereby the Pentagon can talk to the Islamic Revolutionary Guard Corps (IRGC), the regime’s elite defenders. Meanwhile Israel and Lebanon have signed their first formal diplomatic agreement in 43 years, which commits them to work towards a lasting peace.

Then there is the real world. Iran is still attacking commercial ships in the Strait of Hormuz and trading fire with America and its allies. Israel is still bombing Lebanon, despite a nominal ceasefire, and occupying the south. Hizbullah, Iran's Lebanese proxy, is threatening a new civil war. For now, these two regions uneasily coexist: there will be both more jaw-jaw and more war-war. But recent days underscore how little progress diplomacy has made.

The latest dust-up between America and Iran began on June 25th, when the IRGC attacked a Singapore-flagged container ship, the Ever Lovely, as it exited the Strait of Hormuz. The next day America bombed military targets in southern Iran, which, over the weekend, then fired missiles and drones at Bahrain and Kuwait. On June 28th the Americans signalled that the fighting was over and that vessels could "move freely" through the strait.

The first part of the American claim is probably true. The tit-for-tat strikes were limited in size and scope—a violation of the ceasefire, yes, but a modest one. The second looks more dubious. With the usual shipping lanes through Hormuz blocked by mines, vessels must take one of two alternative routes. Iran demands that they use the northern passage through its territorial waters, which requires co-ordination with the IRGC. Last week, however, Oman and the International Maritime Organisation, a UN agency, started an effort to evacuate some 600 stranded vessels from the Persian Gulf that also uses the southern route, which goes through Omani waters.

Though the MoU called for Hormuz to reopen within 30 days, Iran is bent on keeping its chokehold. The southern route threatens that control; hence the attack on the Ever Lovely, which was using it. A hotline would not have prevented conflict: there is little to discuss when America and Iran have incompatible goals in Hormuz.

Oil markets shrugged off the incident. But traffic through Hormuz has dropped. At least 62 ships transited the day before the attack on the Ever Lovely, according to Windward, a shipping-analytics firm. That number fell to 42 on June 30th (and most used the northern route).

While this was happening, Israel and Lebanon announced their deal on June 26th. On paper, it looks ambitious. It commits the Lebanese government to disarm Hizbullah. If it does, the Israeli army will conduct phased withdrawals from territory it occupies in southern Lebanon. It also seems at odds with the MoU, which, at least in Iran's reading, calls for a ceasefire and a full Israeli pull-out. America insists it does not—and the language is vague enough to support both claims.

Seen from Jerusalem, the deal solves three immediate problems. First, it separates the two wars: Israel's actions in Lebanon will be governed by this agreement, not the MoU. Second, withdrawing some troops would ease the strain on the Israeli army. Third, it helps Binyamin Netanyahu, the prime minister, who faces a tough election this autumn. The accord does not specify a deadline for Israeli withdrawal; the process will probably take years. Mr Netanyahu can tell voters that Israel will maintain its presence in Lebanon for now.

The deal is far more controversial in Lebanon. Critics say the lack of a timetable means it may wind up legitimising another long Israeli occupation. It also bars the Lebanese government from "hostile or adverse actions" against Israel at the UN or other international bodies, a remarkable concession from a sovereign state (Israel is similarly constrained). Supporters argue that direct talks with Israel are overdue, and that the alternative is to let Iran intercede on behalf of a militia—also an infringement of Lebanese sovereignty.

Almost everyone is sceptical that the agreement will be implemented in full. This is hardly the first time conflict between Israel and Hizbullah has led to talk of disarming the militia. After the deal was signed Hassan Fadlallah, a Hizbullah MP, warned that Lebanon's government could not enforce it "unless they go, with American support, to civil war". Such threats resonate in a country that endured a ruinous sectarian conflict from 1975 until 1990.

All of this may set back talks between America and Iran that are meant to reach a comprehensive nuclear deal within 60 days. On June 29th Iran's foreign-ministry spokesman said there could be no direct talks until the MoU had been fully implemented—including the Lebanon bit.

When the MoU was signed, American officials were ebullient about a new era in relations between America and Iran. Two weeks on, it looks much like the old one. ■

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Europe

Europe | Hard-right dauphin

Meeting Jordan Bardella, France's possible president

The 30-year-old populist will run if Marine Le Pen is banned. Who is he?

July 2nd 2026

The rue Gabriel Péri in Saint-Denis is typical of a northern Paris suburb. Skinned lambs' heads are lined up in the butcher's window; T-shirts in a wire basket go for €2 ($2.30) at a discount shop; bootleggers flog contraband cigarettes on the pavement. Here, in an eight-storey housing estate in the capital's most populous banlieue, Jordan Bardella grew up. The 30-year-old's journey from shy, pale-faced teenager to head of the populist-right National Rally (RN) is remarkable. On July 7th it could take a further twist: Marine Le Pen, his mentor, will learn whether an appeals court upholds her ban on running for office over misuse of European funds. If so, next April Mr Bardella will be the RN's candidate for the French presidency.

“I was in no way destined to end up where I am today,” reflects Mr Bardella over coffee at the European Parliament, where he is an RN deputy. That the thought might have crossed his teenage mind, he says, is “impossible”. By his own admission “very shy” at that age, he spent hours in his bedroom playing “Call of Duty” or “FIFA”. He did not attend any of the schools that groom the French elite, and dropped out of university. In Parisian circles, among peers called Charles or Arthur, Mr Bardella was “taunted”, he says, over his working-class name: “I may have grown up ten minutes from the edge of Paris, but it was a different world.”

Mr Bardella’s propulsion up the RN ranks is dizzying: he was a party member at 16, local hack at 18, head of the party’s list at European Parliament elections at 23 and elected RN president at 27. It was Ms Le Pen—the daughter of the party’s co-founder, Jean-Marie Le Pen—who made him her protégé, and promoted him improbably young. Today Mr Bardella is a celebrity; he even dates an Italian princess of the Bourbon-Two Sicilies ex-royal house. Polls suggest that if he were the candidate, as the two leaders have agreed if Ms Le Pen’s ban is upheld, he would lead first-round voting by a crushing margin—and could, possibly, win the run-off.

In some ways, Mr Bardella’s appeal for the party is evident. He is the smooth face of a once antisemitic pariah party on a quest for respectability. Crucially, he does not carry the Le Pen name; helpfully, he comes from le 93, France’s poorest postcode. He is a slick performer who punctuates sentences with a smile, and prepares every appearance “very very very methodically”, says Alexandre Loubet, a friend and RN deputy. With over 2m followers on TikTok, Mr Bardella is as popular among teenagers as among pensioners.

Since taking over the party, Mr Bardella has been laying out his vision: a MAGA-like anti-immigrant, green-sceptic, anti-woke nationalism, based on France-first principles. European diplomats who have met him are relieved that he calls Russia “a multidimensional threat” and would keep French armed forces in NATO operations. But he is firmly against Ukraine joining the EU, and wants in time to pull France out of NATO’s integrated military command. German officials were cautiously reassured by his recent hint at co-operation with Berlin, notably on migration. Yet Mr Bardella’s ambition to remake the EU into a “union of nations” involves policies, such as securing a big cut to France’s contribution to the joint budget, which would lead to a full-on collision with Germany. France could join the resisters blocking the union’s projects.

Mr Bardella describes his relationship with Ms Le Pen as “very close”. He still, deferentially, uses the formal vous form to address her, while she uses the informal tu with him. But, he declares: “It’s not a relationship of tutelage.” He has begun to sound a divergent note. Ms Le Pen wants to lower the pension age; he is less sure. She espouses left-leaning statism that goes down well in the north-eastern rustbelt; he wants to win over bourgeois right-wing voters too, and has reached out to business chiefs with a pro-enterprise message.

What, if anything, does this self-professed “pragmatist” really believe? He is well-rehearsed on matters from fiscal to energy policy. He sounds more animated when denouncing what he sees as France’s unfair deal in a German-dominated Europe. What really fires him up is immigration. “Our continent will no longer be the continent of Europeans if we do not put an end to the flood of migration,” he told nationalist friends in Poland recently. Mr Bardella wants to end birthright citizenship and cut benefits for immigrants. In June he drew condemnation for linking street violence among fans after PSG, the capital's dominant football club, won the European Champions League to France's "inability to control immigration".

Behind this nativism seems to be an intolerance for those who fail to behave like his parents. Mr Bardella's mother, Luisa, was born in Turin; his father's Italian father—who married a French-Algerian—also migrated in the 1960s. This was a generation that "did everything to become French, to learn the language, respect the country that welcomed them", an effort that, he deplores, is "no longer required" today. Mr Bardella describes Saint-Denis, where his mother still lives, as a place of "drug-trafficking, crime, squalor and the loss of our values and identity". His compelling personal story glosses over inconvenient details. His father, who divorced his mother when Mr Bardella was tiny, ran a small drinks-distribution business, and bought his teenage son a car; the kid from the estate was taken out of the public system early and sent to a Catholic school in Saint-Denis. But it makes for good populist politics. He wants to ensure, he says, that "the country doesn't resemble the neighbourhood I grew up in".

These days Mr Bardella spends more time in Paris boardrooms and embassies—or at the Monaco Grand Prix, where he was spotted in the VIP stand with his new companion—than on the streets of Saint-Denis. His courtship of the elite carries a risk: that he loses credibility with the anti-establishment base. Kévin Pfeffer, an RN deputy and friend, argues that his fairy-tale romance "makes everyone dream". Indeed he would not be the first populist to live an elite lifestyle. But the revolutionary French may be less forgiving than most. And Mr Bardella, who controls his image meticulously—he folds his crisp identikit white shirts round paper interlays inside his suitcase—should know this.

When the verdict comes, there will be tensions. If the court shortens Ms Le Pen's sentence and enables her to stand next year, it will put him back in her shadow. If the ban is upheld, she will hand over the family business (eight presidential campaigns between père and fille) to an outsider, albeit one she hand-picked. Does the prospect keep Mr Bardella up at night? "If I brushed away your question, you would conclude that I was lying; if I told you I was worried, that would risk worrying you. The truth is doubtless in between."■

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Europe | LNG pwr grb

America's Balkan policy is all about gas

It is using its terminal in Krk to shoulder the green EU aside

July 2nd 2026

THE CROATIAN island of Krk is bereft of vowels but rich in gorgeous beaches. Flying into the island's airport, holidaymakers might notice what looks like a ship at anchor. In fact, it is a floating liquefied natural gas (LNG) terminal. Since its completion in 2021 it has become a crucial European node for importing LNG, mostly but not entirely from America. It is also part of the reason why American and European aims in the region, which for decades were aligned, are increasingly at odds. In the six western Balkan countries that are not members of the European Union, America First policies are starting to bulldoze the EU out of the way.

The disagreement was evident at a meeting in April in Dubrovnik, another Croatian beach resort, of EU members from the Adriatic, Baltic and Black

Sea regions. America was represented at the Three Seas Initiative summit by Chris Wright, its energy secretary. Mr Wright touted a “Trump Peace Pipelines Framework”, which he said would allow central and eastern Europe to replace its remaining dependence on Russia’s gas with America’s. Croatia signed an agreement at the summit to connect Krk to Bosnia, which now gets all of its gas from Russia. Also in April, an American company signed a $6bn deal to supply LNG to Albania.

All of this is evidence that America aims to do more than end Russian energy imports to Europe. It is seeking, as the National Security Strategy of November 2025 said, to restore “energy dominance”, to “project power” and roll back what it sees as harmful European climate policies that “threaten the United States”. Western Balkan countries currently use little gas, and the EU wants eventually to phase out its use of the fuel. Europeans fear that replacing Russian with American gas will undermine the countries’ transition to renewables and make it hard for them to align their energy legislation with that of the EU, which they seek to join.

The American push is likely to benefit political and business associates of Donald Trump, who will probably win infrastructure and service contracts, says Ivan Brodic, editor of Energypress, a Croatian energy news site. The gas interconnector linking Bosnia and Croatia, for example, had been discussed for years. But the country's politicians, divided on ethnic lines between Bosniaks (Muslims), Croats and Serbs, had never been able to agree on it. In April, however, the Bosnians suddenly amended a law and named an American-owned company with no previous experience in gas or pipelines as the main investor in the project. The company's directors include a former lawyer of Mr Trump and the brother of Michael Flynn, his former national security adviser.

Mr Flynn is a lobbyist for Milorad Dodik, the pro-Russian de facto leader of the Serbian half of Bosnia. Mr Dodik is already benefiting from the Trump administration's interventions. In May Christian Schmidt, the High Representative in Bosnia (an international overseer created under the 1995 peace settlement which ended the country's civil war), said he was resigning, under American pressure. He had objected to the no-tender award of the gas contract, which contravenes EU rules. Mr Schmidt had long clashed with Mr Dodik. American policy in Bosnia, says Adi Cerimagic, an analyst, is now "driven by these investors and by these investments".

The importance of energy investments to American policy extends throughout the region. Gazprom, Russia's state-owned gas firm, has long held a controlling interest in NIS, Serbia's biggest oil-and-gas company. But American sanctions on Russia are forcing it to sell its stake to MOL, a Hungarian state-owned energy firm. Mr Brodic expects America will strong-arm Serbia into buying American LNG. And America's interest goes beyond gas. This month Serbia's government issued a call for proposals for a new hydroelectric power plant; only American companies, it specified, need apply.

North Macedonia, too, was previously dependent on Russian gas. In February it signed an agreement committing to buy American LNG. Tiny Kosovo is also in America's sights. It has no pipeline connecting it to the region's gas networks. In 2021 Albin Kurti, its prime minister, suspended a project to link the country to North Macedonia.

Still, just before Kosovo's election on June 7th, the American chargé d'affaires in the country urged it to revive that project, warning it otherwise risked being the only western Balkan country "without access to American LNG". This was widely seen as an appeal to vote against Mr Kurti. He won, but may yet go ahead with the pipeline. The message from America is clear: if you want to keep our support, ignore the Europeans, and buy our gas.

Where American LNG helps Balkan countries stop buying Russian gas, the EU welcomes it. The problem for Europeans is the use of coercion and the promise of benefits to cronies on both the American and Balkan sides to push the deals through. They also deplore the possibility that southern European countries with plenty of solar, wind and hydropower potential might instead be pushed to use American gas. Europeans, with their good-government regulations and green objectives, have trouble competing with firms that offer personal benefits to Balkan bigwigs who sign up for gas deals. But in a world where rules are giving way to power, they may have to work out how to match America's bid. ■

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Europe | Theatre of operations

Volodymyr Zelensky’s surge is a bid to force peace talks

Ukrainian claims to be winning the drone war are partly propaganda and partly real

July 2nd 2026

TO A SLAVIC ear, 40 days is no accidental deadline. In Russia as in Ukraine, the 40th day after death is when the soul departs. So when Volodymyr Zelensky took to social media on June 25th to announce a new drone surge to “compel” Russia to negotiate for peace, he seemed to be telling Vladimir Putin he was already finished. With blunt messages like these, the Ukrainian president has lately been beating Mr Putin in the war of words.

The military balance is less clear-cut than the rhetoric. But Mr Zelensky’s threats are not idle. Ukraine is bombing refineries in Russia, forcing petrol rationing in over a dozen regions. Strikes on roads, bridges, railways and ferries into Crimea are starving the Russian-annexed peninsula, home to a massive military grouping, of the means to function. Ukraine's mid-range drone operation has become the war's defining trend this summer.

Plans for a campaign attacking Russian logistics between 20km and 200km behind the front line have been in development since early 2025. But it came into being only in the second half of May, once Ukraine developed the units, doctrine, and types and numbers of drones required. Elon Musk's agreement to end Russian forces' Starlink satellite access opened new opportunities. "The moment we realised we had a chance was when we saw just how many air-defence systems we were destroying," says Major Yevhen Karas, commander of the 413rd unmanned systems regiment. Major Karas, who played a key role in planning the operation, describes a recent mission above Crimea when his drones flew for over two hours without being intercepted.

In the past three months Ukraine's forces have destroyed over 70 air-defence systems—more than many countries possess in total—and inflicted losses that will take Russia years to replace. Ukraine is increasingly squeezing the supply routes into Crimea. A new generation of drones, some semi-automated, stalk petrol tankers and military vehicles on highways such as the R-280 from Mariupol to Crimea. According to Ukraine, freight traffic on that road has fallen by 71% this year.

But Crimea is not yet isolated. Those involved say that is months away, if at all possible. “Think of it as a plan for defence, rather than victory,” says Dmytro Pletenchuk, a Ukrainian navy spokesman. The main aim, he says, is to make it hard for Russia’s huge Crimean military grouping to operate. A Ukrainian intelligence source says the Russians have weeks of fuel reserves. “They have problems,” the source says, “but it isn’t yet decisive.”

In Donbas, meanwhile, things are no walk in the park. Its hilly terrain limits drone operations. A dense web of roads links Russian troops to supply hubs in Russia. The rate of the Russian advance may have slowed, but infiltration by small groups continues.

Pressure is building on Ukraine’s fortress belt in Donbas. There is fierce fighting in Kostyantynivka and near Kramatorsk and Sloviansk. A commander of an elite special-forces unit says Russia retains a marked advantage in men and munitions. “I see no sign of the enemy collapsing,” he says. Ukraine’s general staff puts Russia’s Ukraine grouping at 721,300, a drop of only 3,000 since the start of the year. Russia is outshelling Ukraine two to one, and sends up to 90 missiles and 300 guided bombs a day, weapons Ukraine mostly lacks.

Mr Zelensky’s 40-day deadline is best understood as political theatre. Officials close to the presidential office suggest it is designed to dovetail with the next possible moment for negotiation. Talks are expected to move from back channels in August, when Russia’s high command (ie, Mr Putin) decides whether to commit to an autumn-winter campaign.

Ukraine hopes that pressure on Crimea could push Mr Putin into serious negotiations. Failure to force a reckoning in August will let the war slide into the winter, with a renewed Russian campaign to destroy Ukraine’s energy grid. Then the pendulum may again swing away from Ukraine. The 40-day deadline, says a source involved in the Crimean drone operation, changes little on the ground. “But it is a crucial instrument in the cognitive war.”

Ukraine’s fake-it-till-you-make-it approach is well designed to buck up Ukrainians and to persuade an American president looking for “winners”. But it is more than propaganda. The shift in military standing is real, if oversold. And winning the information war has consequences. On June 26th the Russian-appointed head of Crimea declared a state of emergency. Russian nationalists are demanding Mr Putin respond. “I thought they would be screaming around July,” says Major Karas. “They started screaming at the end of May. Let’s see where they are in August.” ■

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Europe | Better late than never

Is Germany's government finally getting its act together?

A new set of reforms has lifted sagging spirits in Berlin

July 2nd 2026

THEY HAD cleared their diaries for three days, but in the end it took just eight hours. Late on July 1st the leaders of Germany's ruling parties finalised a 34-point "programme for growth and employment" designed to lift the country's sagging spirits, covering everything from reforms to the ailing public-pension system to liberalisation of Sunday-trading laws. The package alone is unlikely to zap life into a rapidly deindustrialising economy that has barely grown since 2019. In some respects it disappoints. But since Friedrich Merz, the chancellor, formed his centrist coalition just over a year ago, it has over-promised, underdelivered and squabbled endlessly. Some thought it might not survive. Now it has shown itself capable of comprehensive action. The sighs of relief were audible over Berlin.

"We want to get Germany back on track, and it is now clear that this is possible," said Mr Merz on July 2nd. The parties backed a raft of measures to snip back the red tape that bedevils German business, including what Mr Merz called the "bureaucratic monster" of data-protection rules. They promised to back eu proposals to tackle subsidised Chinese exports. They also vowed to pass a law to forestall a plan by Die Linke, a hard-left party, to expropriate corporate landlords should it take power in Berlin in an election in September.

The trickiest debate was over how to fulfil a promise of tax relief for Germany's low- and middle-income earners. Around €10bn ($11bn) has been found, funded in part by the grudging acquiescence of Mr Merz's conservative Christian Democrats (cdu) to raise taxes on those with incomes above €250,000—probably only around 150,000 people. Lars Klingbeil, finance minister and leader of the Social Democrats (spd), the junior coalition partner, had hoped for more. But the cdu and its Bavarian sister party, the Christian Social Union, refused to raise taxes more broadly, or to take a scythe to Germany's range of tax breaks and subsidies.

The parties also agreed to allow firms to hire workers on fixed-term contracts for longer, and to raise the bar for taking sick days (Germany has one of the highest such absentee rates among its peers). These measures, says Annika von Mutius, ceo of Empion, an ai start-up, are "welcome and overdue", though she laments the lack of reforms to Germany's stringent hiring-and-firing rules.

After months of false starts, there is a sense of momentum in Berlin. Next week parliament will tackle reforms to the wildly inefficient health-care system that should save €19bn next year. The cabinet is due soon to agree on changes to Germany's long-term-care insurance system. Most importantly, the coalition agreed to implement in full the recommendations of a pension commission which reported last week. In Germany's rapidly ageing society, these social-security costs threatened to spiral out of control. Tackling them was an urgent priority for employers.

What explains the change? One figure close to Mr Merz credits two factors: the concentration of minds engendered by surging support for the right-wing populist Alternative for Germany (afd), now leading in polls; and a wise decision to outsource debates on the trickiest topics to experts whose reports politicians could not credibly reject. Notably, the coalition parties immediately backed the proposals of the pension commission, which include gradually lifting the retirement age to 70 and having state pension funds invest in private markets. The parties themselves would not have been capable of negotiating such an ambitious deal, say insiders.

Still, Germany's many veto players will have their say. Some state leaders are unhappy with elements of the pension and care proposals. The underwhelming tax tweaks will certainly irritate some in the spd. And every law agreed in cabinet must make its way through parliament: the coalition's Bundestag majority of just 12 means success is hardly assured.

Most seriously, elections in Germany's east in September could bring the afd to power at the state level for the first time, which would send shock waves through the establishment. German officials have long claimed that the success of the afd, a party with no coherent policy platform, sprang in part from frustration with the inability of the government to get anything done. That claim can now be tested. ■

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Europe | EESy come, EESy go?

Europe’s airport queues are extremely long—and getting longer

The continent’s border-control system is out of control

July 2nd 2026

THE EUROPEAN UNION frets a lot about whether it is competitive, but in one sector it leads the world: acronyms that infuriate foreigners. In recent months the EU’s Entry-Exit Scheme (EES) has caused conniptions at the continent’s airports. Exasperated visitors (mostly Americans and Britons, for whom travel to Europe is supposed to be a visa-free breeze) have posted videos on Instagram and TikTok of spaghetti-like queues at passport control.

The EES began its rollout last October, three years behind schedule. It was supposed to be fully implemented by April. The system is meant to make it easier to track non-EU visitors to the Schengen visa-free travel area, replacing passport stamps with a smooth IT system. Travellers must register by getting their passport, face and fingerprints scanned at the border. Border guards are supposed to use these data to verify their identity on each subsequent trip.

European officials reckon the scheme is working. In May the European Commission said it had stopped some 30,000 people from improperly entering Schengen, including nearly 7,000 who had stayed longer than allowed on previous visits.

But many disagree. “EES is what keeps me and many other airport CEOs across Europe awake at night,” said Stefan Schulte of ACI Europe, which represents airports, on June 23rd. Some complain that self-service kiosks designed to speed up registration are ineffective. Amid heatwaves, sweat-stained fingerprint scanners have stopped working. Others grumble that the software is unreliable. Lots of travellers say they had to re-register on several trips because of tech screw-ups.

Veovo, an airport consulting firm, reckons processing times for non-EU travellers have more than doubled at most airports since April. An ACI survey found that in the worst-affected ones, queues at peak times reached up to 3.5 hours in May. Indeed, WizzAir, a Hungarian budget airline, has warned travellers to arrive at airports three hours early. Some airports are coping reasonably well, but tales of woe abound. In April more than 100 people missed an Easyjet flight from Milan to Manchester after getting stuck at border control. Small airports with lots of non-EU travellers are worst affected. Bottlenecks have been reported at Alicante and Lanzarote, two Spanish fleshpots popular with Britons.

Big airports are worried, too. On June 25th the boss of Rome’s airports told the Financial Times that the Italian capital would have to stop collecting facial and fingerprint scans during the peak season. Some countries with large tourist industries, such as Greece and Portugal, have partly suspended the scheme. The EU has permitted this for the summer. But after the season ends, the derogation will lapse. Travel-industry groups have urged the bloc to delay full implementation.

Holiday-makers stuck in snarling queues should brace for more changes, and more acronyms. Later this year the EU wants to implement a travel-authorisation scheme called the European Travel Information and Authorisation System (ETIAS), modelled on America's Electronic System for Travel Authorisation (ESTA). Visitors will have to register online and pay €20 ($23) for an ETIAS pass, which will be valid for three years. Provided it works. ■

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Europe | Charlemagne

Happy birthday America, the ally Europe admires —questioningly

A tale of two continents

July 2nd 2026

Would it be possible, an envious Europe sometimes wonders, for it to have its own version of Silicon Valley—but without the messianic robber barons who confuse money with moral authority? Could a way be found to transplant to the east side of the Atlantic the indomitable frontier spirit that drives America, sans its cowboy individualism and hostility to government? Might Europeans one day be able to build up military capabilities to match the awesome might of their western partner, while sidestepping its irrepressible habit of getting bogged down in bloody misadventures in far-flung corners of Asia?

As Europe ponders the 250th birthday of its prodigal child, it is racked by questions. What was the secret that made a success out of this unpromising venture, a republic founded by the old world's religious oddballs, then populated by its destitute farmers and the refugees from its wars? It would be absurd not to look for lessons from such a winning historical experiment. And yet. Plenty, especially on the European left, treat America as a cautionary tale, a land of savage inequalities where police are unfailingly brutal and racial fault-lines unbridgeable. If you can't beat 'em, such Europeans think, sneer at 'em. Yes, America succeeds, they grudgingly concede, but at a cost we would never impose on ourselves.

In some cases they have a point: the American variant of capitalism has plenty of rough edges. In others they are off-base; there is no reason why importing America's good qualities must entail importing its bad ones. The urge to dismiss the place is often prompted by a reluctance to admit that Europe must change. Instead, Europeans should treat America as their great foil—a country to look to not defensively, but in search of inspiration.

At the moment, the comparison Europeans find least flattering to themselves is economic. No matter what lens one employs, America is thriving while Europe, poorer to start with, merely splutters along. To sceptical Europeans, Americans' surging incomes depend on their indifference to inequality, their willingness to linger at the office rather than see their families or to throw the planet to the dogs for an extra dollop of GDP. That take is crudely dismissive of American habits Europeans would do well to study. There is nothing hard-wired in the psyches of the French or Poles that prevents them from adopting America's tolerance for entrepreneurial failure and subsequent reinvention. Nor is it intemperately Trumpian to suggest that Europe should consider building industries first, then regulating them. At least the European Union shows signs of wanting to learn. The 400-page Draghi report released in 2024 reads like a well-versed lament for Europe's failure to emulate its American cousins (though it would preserve a bigger welfare state). Alas, it is largely unimplemented.

The EU's biggest but incomplete asset, its single market, has obvious lessons to draw from America. Oh to possess, from Dublin to Dubrovnik, the sort of free movement of goods and services that stretches from Philadelphia to Phoenix! European federalists might dream still more

American dreams, such as issuing the bulk of the EU's debt at the federal level—something Europe may one day have to do more, not least given the needs to spend lots more money for defence. The path the EU will travel towards a more integrated union will be different from America's, and hopefully eschew civil war along the way (insert Brexit joke here). But all the talk of "Hamiltonian moments" in Brussels circles exists precisely because its transatlantic ally offers a blueprint of sorts.

Beyond economics, America offers an even more exalted goal for Europeans: to have a single polity, one demos, of the sort that exists across the pond. America has done what it can to help its old-world peer along the journey to continental union. It was instrumental to the birth of what was to become the EU; indeed Jean Monnet, one of the bloc's founding fathers, spent so much time in Washington that Charles de Gaulle suspected him of being an American agent. In part it did so for selfish reasons. All that internecine fighting in Europe left the door open to communists, and had twice required America to intervene. Without nudging by America in later years, the EU might not have accepted the central and eastern European countries that are now vital members.

Alas, such moments of goodwill between continents seem like a distant memory in Europe these days. Even those who have long admired America struggle with its current direction. Donald Trump, and particularly his vice-president, J.D. Vance, have an intense dislike of the EU. Bafflingly, they paint Europe as a migrant-infested hellhole barely worth defending. The continent is thus collectively holding its breath ahead of the NATO summit in Ankara on July 7th-8th, praying the American president shows up in a good mood. But even as the impetuous Mr Trump has been wrong about the tone and the method of his haranguing of Europe—and behaved atrociously in his Potemkin bid to seize Greenland in January—he has prompted a useful rethink among his allies about the need to spend more on their own defence. (Russia's Vladimir Putin also deserves some credit.)

Just 11% of Europeans now think of America as an ally, according to a poll carried out for the European Council on Foreign Relations. That is in part a Trump effect; the figure was twice as high in 2024. And thus, as America celebrates its big birthday, the idea of seeking inspiration from across the Atlantic is a hard sell. It need not be. Europe does not have to turn itself into

America to learn from its best ideals. Every nation has its path not taken; Europe has the unusual misfortune of watching its alternate self thrive just across the ocean. It need not turn itself into America. But it should surely ask itself why over ten generations of striving, in so many ways, the new world has left the old continent behind.■

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Britain

Britain | What’s in a namesake

Why Cambridge and Cambridge need each other

Two of the world’s most innovative cities have the same name and completely opposite problems. That is leading to closer collaboration

July 2nd 2026

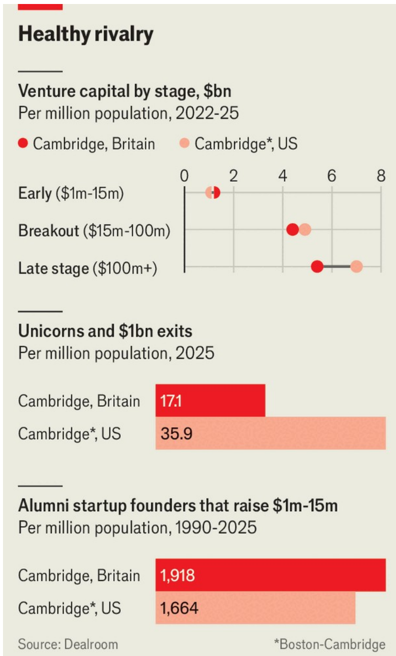
CAMBRIDGE, A medieval city 80km (50 miles) north of London, is steeped in innovation. Its university shaped John Milton, Charles Darwin and Stephen Hawking. A plaque outside the Eagle pub marks where Francis Crick and James Watson announced the discovery of the double-helix structure of DNA. It is the birthplace of in vitro fertilisation, the designs that sit in most phones and tablets, and the first humanised monoclonal antibody, a technology used to develop three of the world’s five top-selling drugs. Today it is a global hub for life sciences, semiconductors and artificial intelligence.

It is no coincidence that its successes are echoed by its American namesake: Cambridge, Massachusetts. Many involved in founding Harvard College, its famous seat of learning and America's oldest university, were Cambridge alumni. In 1638 the colonists renamed the surrounding settlement, founded as New Towne, to honour their alma mater (and that of the college's benefactor, John Harvard).

Today, the American Cambridge has not so much imitated its British cousin as surpassed it. Harvard mushes into the Massachusetts Institute of Technology (MIT), another of the world's best universities. On a curated "innovation trail", which begins across the Charles river in Boston, various stops celebrate Biogen (one of the area's earliest biotech companies), Android (an operating system that powers billions of smartphones) and Kendall Square, the biotech hub dubbed the world's "most innovative square mile".

The two Cambridges are not exactly rivals. They are mirror images: on the surface almost identical, but with opposite problems. Rather than exploiting each other's weaknesses, over the past years they have grown to work much more closely together to offset them. The relationship is unequal, but increasingly conjoined.

Both are among the world's most efficient innovation engines, driven primarily by their world-class academic research. Each produces far more alumni founders per person than Silicon Valley (who, even more than the tech bros they seem to resent, talk constantly of changing the world, and curing cancer). Nobel prize-winners regularly bump into one another in Kendall Square and on King's Parade across the pond.



After the Bay Area, the Cambridges are the world's densest innovation clusters per person, though which comes first depends on what you count. The World Intellectual Property Organisation (WIPO) produces a Global Innovation Index, which measures density by a cluster's global share of patent awards, scientific citations and venture-capital (or VC) deals. It ranks Britain's Cambridge ahead of Boston-Cambridge, in second and third respectively. Dealroom, a data provider that ranks the ecosystems on enterprise value and the number of unicorns (private firms worth more than $1bn), reverses the order.

Britain's Cambridge may have the edge in research, the rankings suggest, producing more scientific publications and filing more patents relative to the size of its population than the bigger Boston-Cambridge cluster does. Boston, however, commercialises it better. (WIPO reckons that the world's most innovative cluster overall is around the Chinese city of Shenzhen.)

The American Cambridge is the more advanced ecosystem mostly because of its scale. WIPO estimates the Boston-Cambridge cluster is home to around 4.3m people, compared with only 500,000 in greater Cambridge (both Cambridges have similar numbers of inhabitants, but only one happens to be next to a metropolis). Kendall Square is one subway stop along from two of the world's best hospitals. Companies are only a train-ride away from the world's biggest stockmarkets in New York.

Massachusetts has built on these advantages. An infusion of capital into life sciences has funded upgrades to infrastructure such as roads and sewage systems. Success and tax incentives have helped attract VC funds and pharmaceutical firms to buy biotech startups' drugs. "It's easier to count the pharma companies that don't have a presence in Cambridge," says Tim Clackson, a British biopharma executive who has lived stateside for decades. Companies tend to stay and scale, such as Biogen and Moderna, a biotech firm best known for its covid-19 vaccine.

Contrast that with the British Cambridge. Two of Britain's three biggest firms by market cap—Arm, a microchip designer, and AstraZeneca, a pharmaceutical giant—have their headquarters there. AstraZeneca had threatened to leave Britain, but in April announced a £300m ($400m) investment in the country. Yet the "real Cambridge", as Hawking referred to it, remains constrained by its medieval skin. Cows still graze in the city centre. The place struggles to provide enough housing, water and transport for its growing population. In recent years, a shortage of facilities has forced science startups to use office space as makeshift labs.

Hemmed in by its infrastructure, Cambridge is also starved of capital. Though it raises more early-stage VC relative to the size of its population than Boston-Cambridge does, a dearth of domestic capital later on means that it falls behind as firms grow. There are "fewer investors, fewer people who are paying attention", says Krishna Yeshwant of GV, Google's venture arm, meaning that GV can come in and "not have quite as much competition". Allan Bradley, a serial entrepreneur and founder of T-Therapeutics, puts it differently. "American VCs are looking for an 80% discount in the UK," he grumbles.

Whereas Britain’s Cambridge is starved of capital and space, its American twin has been distorted by excess. During the covid-19 pandemic, companies began to have initial public offerings “way too early… often without proof of concept”, explains Kendalle Burlin O’Connell of MassBio, a trade body. Between 2020 and 2024, the amount of commercial lab space in Greater Boston almost doubled, from 35m to 63m square feet. Rents, overhead costs and salary expectations all soared.

When the downturn inevitably came, the city was left with indigestion. In the fourth quarter of 2025, 28% of lab space was vacant in Boston-Cambridge. As the cranes halted, so did the funding. The number of biotech initial public offerings in Massachusetts fell from 15-25 a year to one or two, says Ms Burlin O’Connell. Investors became more risk-averse, giving larger amounts to fewer firms, but starving earlier-stage companies of capital—the reverse of the British problem.

Increasingly, the two Cambridges’ strengths and weaknesses seem to complement one another. The two have always collaborated: an annual conference on “Accelerating Bio-Innovation” alternates between the University of Cambridge and MIT. A growing trend, notes Mike Anstey of Cambridge Innovation Capital, a vc firm, is for British biotech firms to be in both. Bicycle Therapeutics, which listed on the Nasdaq in 2019, is one of dozens that have opened an office in Massachusetts, while keeping its core research and development at home. The former offers access to America's larger pools of capital and talent, clinical-trial capacity and its domestic market; the latter, world-class talent on the cheap. Deep-tech startups often do the same, notes Mr Anstey, but with San Francisco instead.

Capital is flowing in the opposite direction. In the American Cambridge, VC funding has continued to fall ever since it peaked in 2021. In the British one, it has risen continually since 2022. American investors now provide 19% of all VC received by companies based there, up from 8% in 2015. The same is true in property. Tim Schoen, the chief executive of BioMed Realty, one of the largest owners of lab office properties in both Cambridges, says that his firm is in the British city mostly because it is a "centre of excellence" (it also happens to be a hedge against the Kendall Square downturn). "The markets are complementary to each other," he says.

The British city wants to learn from its namesake as well as join up with it. Innovate Cambridge, a boosterish coalition, plans an innovation hub modelled on a biotech incubator in the American Cambridge, LabCentral. A partnership of universities and health providers is working on speeding up clinical trials. The city is improving its infrastructure. The squeeze on lab space is easing, to be helped further by a £3bn expansion of its science park, already Britain’s largest. The University of Cambridge recently acquired a new supercomputer, and is trying to commercialise research in quantum computing.

Scale will come by joining up the points of the golden triangle of Cambridge, Oxford and London, England’s three most innovative cities, all in the south-east (to the delight of Andy Burnham, Britain’s presumed next prime minister, Cambridge is also working more closely with Manchester). A project to connect Oxford and Cambridge with a railway may finally steam ahead; a new station opened in Cambridge on June 28th. Pension reforms may help Britain deepen its capital markets. America’s slashing of public research funding, which has hurt Boston-Cambridge, may help Britain lure across talent.

In the cafés around Kendall Square, customers worry less about the other Cambridge and more about competition from China. Last year, Chinese firms ran nearly a third of the world’s clinical trials, up from only 6% a decade before. After America, the country is now the second-biggest source of new innovative drugs. The geography of innovation is shifting. In future, fewer breakthroughs may come in the Cambridges, and more in Shenzhen. That may draw the Cambridges closer still.■

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Britain | The name's BYD

Chinese carmakers aim to go upmarket in Britain

But even with slick ads, that end of the market will be tough to crack

July 2nd 2026

"The most annoying thing about owning a Chinese car has been people who don't own a Chinese car insisting I must secretly hate it," says Will from North Yorkshire, who switched from a Ford Fiesta to a BYD Dolphin last year. His new car, he says, "basically does everything well". Britain is one of the few rich countries to have resisted special tariffs on Chinese Electric Vehicles (EVs). Chinese-owned brands accounted for 18% of new cars sold in Britain in April, according to data from MarkLines—nearly double their market share in the EU, which added charges of up to 35% in 2024. Sales are nearly zero in America, which levies 100% import taxes.

Having tempted British drivers out of their Fords and Toyotas, Chinese brands are now pushing to prise them from their Porsches. BYD, a

Shenzhen-based giant that started as a battery manufacturer, is leading the charge with two luxury brands. Denza, once a joint venture with Mercedes-Benz but wholly owned by BYD since 2024, will showcase its D9 and Z9 GT models to British buyers at the Goodwood Festival of Speed, an annual event for petrolheads that starts on July 9th. Yangwang, an even pricier marque that goes up against the likes of Ferrari, will follow, probably next year.

BYD is not alone. Geely, which started selling its £32,000 ($42,000) EX5 SUV only last year, plans to launch its premium Zeekr brand in Britain—joining Polestar and Xpeng in a Chinese crowd aiming to compete with the likes of BMW and Audi.

Promotional videos for the sporty Denza Z9 GT show Daniel Craig, an actor best known for having played James Bond, flinging the £100,000, 1,140hp electric vehicle around a damp forest trail. The choice lets Denza piggy-back on Bond's association with Aston Martin, a legendary but struggling British brand that will not offer any EVs before 2030. "Daniel Craig is really smart; 007 is really smart," says Bono Ge, head of BYD's British division. "He's always driving some fancy cars with high tech inside so I think it really matches what we're doing."

Yet it won't be easy to crack the luxury-car market, where even established names have struggled recently. BMW slashed its full-year operating-margin forecast from 4-6% to 1-3% last month and Porsche's operating profit plunged by 93% last year. Aston Martin's shares have lost almost all their value since their market debut in 2018. "Denza has a massive mountain to climb," says Murray Scullion, who recently reviewed the Z9 GT for Autocar magazine. "It is making a Porsche rival for a Porsche price. At this end of the market buyers tend to be much more brand loyal."

Denza is pinning its hopes on technology, particularly its super-fast EV charging, says Mr Ge. A combination of BYD's latest batteries and charging stations that can deliver up to 1,500kW—six times more power than Tesla's fastest chargers in Britain and 30 times more than most street-corner facilities—is claimed to restore a battery to 70% charge in five minutes. It plans to install 300 in Britain by the end of the year. Still, how many Britons will park their Porsche in order to drive a Denza remains to be seen. ■

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Britain | Manchester man

Is Andy Burnham more than just a smart-casual Sir Keir Starmer?

Britain's next prime minister outlines plans that look a lot like those of the outgoing one

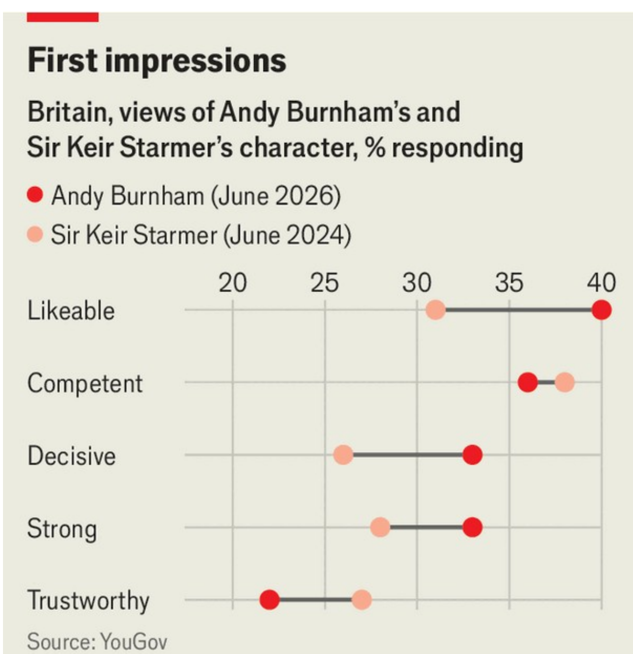
July 2nd 2026

"I AM GOING to give Britain the circuit-breaker it needs," Andy Burnham promised as he set out for the first time what he wants to do if—or rather, when—he becomes prime minister. In the opening speech of his campaign for the Labour Party leadership on June 29th, the former mayor of Greater Manchester acknowledged that more of the same would not be enough for him to succeed where Sir Keir Starmer had failed.

The contest to find a new Labour leader, and therefore prime minister, does not officially begin until July 9th. In reality it is as good as over. No other candidate has come forward. Barring some freak occurrence, Mr Burnham will be named party leader on July 17th and enter 10 Downing Street on July 20th.

Mr Burnham's easy self-confidence, in a tight black T-shirt, presents a striking contrast to the Starmer premiership. "A Uniqlo man who can pull off a pair of Birkies", wrote the Times. But his policy agenda, as far as one exists, looks more similar to the status quo. In his speech, delivered on his home turf in Manchester, he called for every region to have "clear and credible industrial ambitions"—little different from Sir Keir's industrial strategy that promised to "enable investment and growth in city regions and clusters across the UK". Public procurement should be overhauled to benefit "our own British-based suppliers"; this is what Rachel Reeves, the chancellor, once called "securonomics".

On education, Mr Burnham wants a shift away from a system "configured entirely around the university route"—exactly in line with Sir Keir's plans, which aimed to offer students more access to technical courses. The heir-presumptive wants to reform business taxes to benefit the high street, and to build record amounts of subsidised housing; so did Sir Keir and Ms Reeves (although Mr Burnham focuses specifically on council houses, which are fully owned by the state, rather than the broader "social and affordable" category).



Yet there are reasons to think that Mr Burnham could surpass his predecessor's achievements even without a big change in policy direction. Voters view him as more likeable, decisive and strong than they did Sir Keir when he took office, according to YouGov polling (see chart). Labour MPs who saw how he beat both Reform UK and the Green Party, populist insurgents from right and left, in the recent Makerfield by-election that brought him back to the House of Commons, will cut him more slack than their outgoing leader. His promise to use the parliamentary whipping system less aggressively could lift the mood in his party, as well as being the start of wider constitutional change he claims will help politics work better.

And the speech contained hints of greater radicalism. Mr Burnham promised that Whitehall's obsession with hoarding power would be "over for good". The first step will be moving some of the functions of Downing Street to Manchester in a new "Number 10 North" unit—a largely symbolic move that could nonetheless prove to the civil service that he is serious about doing things differently.

He has also expressed support for greater fiscal devolution: Britain raises just 5% of its tax revenue locally, less than any rich country of similar size. Mr Burnham pledged to allow local administrations to "take greater public control of essential services like water, housing, energy and transport". It is unclear whether this means old-school nationalisation, which would be fiddly and expensive, or a more flexible hybrid model.

Mr Burnham left many more questions unanswered in his first big policy speech. For a man who claims that communication is a great strength, it was odd to start with a relatively short speech and no chance for questions from journalists. He did not mention "AI", "productivity", "the deficit", "migration", "China" or "Trump". Nor did he speak like a man who realises how quickly his popularity could ebb: he talked of "a ten-year mission to raise people's living standards", evoking ominous memories of Sir Keir, Boris Johnson and Theresa May, all of whom said they wanted a decade in charge and none of whom lasted much past three years. Three years, give or take, is the time between now and the last possible date of the next general election. Mr Burnham must act fast to prove he is more than just a smart-casual Starmer.■

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Britain | Affordable mass?

Britain hopes drones will help it escape its defence-budget bind

The government's controversial defence investment plan finally breaks cover

July 2nd 2026

IF Sir Keir Starmer is hoping that the long-awaited and bitterly contested defence investment plan (DIP) that finally broke cover on June 30th will be seen as a lasting legacy, he is likely to be disappointed. The document, which commits £15bn ($20bn) of new funding to the armed forces over the next four years and sets out spending plans for the next decade, contains much that is sensible and even bold. But at a time when European allies are rapidly rearming and in the face of increased global threats, the goal of allocating 2.7% of GDP to defence by 2029, an increase of just 0.1 percentage points over next year's level, looks paltry.

At NATO's summit in Ankara next week, Sir Keir's last hurrah as prime minister, otherwise sympathetic fellow leaders will ask some hard questions about Britain's path to meeting its pledge of core defence spending reaching 3.5% of GDP by 2035. The new defence secretary, Dan Jarvis—who stepped in after John Healey resigned two weeks ago over Sir Keir's inability "to commit the resources that the nation needs to defend the country"—says that in the next spending review defence "will be the number-one priority". But there is nothing to bind the hands of Sir Keir's successor, Andy Burnham.

Indeed, Mr Burnham will inherit a problem. To make space for the DIP, there are to be cuts in energy and transport schemes—not great for a government that stresses the importance for growth of infrastructure. And an unidentified £4.7bn shortfall in the DIP's funding will still need to be found at the next budget.

One "untouchable" (some say "unaccountable") programme, the Defence Nuclear Enterprise (DNE), will take about half of the equipment budget over the next decade. The modernisation of the nuclear deterrent, which involves building four ballistic-missile submarines and designing a new nuclear warhead, has become a money pit. Funding for the DNE, including the AUKUS submarine pact with America and Australia, over the next four years will be nearly £64bn, an increase of £20bn over the previous four-year period.

Another big item is the £8bn over four years that will go into the Global Combat Air Programme (GCAP) to build a sixth-generation fighter jet with Italy and Japan, which it is hoped will enter service by 2035. Much to the delight of Britain's biggest defence firm, BAE Systems, which is leading the project, for diplomatic and industrial reasons that programme is also now deemed, in effect, ring-fenced.

To compensate for the hollowing out of Britain's conventional armed forces over the past 20 years and the tightness of the budget now, the government is betting heavily on investment in what has become known as "affordable mass". Over £5bn is going into a "drone transformation" of the armed forces. The army will get inexpensive attack drones and uncrewed ground vehicles of the kind that have changed the battlefield in Ukraine as well as new armoured vehicles, with AI-enabled digital targeting. The DIP claims all this will increase "lethality" by a factor of ten.

The air force's Typhoon jets will have their service lives extended into the 2040s with the help of a £300m investment in autonomous Collaborative Combat Aircraft, or "loyal wingmen". They can act as sensor nodes and fly ahead of the Typhoon into danger to suppress air defences.

The most daring—and controversial—project is the idea, developed in last year's strategic defence review, of a "Hybrid Navy": networks of crewed and uncrewed autonomous vessels carrying weapons, sensors and anti-submarine systems. The expensive Type 83 air-defence destroyer is cancelled. Instead, six new Common Combat Vessels (CCVs) are to join 13 new Type 26 and five cheaper Type 31 frigates as the backbone of the surface fleet. The CCVs will be a command hub controlling a dispersed group of large (up to 90-metre) autonomous warships. Some will carry missiles, others will be used for anti-submarine warfare or as sensor platforms.

Even senior officers involved in visualising the hybrid navy admit that its radicalism will shock traditionalists and that it is certainly not without risk. Nick Childs, a seapower expert at the International Institute for Strategic Studies, a think-tank, says it is a calculated gamble which partly reflects how far the navy has fallen behind with its conventional platforms and the difficulty it has recruiting crews.

Matthew Savill, director of military sciences at RUSI, another think-tank, says the emphasis on autonomy and uncrewed systems is "a bold bet on technological solutions with no margin for error if procurement is not speedy and implementation rapid." What could possibly go wrong?■

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Britain | NHS cover-ups

Death and dishonesty in British maternity hospitals

Yet another report paints a bleak picture

July 2nd 2026

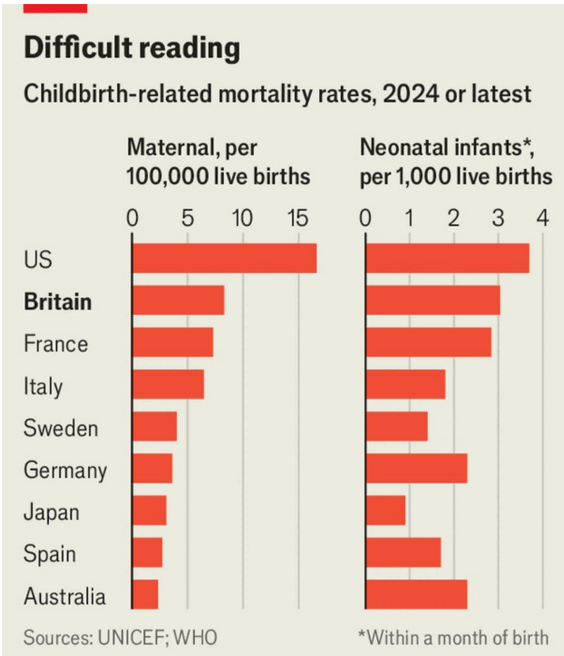
Britons know too well that their National Health Service often provides poor care: in 2025 only 26% said they were satisfied with it, down from a high of 70% in 2010. Maternity care is a particularly bleak spot. A report by Baroness Valerie Amos, published on June 30th, concludes that mothers and babies are harmed across England in badly run hospitals incapable of learning from a litany of past investigations. But what still shocks are the lies.

Consider, if you can bear it, the story of baby Harriet Hawkins and her parents Jack and Sarah. It is detailed in a report published on June 24th by Donna Ockenden, a midwifery expert, into the failings at the Nottingham

University Hospitals (NUH) trust between 2012 and 2025. Harriet died just before her birth in April 2016. Her mother had rung the maternity unit, repeatedly and in agony, asking to be admitted. She was told by midwives that she was “not in labour”. It was part of a policy of pressuring women to go home, or stay at home, in the early stages of labour. In total, Ms Ockenden concludes, there were nine missed chances to save Harriet.

What followed was “a systemic cover-up and investigations designed to mislead”, found Ms Ockenden. Vital information was withheld from the pathologist looking into Harriet’s cause of death. A second post mortem was held without the consent of her parents, who happened to work at NUH. A new, supposedly independent review appeared to have been heavily edited to deflect blame from the hospital. Once, when Dr Hawkins rang the hospital in distress, a secret recording was taken, and later played to others at a meeting.

Harriet’s story was emblematic of failings at NUH, says Ms Ockenden. She concludes that 162 mothers and babies suffered potentially avoidable deaths; hundreds more were seriously harmed. She describes a “toxic bullying culture” of senior midwives who gave simple cases to their friends and complex ones to junior staff to “see if they would sink or swim”. The trust pleaded guilty to criminal charges brought by the care regulator in 2025. A police investigation into possible corporate-manslaughter offences is under way.



Just as the Hawkins' tragedy was far from isolated, the NUH scandal is symbolic of a far broader national failure. In 2009 the government said it hoped to halve the rate of maternal mortality; instead it has risen by 20%, leaving Britain behind many European peers(see chart). Last year £2.5bn ($3.3bn) was paid in compensation and associated costs for clinical negligence in maternity units, accounting for half of all medical payouts. The NUH fits within a grimly familiar pattern: over the past decade similar investigations were held into maternity units at Morecambe Bay (2015), Shrewsbury and Telford (2022), East Kent (2022) and Swansea Bay (2025). Ms Ockenden is running two more in Leeds and Sussex.

Cover-ups are the prevailing theme. In her national report, Baroness Amos concludes that NHS leaders often prioritise their reputations over learning from calamities. Investigations amount to hospitals "marking their own homework", with their findings at odds with events. An ugly feedback loop follows. A fear of compensation claims, which will show negligence, incentivises doctors to claim that tragedies were unavoidable. But facing obfuscation and silence, families are driven to sue, as many have, because it is the only way they can hope to uncover the truth.

At NUH, that culture of denial resembled a conspiracy. Without naming perpetrators, Ms Ockenden repeatedly points the finger at consultant obstetricians and the executive team. The NUH leaders hankered to run a top research hospital, famous for training and pilots. And so cases where mothers were injured and babies had died were downgraded as “low harm” or “no harm” rather than NUH admitting they required investigation. Blunders were written off: there was a “massive emphasis on ‘avoidability’; anything deemed ‘unavoidable’ was not investigated,” one medic said. Board papers were rewritten to remove serious concerns. A report on a rise in babies undergoing treatment for oxygen deprivation was “substantially altered” because it “upset doctors”. Even Ms Ockenden’s path was stymied. Files were destroyed, even after her investigation began. Hundreds of current and former staff volunteered information. But of 66 specially sought out for interview, nearly half refused.

All that ought to have been impossible. British hospitals are bound by a “duty of candour”, requiring them to inform patients of serious mistakes that meet the threshold of causing “moderate harm”. It was introduced in 2014, after a similar scandal of poor care and cover-up at the Mid Staffordshire trust.

Yet it doesn’t work when clinical staff and managers simply lie. At NUH, the duty often wasn’t triggered, precisely because incidents were routinely misclassified as below the threshold of requiring candour. Indeed, reports of such cases fell notably at NUH after the duty was introduced. A rule intended to make hospitals more honest instead induced dishonesty.

There is a lesson for Andy Burnham, Britain’s probable next prime minister, who knows the “duty of candour” well. He was the health secretary during the Mid Staffordshire affair and wishes to apply a similar rule to the entirety of government, to end what he sees as a culture of state secrecy. But Ms Ockenden shows that a state cannot be compelled to tell the truth by passing new laws. It requires clearing out rotten cultures and rotten leaders.■

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Britain | Bagehot

The ascent of the chippy southerner

Andy Burnham offers something precious to the south: grievance

July 2nd 2026

Andy Burnham is not yet prime minister, but the backlash against his rule has already begun. When Mr Burnham outlined his vision for Britain he did so in Manchester, the de facto capital of the north, where he was mayor for almost a decade. His ruling creed is Manchesterism, which blends stakeholderese ("UK plc") with soppy references to The Smiths, a Mancunian band from Mr Burnham's teenage years. To cement the shift of power away from Britain's south, Mr Burnham pledged to create "Number 10 North", shifting the prime minister's abode from Downing Street to the north, for a few days a week at least.

It provided ammo for those who seek to paint Mr Burnham as little more than a "chippy northerner". Chippiness, that blend of grievance, resentment and paranoia about a disconnected elite, is fundamental to Mr Burnham's worldview. But his rise to power does not represent the triumph of the chippy northerner. Instead, British politics is witnessing the birth of something more novel and more potent. Chippiness, a state of mind once associated only with the north and the Celtic fringe, has spread to Britain's south. Behold the ascent of the chippy southerner.

Where there is chippiness, there is usually truth. The causes of the regional grumpiness are real enough. "It's Scotland's oil", ran the slogan of the Scottish National Party (SNP) in the 1970s, when proceeds from the North Sea's reserves began to flow into the Treasury in London, helping subsidise Margaret Thatcher's painful economic reforms that hit Scotland hard. Likewise, the north of England really does lose out when it comes to investment. Mr Burnham dislikes the "Green Book", the Treasury's rulebook, which he claims pushes too much investment south. The result is the technocrat's version of Matthew 13:12: "Whoever has will be given more, and he will have an abundance. Whoever does not have, even what he has will be taken away from him."

And so it is for the south. It bankrolls Britain. Fiscal transfers from London and the south-east to the rest of Britain amounted to about £60bn ($80bn) in 2023. It is the equivalent of the defence budget. If London and the south-east were an independent unit, it would be one of Europe's richest countries. If London were a city state, it could build an Elizabeth Line, the 73-mile (117km), £20bn east-west line in the capital, twice over every year. Does anyone say "thank you" for this largesse? Do they heck. Cash flows in one direction; contempt in the other.

Genuine grievance can easily morph into paranoia. Mr Burnham explained this worldview in "Head North", a memoir-cum-manifesto, accusing southern elites of divide and rule: "They do it because they fear nothing more than the regions and nations uniting in common cause against a system that doesn't have their interests at heart." A paranoid worldview already dominates among chippy southerners. Take Mr Burnham at his word and devolution is a world in which the likes of London are probably better off. If London had the powers, it would borrow its own money or levy its own taxes and, say, build a Bakerloo extension, rather than begging the Treasury for a handout. Yet chippy southerners see devolution as little more than redistribution in disguise; a ruse for greedy northern bastards to snatch what they can. It was Scotland's oil, but it's London's money!

Why should chippiness be reserved only for the relatively poor? In the rest of Europe, it is a rich man's game. In Belgium, for instance, rich Flemings grumble about lazy Walloons. Whenever Britain does something London does not like, wry cries for London's independence emerge. Calls for Londexit flared after the Brexit vote, when London was the only region in England to vote to remain in the EU. Chippiness has long lurked in the southerner's soul. Now, thanks to Mr Burnham, it has come to the surface.

To see chippiness as only a tool to belittle is to misunderstand its potency. No one knows this better than Mr Burnham, who cemented himself as the voice of a rebellious north during covid-19. Throughout the pandemic, he referred to Greater Manchester as District 12 after "The Hunger Games", a dystopian tale in which children from the outer regions are forced to fight to the death for the entertainment of those in the capital. Soon he will be in Downing Street (or a co-working space in Manchester).

Channelling chippiness is the shortest path to power in Britain, as Mr Burnham shows. Scotland has become a one-party nation, with not even cartoonish scandals able to dislodge the SNP from power. Resentment lurks at the heart of Plaid Cymru's rise in Wales. So who will speak for the chippy southerner? The fight has already begun. For both the Conservatives and the Liberal Democrats, the path to power runs through the chippy south, speaking to the disaffected left-behind from Oxfordshire to Putney, who feel forgotten and ignored by a disconnected Mancunian elite.

It is only natural that if power is redistributed then chippiness will be too. "Manchesterism" will have been a success only once the name Manchester conjures as much bile as the mention of London, notes one native of Britain's new capital. It is well on the way already. Chippiness is another product of the zero-sum thinking that dominates British politics, where the idea that everyone can be better-off is long dead. There is less money to go round. Luckily, there is always enough animosity to share.

Perhaps the best justification for Mr Burnham's performative northernness is the reaction to his performative northernness. In this way, his pitch to the country becomes clearer: a chicken in every pot and a chip on every shoulder. What can Mr Burnham offer to the man on the Elizabeth Line, hurtling on a shiny new air-conditioned train to his job in the most prosperous part of the country? The greatest gift of all: grievance. ■

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International

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- Allies learn how to bully America

International | Panzers on the prowl

NATO ponders how to defend Eastern Europe as America pulls back

German tanks are returning to a region they once razed

July 2nd 2026

THE strange creatures rumble out of the forest, their bodies clothed in moss, torn fabric and plastic grass; their heads veiled in black netting. The Leopard tanks and Puma infantry fighting vehicles of Germany’s 45th Panzer Brigade are in fancy dress to hide them from hostile drones. For a month the unit trained along Lithuania’s border with Belarus, a Russian satellite state, as part of a recently completed exercise called “Freedom Shield”. The goal: to be ready to “fight tonight” to defend Vilnius, Lithuania’s capital, and hold the Suwalki corridor, which links the Baltic states to Poland.

To that end, the 45th Brigade is not going home. For the first time since the end of the cold war, Germany is permanently deploying military units abroad. These troops are the tip of the spear of an army that is expanding to become Europe's largest. They will get the latest armour, artillery, drones and anti-aircraft systems as their unit grows from 1,600 soldiers to around 5,000 by the end of 2027.

American forces in the region, meanwhile, are dwindling. An American tank unit—the 1st Battalion, 12th Cavalry Regiment—trained for months in the same area. But it shipped out in June, along with the rest of its brigade in Poland. Nobody knows when or if another American unit will replace it.

Although Germany is struggling to sign up enough volunteers—some soldiers may have to be ordered to join the brigade—Lithuanians shower German troops with gratitude, says Lieutenant Colonel Sebastian Hagen, commander of the multinational battlegroup at the heart of the brigade. "What we are doing now is what all the allies did for Germany throughout the cold war," he says. "The eastern flank has moved further to the east, and now it's on Germany to give back a little bit."

The mission is all the more striking given that German armies—Teutonic, Prussian, imperial and Nazi—have more typically been invaders in the region. In the second world war, they conquered Poland, the Baltic states (Lithuania, Latvia and Estonia) and much of western Russia. After the Nazis surrendered in 1945, the Soviet Union seized the Baltic republics, which regained independence only as it collapsed in 1991. The Soviets also occupied the German city of Königsberg, now the Russian exclave of Kaliningrad. "We are very well aware of what Nazi Germany did here in Lithuania. We are also aware of what the Soviet occupation did to Lithuania," adds Lieutenant Colonel Hagen. When it is not training, the brigade helps preserve war graves and Jewish cemeteries.

The purpose of NATO, declared Lord Ismay, its first secretary-general, is "to keep the Russians out, the Americans in, and the Germans down". But as President Donald Trump prepares to meet fellow NATO leaders in Ankara on July 7th-8th, Germany is rising up to keep the Russians out and, it hopes, the Americans in. Under a plan called "NATO 3.0" America demands that Europeans take the lead for their own conventional defence, while America provides a nuclear umbrella.

This fits with Germany's own determination, since Russia's invasion of Ukraine in 2022, to transform itself from a defence laggard into a linchpin of European security. It plans to reach NATO's target of spending 3.5% of GDP on defence by 2029, well before the 2035 deadline. By the end of the decade, Germany could be spending more on its armed forces than nuclear-armed Britain and France combined.

Money alone will not bring self-reliance, however. Collectively, NATO's European members already spend more on defence than any country bar America. Yet they remain "strategically dependent on the United States across the entire military chain of operations", declares a report by the Kiel Institute, a think-tank in Germany.

How urgently Europe needs to change depends on two big questions that hang over the summit. First, how threatening is Vladimir Putin? Russia has reorganised its front with NATO with new units, bases and headquarters awaiting future fighting forces. NATO reckons that Russia could menace its members within a few years of an end to or reduction in fighting in Ukraine. Germany wants to be ready by 2029. Poland says the danger may be closer.

The other question is what "America First" portends for Europe. Imagine four incarnations of Mr Trump, all plausible. One is the tough-love adult, pushing Europe to bulk up while protecting it in extremis, in keeping with NATO's Article 5 on collective defence. Another is the absent friend, unwilling to fight for Europe but still providing some kind of indirect support. A third is the toxic ex-partner, who forsakes Europe but won't leave the shared NATO home, making life hell for Europeans trying to marshall themselves. Last is the predator who menaces places like Greenland on Europe's western flank while Russia threatens the eastern one.

Military types, from NATO’s supreme headquarters in Mons, through subordinate commands to frontline units, currently see mainly the tough-love avatar. European and American soldiers plan and train as they have for decades. They hope America will co-ordinate its drawdown with Europe’s build-up, leaving no vacuum.

But Mr Trump is touchy and capricious. In May the Pentagon abruptly announced it would pull 5,000 troops from Germany, as Mr Trump took umbrage at criticism of the war in Iran by Friedrich Merz, the German chancellor. Perversely, the Pentagon has also gone back and forth about replacing the brigade that recently departed from Poland and Lithuania—two of the most pro-American European states. Pete Hegseth, America’s secretary of war, berated “shameful” European allies that kept out of America’s war in Iran and, in some cases, denied its forces use of European bases and airspace. He announced a six-month review of American forces in Europe, which have thus far shrunk from about 100,000 troops to about 80,000.

As well as cutting frontline units, the Pentagon has reduced the rapid-reaction forces it promises to send NATO in case of a war, saying they are needed for actual or potential crises in the Middle East and the Pacific. These include bombers, fighters jets, air-refuelling tankers and warships such as an aircraft-carrier and an attack submarine. That calls into question the “NATO Force Model”, which sets out what forces commanders can count on.

Some in the Trump administration hint that they will not fight for the Baltic states and, worse, they raise concerns about the risk of escalation if NATO deploys missiles that can strike deep into Russian territory. It has cancelled the planned deployment to Germany of a unit eqipped with Tomahawk cruise missiles, with a range of up to 2,500km. It is also holding up Germany’s own order for Tomahawks and briefly blocked allies from using the most advanced AI models. As for the toxic version of Mr Trump, his administration is still destabilising politics in Europe by fomenting hard-right narratives there.

The more anti-European America becomes, the more Russia will fancy a tilt at NATO and the harder it will be for Europeans to fight back. Russia need not mount a frontal assault. Many worry that a limited, ambiguous action might fatally expose NATO’s divisions.

To understand the complexities, drive from Lithuania to the Polish city of Suwalki, through the neck of territory between Belarus and Kaliningrad (see map). Its cemeteries for seven faiths attest to the changing borders and passing armies. Some 65km at its narrowest, the corridor carries two big arteries connecting the Baltic states to the European hinterland—the Via Baltica motorway and Rail Baltica high-speed train line. Both projects are incomplete, partly because of intra-Baltic disagreements. Yet they are vital for peacetime commerce and wartime logistics alike. Even now, under previous agreements, special Russian trains cut across southern Lithuania, ferrying passengers between Kaliningrad and the Russian heartland four times a day in sealed carriages watched by Lithuanian border guards. Goods transit is also restricted.

The Baltic republics have long felt vulnerable, given their small populations, Russian-speaking minorities and the Kremlin's revanchism. They face frequent "grey-zone" harassment by Russia—cyberattacks, incursions by jets and drones, sabotage of undersea cables, disinformation and more. Vilnius lies just 35km from Belarus, whose criminal gangs send migrants and balloons laden with contraband cigarettes over the border. Were Russia to invade the Baltic states, it might try to sever the Suwalki corridor to stop NATO reinforcements, perhaps with drones alone.

How might such a war unfold, with and without American help? NATO used to assume it would have to fall back, muster reinforcements and then try to retake the Suwalki corridor. These days, though, it intends to hold as much ground as possible.

Ukraine shows that smaller armies can stop Russia, even push it back, with the right mix of grit, technology and help. NATO has strengthened its eastern flank, increasing its four rotational battlegroups (beefed-up battalions) to nine. Some, such as the German one in Lithuania, have expanded into brigades (typically three battalions). The Baltic states and Poland have added muscle, too. Defence spending in all of them is set to reach 5% or more of GDP this year. Lithuania is consolidating its disparate units into a heavy armoured division (with three brigades) totalling some 20,000 men, to be equipped with German Leopard tanks, Swedish CV90 infantry fighting vehicles, French Caesar artillery and American HIMARS missiles.

Much of Lithuania's terrain—swampy and forested—favours the defender, all the more in the drone era. Were the Suwalki corridor nevertheless cut, the

Baltic states would be easier to resupply by sea since Sweden and Finland have joined NATO. American instructors have also been training the Lithuanian Rifleman's Union, a voluntary militia, in such things as raids and kidnapping under occupation. If Russia attacked, says Rear Admiral Giedrius Premeneckas, one of Lithuania's top brass, it "would be making a huge mistake—much bigger than they did in attacking Ukraine".

NATO admits it still has much to learn from Ukraine's drone-infested battlefield. In exercises this year Ukrainian drone teams wiped out entire NATO battalions. In "Freedom Shield", the multinational battlegroup used drones and other weapons to repel a German unit playing Russian invaders. Even so, the tank is far from obsolete, insists Lieutenant Colonel Hagen. Future warfare will require better protection against drones, and will involve more unmanned ground vehicles, but, "You still need tanks to take and hold ground."

With America in the fight, NATO commanders reckon that "multi-domain" operations on land, sea, air, space and cyberspace—all enabled by data networks linking sensors to shooters, processed by AI—will allow them to manoeuvre, outrun drone units and overpower Russian forces. NATO aircraft and long-range missiles would neutralise Russian anti-aircraft and anti-shipping batteries. The most vulnerable spot in the battlefield might not be the Suwalki corridor but Kaliningrad which, Admiral Premeneckas warns, "will not be excluded from military actions if Russia does something stupid".

How would Europe fight if America cut off all support? The 45th brigade insists it has all the material it needs, in both Lithuania and Germany. Ruben Stewart of the International Institute for Strategic Studies, a think-tank in London, notes in a recent paper that European armies match or exceed Russian capabilities in many domains. But America still provides NATO's "operating system", including intelligence, surveillance drones and satellites, long-range weapons, air defences and airlift.

Without America, "what would disappear most critically is not mass, but integration," Mr Stewart argues. European armies would have to fight "more cautiously, more deliberately". They would have less warning of Russian troop movements and would be less certain of their direction, so would have to be spread more thinly. They would be less joined-up as satellite signals, communications and data flows became less reliable. Air and ground forces would fight largely separate battles. Russian air defences might survive and Europeans might lack the means to shoot down Russian drones and missiles. All this makes it harder to hit faraway targets and exposes NATO's rear to more damage.

Europe could not fight a war of manoeuvre. "It would be a war of denial, attrition and endurance that trades speed for sustainability and seeks to win over time rather than at the outset," writes Mr Stewart. Or, as a senior NATO officer puts it, "It would look more like Ukraine than the battlefield we would hope for." A static, bloody and drawn-out war of attrition, in turn, might be hard to sustain politically.

"Deep strike" weapons, with a range of 1,000km or more, illustrate Europe's bind. German-made Taurus and the Franco-British SCALP/Storm Shadow missiles fly about 500km. With America holding back Tomahawks, Europeans are scrambling for alternatives. Germany is working with Britain on hypersonic and stealthy cruise missiles, and with Ukraine on simpler but battle-tested weapons. Others, including the MBDA consortium, are pursing similar systems. To use them effectively, though, Europeans need space-based surveillance and communications networks. Germany plans to spend €35bn on such kit.

Any war would also rage in the shadow of nuclear weapons. Russia has threatened to use them in Ukraine. The idea that even a tough-love America can preserve nuclear deterrence while reducing conventional commitments is debatable. "If the Americans signal that they don't want to send their conventional troops to fight for Latvia or Poland, then how believable is it that they will be willing to risk nuclear war?" asks Artur Kacprzyk of the Polish Institute of International Affairs, a think-tank.

Britain and France, with arsenals of 200-odd warheads apiece, compared with the 5,000-plus that America and Russia each hold, have declared: "There is no extreme threat to Europe that would not prompt a response by our two nations." But without America's nuclear umbrella, European countries will inevitably be more cautious about war with Russia.

What is more, without American leadership a European-only NATO risks "inertia on the political level", says Christian Mölling of EDINA, a think-tank in Berlin. A war-game last year sponsored in part by Die Welt, a German newspaper, imagined Russia using a humanitarian crisis in Kaliningrad as a pretext to seize the Suwalki corridor. America declines to invoke Article 5; the German brigade fails to act, in part because Russian drones mine the roads leading out of its base. The game was flawed—it ignored Lithuania's own forces, which would not hesitate to resist—but it highlighted likely pitfalls.

European countries know they have to curb dependence on America, but are torn on priorities. Should they buy weapons off the shelf, including American ones, or take time to develop European ones? For some French officials, the first task is to create European communications systems, data clouds and AI models. Germany, in contrast, wants to bulk up conventional units, not least with tanks and ammunition. Many allies are wary of giving up on America, lest their fears become self-fulfilling.

A paper by the European Council on Foreign Relations, another think-tank, argues that full European autonomy is out of reach. It suggests that NATO's command should become "double-hatted", to allow for European-only operations—although this would require American consent.

How long does Europe have? The irascible Mr Trump might turn his back on it at any time. Mr Putin might gamble on challenging Europeans before they are ready. A further imponderable is whether Europeans can hold together if hard-right populists come to power in Britain, France or Germany. In any event, defending Europe begins with helping Ukraine. The more it can resist Russia, the better terms it can strike in a peace deal and the more time Europeans have to prepare. It should not be an impossible quest. As Radek Sikorski, Poland's foreign minister, puts it, Europe does not need to be "heroic" or to match American prowess: "We don't even have to be as good as the United States. We just have to be better than Putin." ■

International | The Telegram

Allies learn how to bully America

Can Taiwan use its chipmaking industry to strong-arm Donald Trump?

July 2nd 2026

AROUND THE world, friends and adversaries of America are reaching the same, bleak conclusion. To earn President Donald Trump's respect, show that you can hurt him. None of America's security partners is foolish enough to threaten Mr Trump openly. But all of them watched Iran gain leverage over a stronger adversary by closing the Strait of Hormuz, and some were taking notes. Iran's abuse of this choke point is simply appalling, such allies tut-tut. How do we get one of our own?

This line of reasoning can even be heard—albeit quietly, and behind closed doors—from well-placed folk in Taiwan, an island of 24m people that China claims as its own. It is a high-risk discussion. Taiwan's survival as a self-ruled democracy relies on decisions made by America's president. America is not treaty-bound to defend Taiwan from attack by China. Instead, successive commanders-in-chief, including Mr Trump, have left open the possibility that they might send in the Seventh Fleet if China tries to take the island by force. For decades that ambiguity has deterred Communist Party chiefs from making their move.

Mr Trump frightens Taiwan. True, he has sold the island weaponry in record-breaking quantities. But he has also mocked it as a tiny place outgunned by mighty China. During a state visit to Beijing in May, he emerged from hours of talks with China's leader, Xi Jinping, parroting Chinese talking points. Mr Trump more or less accused Taiwan's president, Lai Ching-te, of provoking China by seeking independence for the island. That is a red line for Chinese leaders, though Mr Lai's actual position is waffly and cautious. Taiwan wants America to "travel 9,500 miles to fight a war", Mr Trump grumbled. "I'm not looking for that." He calls future arms sales to Taiwan a bargaining chip in negotiations with China over trade and Chinese-refined minerals used by American firms.

Taiwan knows that it needs leverage. After it embraced democracy 30-odd years ago, Taiwan won friends in Washington by talking up its status as a bastion of liberty, menaced by autocratic China. When despot-praising Mr Trump took office, Taiwanese officials quickly learned to downplay talk of shared values. They watched in horror when Mr Trump scorned Ukraine as a small country that had foolishly sought to defend itself against larger Russia. That could be us, Taiwanese shuddered.

Instead, Taiwan leans on two arguments about its strategic value to America. One involves Taiwan's location in the "first island chain", Pentagon jargon for the archipelago that hems in mainland China, running from Japan through Taiwan to the Philippines. The other involves Taiwan's indispensable role as a global centre for making chips, including around 90% of the most advanced semiconductors. For some years Taiwanese politicians have called their chip industry a "Silicon Shield" or—in their more flowery moods—a sacred mountain that makes Taiwan too valuable for China to attack, or for America to abandon.

Other countries take a dimmer view of Taiwan's chipmaking dominance. Even friendly governments resent their dependence on an earthquake-prone, typhoon-lashed island that imports almost all its raw materials and energy. Even before Mr Trump, Taiwan was being pressed to build chipmaking foundries overseas, notably in America, Japan and Germany. Mr Trump goes further, falsely charging Taiwan with stealing America's chip industry decades ago. He has browbeaten TSMC and other leading firms to expand operations in Arizona, Texas and other states.

In Taipei, the capital, some policy types fret about the silicon shield being weakened over time, and about talented engineers being deployed to build and run foreign fabs. Others, though, suggest ways to turn Taiwan's defensive shield into a weapon, right now. Taiwan has its own strait. The channel between the island and the mainland, spanning about 160km, carries some of the world's most precious cargoes each day, including silicon chips.

To date, Taiwan's focus has been on defence, and protecting itself from Chinese invasion fleets or naval blockades. But in Taipei well-placed people suggest that their indispensable role in global commerce can be used to coerce both America and China. They predict that Taiwan would stop exporting chips in the first hours of a crisis, throwing global markets and supply chains into chaos. The trigger would be an energy crisis. Electricity would soon run short if China blocks imports of coal, gas and oil. Chipmaking uses lots of power, and the government would prioritise hospitals and other civilian services. That gives Taiwan a moral argument for holding the world economy hostage. At that point, the gloomiest sorts imagine Mr Trump ordering Taiwan to surrender, after talks with China from which Taiwan is excluded. Optimists counter that such a sell-out would leave China controlling the world's most important chipmakers. How would that be compatible with America's quest for AI dominance, they ask?

In short, Taiwan has a choke point. Indeed, Mr Trump's bluster about Taiwan stealing America's chip industry is a form of backhanded compliment. Taiwan has cards and Mr Trump knows it. If this is blackmail, it is in a noble cause. A war over Taiwan between America and China would be terrifyingly dangerous. A Chinese takeover would snuff out a thriving, if chaotic, democracy, ushering in a nightmare of repression, show trials and mass re-education for millions of Taiwanese. The best way to avoid such disasters is for America to continue deterring China.

In Washington, Trump apologists credit him with reviving Ronald Reagan's doctrine of "peace through strength". That is an insult to the Gipper. Actually, other countries scent weakness in Mr Trump. They are learning from another Reagan saying: if you can't make someone see the light, let 'em feel the heat. ■

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Business

Business | Liquid gold

Big oil’s secretive trading arms are having an extraordinary year

Meet the corporate gamblers who never waste a good energy crisis

July 2nd 2026

Oil majors have two ways to make big money during an energy shock. One is to sell the hydrocarbons they pump and refine themselves. The other is to buy barrels that rival companies produce and flog them to whoever wants them the most. The third Gulf war has now demonstrated just how important the latter has become as a source of profit for the industry—particularly in Europe.

Trading used to be the majors’ dirty little secret for topping up their returns. It is not little anymore. The volume of hydrocarbons traded by BP, Shell and TotalEnergies—the equivalent to 40-50m barrels of oil per day—is five to ten times what they produce. Nor is the contribution to their profitability a mere rounding error. Our calculations suggest that the trading arms of these three companies could be on course to increase their average return on capital by roughly a third or more this year.

Yet secretive these activities remain. The majors disclose plenty about their production and distribution businesses. But information about their trading arms is, in effect, classified. Opacity helps protect their competitive edge. Trading profits alone explain why European majors, whose valuations have long trailed those of their American cousins, have outperformed Exxon and Chevron since the end of February (see chart 1). To understand how they mint so much money—and whether it can last—The Economist spoke to a range of insiders from across the industry. Our findings indicate that the golden geese still have eggs to lay. But foxy competitors are circling.

Europe's trading nous is a product of history and geology. American oilmen always had ample resources and a vast domestic market. European ones, which lacked both, lost their equity stakes in Middle Eastern crude during the nationalisations of the 1970s. That shock forced them to buy third-party barrels rather than just sell their own. BP pioneered trading in the 1980s, when OPEC's grip on prices collapsed. Amid a glut of cheap oil, the firm began buying barrels it didn't need, betting it could sell them at a profit. Shell and Total began to grow their own arms through the 1990s, when low oil prices squeezed upstream margins and also pushed the majors to look elsewhere for returns. Trading—which profits from volatility and spreads, not just price levels—became the answer.

The majors' traders can harness volatility in part because they possess unmatched intelligence on supply, demand and the direction of prices thanks to the vast operations of their employers, encompassing oil and gas fields, refineries, terminals, storage facilities and more. Over the past 15 years the opportunity has expanded. Banks, hamstrung by regulation, have retreated from commodity trading. America's shale bonanza, Japan's pivot away from nuclear power and the Russian-gas crisis have also turned liquefied natural gas (LNG) into a booming global market. Traders are still expected to help place their own companies' "equity" barrels, but their growing contribution to overall profits has bought them greater independence. Around nine-tenths of what they shift now comes from outside the firms.

The Iran war—and the energy crunch it has caused—look set to make this a banner year for trading, even as prices normalise (see chart 2). The majors hide trading profits by bundling them with other units'. But projections we assembled suggest BP, Shell and Total may earn $15bn-20bn in pre-tax profit from trading in 2026. Taking the lower end of that range, and assuming this year resembles 2023—when Brent crude averaged $83 a barrel, roughly in line with current forecasts—trading could come to represent between 15% and 20% of the trio's combined profits.

Because trading is asset-light, its contribution to return on capital is even greater. Michele Della Vigna of Goldman Sachs, an investment bank, estimates that, from roughly one percentage point in decades past, trading now adds two percentage points to the European majors' return on capital in a typical year—and perhaps three this year.

What is even more striking than the scale of profits is their resilience. In any other trading business, luck eventually runs out and punters book losses. The majors' arms, by contrast, "rarely lose money", says Mr Della Vigna—they just make less in worse years. Three ingredients explain it: a nimble structure, skilled staff and enough firepower to place outsized bets when it counts.

Start with structure. Trading divisions don't circulate organisational charts. Only BP publicly names who runs the show: Carol Howle, its deputy chief executive—a clear signal that trading is central to the firm. At the others, "trading dots into the chief financial officer", reckons Alastair Syme of Citigroup, another bank. Below that, the global head of trading oversees leads for each product: crude oil, light ends (petrol), middle distillates (diesel, jet fuel), heavy ends and gas. At the base of the pyramid sit specialists, who may deal exclusively in West African crude or Latin American bitumen.

Most of the team clusters in a global hub: London for BP and Shell, Geneva for Total—though the big boss may be based in Houston or Singapore, depending on the cycle. Regional hubs field specialists with a local Rolodex. There is always someone in Singapore, for example, on first-name terms with Asia's airlines, refiners and shipowners.

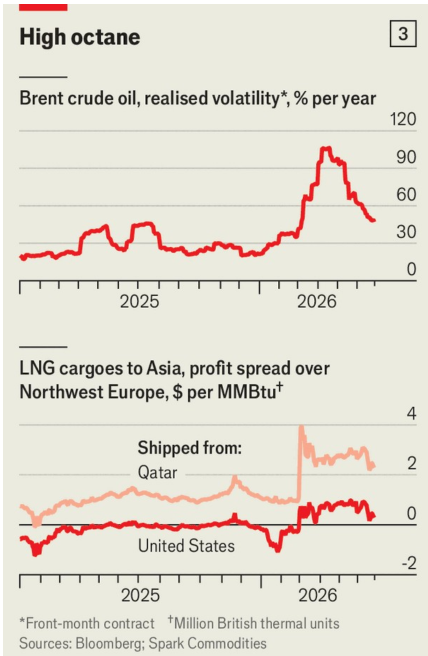
Trading teams are simultaneously large and lean. Each product desk might have 60-70 traders globally, putting divisional headcount in the hundreds. Add shipping, finance and other support staff, and the total reaches one or two thousand for each major—a fraction of their roughly 100,000-strong workforce. That implies a huge profit per head: in a good year that may get close to $10m.

That makes attracting the right people—the second ingredient—essential. Hiring and firing decisions are made independently of the wider firm. Unlike engineers in the core business, ideal recruits love risk and possess a diplomat's social skills. "Being able to read the unspoken motions that give away people's positions matters as much as the data provided by the technology of the day," says a former trading boss, who did plenty of that over long lunches in London's plush and leafy Mayfair district.

European majors used to lose lots of budding traders to independents like Vitol or Trafigura, which dangle equity ownership tied directly to profits. Vitol distributed billions of dollars among employee-owners after the trading boom following Russia's invasion of Ukraine in 2022-2023. The majors, as listed companies, cannot match that. But they still reward their staff handsomely. Each year a bonus pool is carved from profits. In a good year, the most senior traders in a firm might earn tens of millions of dollars—above the group chief executive's pay.

A third factor in the success of the trading arms is the amount of financial firepower at their disposal. Our research suggests each major may be deploying tens of billions of dollars in capital to lubricate trading. When one desk wants more, the request goes to the risk committee, who reallocate from another desk or expand the overall pool.

Ample capital lets traders pounce on arbitrage opportunities when war or pandemics dislocate markets—and dedicated support teams in finance, freight and beyond mean they can move fast. In 2020 many crude traders correctly predicted that, as storage filled up during lockdowns, oil prices would briefly go negative. Treasurers quickly approved funds to lease dozens of tankers in which to store the oil; traders minted fortunes when prices bounced back.



Nasty surprises do happen. Many desks, having bet that oversupply would cause oil prices to fall through 2026, were caught off guard when America and Israel bombed Iran on February 28th. "But then they did what all good traders do," says Colin Bryce, a former co-head of commodities at Morgan Stanley, another bank. "They liquidated their positions, got on the right side, and played volatility for all it was worth." As wide price gaps opened between oil of different origins and LNG delivered across distant markets, trading gains rapidly erased early losses (see chart 3). Some traders took bold steps. For instance, Total made more than $1bn after cornering every barrel of Emirati and Omani crude outbound in May that was available to purchase in March.

What of the competition? Previous efforts by America's oil giants foundered for want of capital and autonomy. Some petrostates tried too, with mixed results: a bad position burning through national treasure quickly attracts political pressure to stop. Yet the American majors, envious of their European rivals, are more determined than ever to catch up, and national oil companies, tired of paying the middleman and eager to diversify revenue, have taken a renewed interest. ADNOC, the Emirati oil giant, as well as Exxon and Phillips 66, another American oil company, have lately been among the biggest recruiters of traders in the world, says Anoush Kefayati of HC Group, an executive-search firm. ADNOC, which has a joint venture with Italy's Eni and Austria's OMV, has trading desks in Singapore and Geneva, and it plans to open another in Houston. Saudi Aramco acquired Motiva Trading, a Texas-based merchant, in 2023.

Despite this, closing the gap with the Europeans could still take years. "It's like a Formula One team," says Mr Kefayati. "You do a race, you come back, you evaluate the data, you make hard decisions, you go into another race. It takes so many cycles to get it right."

The bigger immediate threat comes from the large independent trading firms. Having amassed enormous amounts of cash in 2022-23, they have since bought billions of dollars in assets, from LNG terminals to fuel-retail networks. Europe's majors, meanwhile, have offloaded $77bn in assets since 2019, under pressure to slim portfolios and cut emissions, notes Rystad Energy, a consultancy. As a result, their informational edge is slowly eroding. Private traders can also chase opportunities that, though legal, may be deemed too risky by listed majors, such as those involving countries partly or previously covered by sanctions. When Donald Trump wanted to shift Venezuelan barrels in January, it was Trafigura and Vitol he called. "It was ultra-thick oil that had been sitting there for years, on rotting ships," explains a well-connected financier. "Only they could get it moving."

One defence for the in-house desks is to better use the intelligence they receive. They have invested huge sums on software that suggest trades based on the data at their disposal. Another is to do more "origination"—financing producers in exchange for long-term supply agreements, which brings captive barrels and market intelligence. In January Total announced that it had struck a deal with Bahrain to jointly trade the output of the country's sole refinery without owning the asset.

In the coming years geopolitical ructions and extreme weather will leave ample room for traders at BP, Shell and Total to make a handsome profit. For now, that will help the European majors' to stay competitive. In time, however, intensifying rivalry in the trading business may cause those profits to dwindle. The engineers, not the dealmakers, may find themselves ascendant once again. ■

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Business | Trial and error

The rise of vibe lawyering

AI is emboldening people to represent themselves in court. The results are mixed

July 2nd 2026

WHEN BRITAIN'S tax authorities accused Omar Rafique of deliberately underpaying his restaurant's taxes, he challenged them in court. Alas for Mr Rafique, not only did he fail to submit the correct documents, but his filings were full of fake case law generated by an AI chatbot. Though the judge noted sympathetically that AI "might create a more level playing field" for litigants representing themselves, she threw the case out on May 6th.

Mr Rafique is far from alone in turning to AI rather than to costly lawyers—a trend professionals call "vibe lawyering". In England and Wales the share of civil cases in county courts with lawyers on both sides fell from 51% in 2022, the year ChatGPT was launched, to 42% last year. In American federal civil courts 17% of people represented themselves in 2025, up from a steady 11% for many years before, according to research by Anand Shah of MIT and Joshua Levy of the University of Southern California. They also find that this year 18% of complaints have probably contained AI-generated text. Courtready, a legal-tech platform, reports that Canadian courts have flagged non-existent cases in 79 rulings so far this year, against seven in all of 2024. Most false citations have been made by people representing themselves.

As well as inventing cases, AI chatbots often encourage people to litigate, urge them not to settle and overstate their chances of winning. Antony Sendall, a British employment barrister, says chatbots embolden litigants to bring discrimination claims. “A grievance that would have been a few sentences is now more like ten to 12 pages,” he complains. Messrs Shah and Levy found that in cases with self-representing litigants in America, the number of documents filed in the first 180 days is 158% higher than in the pre-AI era. Robert Freund, a commercial lawyer in Los Angeles, says his clients receive correspondence and documents written by AI from opposing parties acting without lawyers.

And relying on AI can prove expensive. On June 2nd a student was ordered to pay the University of Ottawa C$10,000 ($7,000), partly for using AI improperly to prepare her legal challenge against her removal from a PhD programme. Even lawyers have been caught out. In April Sullivan & Cromwell, a top New York firm, apologised to a court for errors caused by AI hallucinations. On June 8th lawyers on both sides of a contractual dispute in Mississippi were fined for citing fabricated cases.

Some believe that AI labs should bear responsibility for their models’ inventions. In March Nippon Life, an insurer, sued OpenAI in a federal court in Chicago, alleging that ChatGPT had enabled an ex-employee to make what it says is a meritless discrimination claim. Nippon is seeking $10m in punitive damages; OpenAI insists that ChatGPT is “not a lawyer”.

Used with caution, AI can be beneficial. In London on May 14th Tamires Camal Taquidir, a human-resources consultant, recovered £7,000 ($9,300) in fees from a hospitality firm after engaging Garfield AI, which calls itself the world’s first AI-powered law firm approved by regulators. Garfield’s platform did the documentary heavy lifting. But Dominic Li, a barrister, argued the case in court. For now, human lawyers still have their place. ■

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Business | Limited release

Donald Trump's AI regime is opaque, unpredictable—and unsustainable

The administration now controls who gets access to the best models

July 2nd 2026

AMERICAN LIFE is full of things that are billed as voluntary but turn out not to be. Tipping. Joining the local parent-teacher association. And now getting permission to release your cutting-edge artificial-intelligence model to the world.

On June 26th OpenAI said that its newest model, GPT-5.6 Sol, would be restricted to a handful of "trusted partners". The same day, America's government eased export controls on Mythos 5, another advanced model from Anthropic, a competing lab, and lifted them entirely on June 30th. All of this marks a haphazard revolution in America's governance of AI. "In a matter of weeks", observes Dean Ball, a former AI adviser in the Trump administration, “US federal AI policy has gone from implausibly libertarian to increasingly draconian and opaque.”

The Trump administration assumed office railing against regulation, which it feared would suffocate innovation and allow China to catch up. “The AI future is not going to be won by hand-wringing about safety,” declared J.D. Vance, the vice-president, at a summit in Paris last year. As recently as June 2nd Donald Trump issued an executive order on AI governance that asked frontier labs for early access to new models and co-operation on cyber risks—both of which were happening anyway. The White House insisted that nothing in the order was to be construed as “a mandatory governmental licensing, preclearance or permitting requirement”.

In practice, that is exactly what now exists. Between June 26th and June 30th, when the restrictions were eased, Anthropic was permitted to share Mythos with only 100 or so American firms and institutions, as well as their foreign-national employees. The publicly available version, Fable 5, is still heavily constrained. Sam Altman, the boss of OpenAI, was called by Howard Lutnick, America’s commerce secretary, last week, warning him against releasing Sol without prior approval, according to the Information, a tech-industry publication. OpenAI is reported to have submitted a list of companies to be granted access; the government excluded some firms located outside America, according to the Washington Post.

The result of these rules has been a confusing cocktail of permissions. On June 26th Mr Altman suggested that the Sol release would be confined to America. “Working hard for worldwide,” he wrote in response to a question on X, a social-media site. But Britain’s AI Security Institute, a respected assessor of model capabilities and risks, had access to Sol, according to the country’s AI minister. It did not have access to Mythos, which remained export-controlled until June 30th, though it could use Mythos Preview, an earlier version which is slightly less efficient.

“We don’t believe this kind of government access process should become the long-term default,” complained OpenAI. Both OpenAI and Anthropic say they are working with the government to develop more predictable and transparent rules. Insiders say that the administration is now better placed to adjudicate claims that a model has been “jailbroken”, or tricked into performing a harmful task, which was the trigger for the Mythos export control earlier this month.

But the larger undertaking is working out which models should be restricted in the first place. Mr Trump's executive order said that by August his administration would create a "classified benchmarking process" to adjudicate the cyber prowess of new models. That will not necessarily bring clarity, though. Only a handful of people in the frontier labs hold security clearances that would allow them to handle classified material and therefore understand the basis of the red lines set out by the government.

Then there is the question of who will serve as judge. The office of the national cyber director, part of the White House, has spearheaded policymaking, but senior staff have been leaving in recent weeks. Mr Lutnick's commerce department has been leading the implementation of policy, but has limited in-house technical expertise. The bench of AI talent inside America's government has never been large and it has shrunk further over the past 18 months.

Anthropic, Google and OpenAI, the three main frontier labs, all agree that some sort of federal regulation is necessary, even if they differ on the details. Anthropic and OpenAI want a government agency in charge. By contrast Google is keener on an industry-funded body similar to the ones that govern brokerage firms and the power grid in America. Anthropic—ironically, given how it has been treated—is the only one that favours a government veto on releases.

There is little dispute, though, that the current process is dysfunctional. One problem is that it holds back American labs at a time when Chinese competitors are catching up quickly. China's leading models, most of which are "open weight"—meaning that they can be downloaded and run on one's own computer—are roughly six to ten months behind their American equivalents, and far cheaper to run. In recent weeks Microsoft, a software giant, was reported to be considering the use of a model from DeepSeek, a Chinese lab, for its Copilot tool.

American labs are also responding to political pressure by tightening the guardrails on their publicly available models, meaning that these are more likely to refuse requests that would once have passed muster. Alex Stamos, who was previously in charge of cyber-security at Facebook, a social-media platform, notes that many companies have already prepared to switch to Chinese open-weight models in the event of further disruption.

Restrictions on the very best American models might slow China down somewhat, because many Chinese AI labs are said to train their models on the output of American ones, a process known as distillation. Yet that would be little consolation if American labs slow down too. Mr Ball, the former AI adviser, warns that companies may be reluctant to invest the vast sums planned for data centres in order to "serve frontier models to whatever 100 companies the US government will allow access". He adds that labs tend to defray the enormous cost of training frontier models in the first few months of their release, while they have a temporary edge over competing models. "Every week of delay is eating into the narrow window that labs have to make their accounting work."

Even some of Mr Trump's closest allies are uncomfortable. "A year ago, President Trump declared that America was in a global AI race and that the way to win it was to be pro-innovation, pro-infrastructure, pro-energy and pro-export," wrote David Sacks, a government adviser on AI who had initially defended the administration over its treatment of Mythos. "President Trump was exactly right; we deviate from that strategy at our peril." ■

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Business | And for our next trick

Can Bending Spoons thrive as a listed company?

A rare Italian software star uses the private-equity playbook

July 2nd 2026

"I like the idea of leaving a mark," said Luca Ferrari in an interview in April with Corriere della Sera, an Italian daily. He is the boss and co-founder of Bending Spoons, an Italian tech firm which acquires and turns around struggling apps such as Evernote, a note-taking service, and Eventbrite, a ticket-buying site. Mr Ferrari's ambitions go beyond reviving software firms. He said that he wants to "shake up" Italy's lacklustre business culture by building a company of "international calibre" there.

A test of his firm's calibre came on July 1st. That is when Bending Spoons, which derives its names from a scene in "The Matrix", a sci-fi film, launched its initial public offering on the Nasdaq, an American stock exchange. This is a rare success for a country better known for la dolce vita than pioneering technology startups. Italy is home to just two unicorns, private companies worth over $1bn, compared with 37 for Germany and 33 for France. At the end of the first day of trading, Bending Spoons' market capitalisation surged to $26bn, making it Italy's most valuable tech firm.

As for many Silicon Valley startups, Bending Spoons' path to success started with failure. In 2010 Mr Ferrari, Matteo Danieli and Francesco Patarnello, recent engineering graduates, decided to develop Evertale, an app designed to create a log of users' activities. The digital diary was a dud, failing to attract users. But the trio tried again. With their last $40,000 they set up Bending Spoons along with Luca Querella, a fourth co-founder.

The failure helped them settle on a business model. Bending Spoons buys and fixes ailing digital companies which already have a decent product and a loyal customer base. It operates as a hybrid of a private-equity (pe) investor and a tech firm. Like a pe firm it slashes cost aggressively with job cuts, in some cases firing a company's entire staff and just holding on to the underlying technology. Another way it lowers costs is by sharing some expenses with other companies in its portfolio, such as research and development. It also switches talented "Spooners" from one firm to another. It aims for an ambitious annualised return on capital of 25%.

As the firm has grown, it has bought bigger names. The largest acquisition came earlier this year when it snapped up AOL, an American internet pioneer, for $1.5bn. That follows its purchase of Eventbrite and Vimeo, a video-steaming platform, for $500m and $1.4bn respectively. It has become a tech conglomerate, encompassing 50 companies. Ten of them created 80% of the revenue (mainly through subscriptions), which grew from $387m in 2023 to $1.3bn last year.

Will Bending Spoons become a darling of the public markets? One worry that critics have is its borrowing, which it has used to fuel acquisitions. Total debt stands at $4.4bn, over six times its annualised operating profits (before depreciation and amortisation) from the first quarter of 2026. This compares with an average of two for Nasdaq-listed firms. Another concern is that many tech firms it buys are under threat from generative AI. That fear has contributed to the share price of Constellation Software, a similar tech conglomerate based in Toronto, falling by nearly half over the past year.

Even so, investors seem undeterred. Plenty of big names, such as Eric Schmidt, a former boss of Google, have backed the firm. "It's not only the strategy that is impressive, but the quality of execution," says Peter Singlehurst of Baillie Gifford, a Scottish asset manager and another investor. Mr Ferrari will now have to convince a whole new set of investors of Bending Spoons' magic. If not, his shake-up may end up looking more like a shake-out. ■

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Business | No country for bold men

Indonesia gives its best-known entrepreneur a decade in jail

The technology giant he built is being yanked around by the state

July 2nd 2026

When Nadiem Makarim joined Indonesia's government in 2019 as minister for education and culture, the then 35-year-founder of Gojek, a ride-hailing app and Indonesia's first unicorn, promised to move fast and break things. It has not ended well. On June 30th an Indonesian court sentenced Mr Nadiem to ten years in prison on corruption charges (he had pleaded not guilty). He must also pay 810bn rupiah ($45m) in restitution, or face more five years. Speaking outside the courtroom, Mr Nadiem said he did not have the sum, "and [the judges] know it".

In government, Mr Nadiem—a graduate of Harvard University and ex-McKinsey consultant—led a pandemic-era push to digitise schools, focusing on poor, rural areas, to improve patchy textbook distribution. For this the education ministry bought some 3trn rupiah of Chromebooks, cheap laptops using Google software.

It would prove to be his downfall. Prosecutors accused him of a quid pro quo with the search giant. Influenced by Google's investments in Gojek, the court found that Mr Nadiem pushed his ministry to buy Chromebooks at inflated prices, resulting in 2.1trn rupiah in state losses, nearly half of which prosecutors accused him of siphoning off. The fact that the laptops need steady internet connections, a rarity in rural Indonesia, showed Mr Nadiem's ulterior motives, they argued. He tried to make "Google the sole controller of the education ecosystem in Indonesia," prosecutors said. (Google denies any such scheme.)

The prosecutors' case seems riddled with holes. The estimated 2.1trn rupiah loss was not calculated using the market price of Chromebooks. Instead, it relies on a dubious calculation that assumes suppliers marked up prices by 15%, based on a survey of private distributors. The slapdash prosecution reflects the range of enemies Mr Nadiem made overseeing education, a corrupt sector. Known for a hard-charging management style, Mr Nadiem now admits he paid too little attention to his political standing while in office.

The shoddy trial will contribute to a deteriorating business environment in Indonesia. In an interview with The Economist during the trial, Mr Nadiem warned of a chilling effect for Indonesian entrepreneurs. The verdict comes as regulatory uncertainty is rising. Consider Gojek. Renamed GoTo after a 2021 merger with Tokopedia, an e-commerce site, the company is now subject to erratic policies. For instance, a plan to cap ride-hailing commissions at 8% (down from 20%) took effect on July 1st, just two months after its surprise announcement. But whether the new rules on two-wheelers apply to four-wheeled rides as well is still unclear. Once positioned as a rare national tech champion, GoTo's stock now languishes at Indonesia's legal stock-price floor of 50 rupiah. Soon, its founder will languish in jail. ■

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Business | Bartleby

The Toddyssey

You could read Homer. You could see the film. Or you could just go to the office

July 2nd 2026

Speak, O Muse, of that resourceful man who had to find time in the meeting-filled calendars of several co-workers for a new council. This council was to happen on a fortnightly basis, ideally on a Monday morning, but that was a very common time for other councils to be held. Todd, for such was his name, had examined the meeting-filled calendars of his colleagues and realised that the only time when everyone was free was at rosy-fingered Dawn, but this wasn't an option because some people had to get the kids ready for school.

Todd dispatched swift-footed invitations to all the participants, explaining that his council was the most important council of all and that he would be grateful if they made time for it in their meeting-filled calendars. He immediately got a swift-footed email back from the shiny-headed Harold, who declined his invitation and suggested another time that suited him better. Moira of the tattooed arms quickly rejected Harold's alternative proposal, and suggested a time of her own. The studiously courteous Violet followed suit, as did several others. Each one of them put forward a slot that no one else could make.

Several hours passed in this way. The resourceful Todd wondered if he could schedule his council on Tuesday instead but the calendars were meeting-filled on those days, too. Just then he received a message from many-windowed Microsoft, the god of interruptions, to say that his communications device was missing several critical security updates and would need to be "rebooted". The crafty Todd attempted to ignore many-windowed Microsoft's messages, but the god was insistent and shut down what he was working on without any warning.

The cunning Todd attempted to work on another communications device he carried with him, but he found his way barred by Okta, a malevolent creature who lived in a cloud and asked everyone she encountered for a password. One of Okta's most grotesque features was a single eye; when the devious Todd clicked on it, he found he could see what he was typing. But that didn't help because he could not remember his password anyway, and the mean-spirited Okta told him that he had to go to the IT department to be humbled.

The resourceful Todd descended into the earth to the IT department's kingdom, where Rufus of the pallid complexion told him that he could not ask for help in person and had to send a request by email. The artful Todd said that he was locked out of his device and so he could not send an email, but Rufus of the pallid complexion just laughed.

So the patient Todd returned to his paper-strewn desk and waited until his original communications device had been given its fine new boots. When he was able to work again, he found more swift-footed messages about his fortnightly council, all of them proposing new times that did not suit any other co-worker. But the resourceful Todd was not to be cowed, and formulated a plan. He went to find Penny, the many-splendoured leader of the entire organisation.

As he ventured along the wine-dark carpet, the cunning Todd heard an entrancing noise. It was the siren call of whispered gossip between two of his colleagues, and Todd was unable to stop himself drawing closer. Before long, Todd had forgotten his original purpose in setting out. There he would have remained if he had not seen the many-splendoured leader of the entire organisation herself walking past and been reminded of his mission.

The devious Todd broke away from the gossipers and approached Penny. He explained to her that he needed her help to find space in the meeting-filled calendars of his colleagues. Penny, who knew Todd from the time they worked together at CoreWeave, agreed to his plan. So the crafty Todd returned to his desk and sent a new swift-footed message to everyone, saying that the many-splendoured leader of the organisation would now be attending his fortnightly council of war, and affirming that it would be happening at the original time.

Shiny-headed Harold, Moira of the tattooed arms and the rest of them all accepted the invitation without further question, for nothing matters more to office-bound mortals than proximity to the C-suite. The resourceful Todd sent another swift-footed message to the mischievous Penny, saying that the plan had worked and that, as agreed, there was no need for her to actually attend his council. With the keepers of the meeting-filled calendars so tricked, the crafty Todd was filled with great joy. ■

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Business | Schumpeter

Show a liberal a Lime bike and he will show you his soul

Are the e-bikes a paragon of liberalism or an abomination?

July 2nd 2026

These days it can be hard to know what a liberal really believes. Thankfully a simple test throws light on their soul. It is similar to the one Hermann Rorschach designed in the 1920s. Though instead of putting the subject in front of an ambiguous inkblot and waiting for them to say something profound about their mother, wheel in a white and green Lime Gen4 electric bike, found stacked by the dozen on city streets around the world, let their eyes settle on it and gently ask: “What do you see?”

“That is the paragon of liberal capitalism!” exclaims the first subject. What’s not to love? The Lime rider accelerates quickly and without effort. He feels good about his carbon footprint and better about being spared the collectivism of public transport. Each bike is an advert for creative destruction: if even the humble bicycle can be improved by innovation, anything can. Since Lime bikes are “dockless”, which allows the rider to leave them pretty much anywhere, the bikes bestow on riders of only modest means the highest of modern luxuries: nonchalance in travel.

One liberal’s casual dismount is another’s brazen incivility. “That is the devil!” the second subject shouts. Electric bikes have made pavement indistinguishable from road. Accidents are common enough that “Lime leg” has entered the vernacular. In London even the most genteel public spaces are dominated by neon-green handle-bars. So many descended on Wimbledon this week that the council threatened to seize them. On a recent morning Old Burlington Street in Mayfair was blocked with a great number of Limes parked on the pavement and road. In the mêlée stood a few Voi bikes, a pinkish-coloured Swedish competitor, and the odd Forest, a less offensively green British one, which appeared to have lost their way. If the subject has even a mild reactionary inclination, such a sight will cause it to erupt immediately.

The two positions are irreconcilable. Even the initial fence-sitter (“I wouldn’t mind them if they were prettier”) will soon leap onto one side or the other. Subjects of the first kind accuse the second of being stick-in-the-muds who are unprepared for the changes technology will soon bring. The second subject thinks the first would live in the squalor of downtown San Francisco so long as their food delivery arrives on time.

What are you looking at when you are looking at a Lime? For one, a relic of the tech bubble that popped when central banks raised interest rates in 2022. Lime eventually went public on July 1st, after years of waiting. Countless “micro-mobility” firms have gone bust. Ofo, a Chinese company that once dumped thousands of yellow bikes in the West, is long gone. Jump, Uber’s attempt at shared e-bikes, was folded into Lime in 2020. Bird, a one-time e-scooter unicorn, declared bankruptcy in 2023 (though it has since re-emerged). Some combination of pricing competition and asset depreciation was always to blame. Lime says it has solved these problems: it gets five years of wear out of its bikes and is cashflow-positive. Still, the firm was forced to list to pay off its heavy debts.

To fully comprehend the Lime bike examine its genealogy. Shared bikes have their origins on the political left: in the 1960s Dutch drifters painted some white and left them unlocked. But Lime's more recent ancestors are the state-sponsored schemes which emerged in the 2000s. London's "Boris bikes", formally called "Santander cycles", are Lime's docked forebears (unsurprisingly, their usage has languished recently). Limes have unruly, and often illegal, cousins in the super-fast jerry-rigged food-delivery bikes which now career unchallenged around cities. And a major benefactor in Uber, the kingpin of the delivery economy, which is Lime's largest investor and is responsible for 14% of Lime's revenue by offering the bikes through its app.

If the Lime bike has a philosophy it is convenience absolutism. That was a more explicit mantra in Silicon Valley in the 2010s than it is today, but is still the true idée fixe of the place. In some cities Amazon can now deliver groceries in less than half an hour (thanks to its own electric bike). Agentic commerce is billed as the forefront of artificial intelligence, but is also the cutting edge of food delivery. The dominance of convenience also means the decline of ownership. And so much of the anti-social nature of electric bikes is a result of that. "Why did you park your Lime bike there?" one might ask. "It's not my bike."

Often the politics of business is merely the politics of the road. Elon Musk, the world's richest man, is also its richest car salesman. Europe's industrial crisis is mostly a panic about Chinese electric vehicles. But the politics of bikes is particularly brutal: "Zo stops charging speeding e-bike riders," yelled the front page of the New York Post in March, accusing Zohran Mamdani, the city's mayor, of protecting delivery drivers at the expense of pedestrians. Partly that is because they are a ubiquitous nuisance. But also because complaining about the super-fast ones food-delivery drivers use is about the only way liberals can complain about the illegal immigrants who often ride them.

If the electric bike is the great symbol of state failure, crushing them is a way for the state to recover the appearance of strength. Police forces in America, Australia and Britain have all filmed themselves pulverising electric bikes and scooters deemed too fast or dangerous. Better the electric bike you know? Perhaps: a crackdown on illegal ones should benefit legal outfits like Lime, goes one argument. Yet Lime, too, suffers the big consequences of small politics. In 2023 Paris voted to ban dockless e-scooters. States write their own safety rules. Licensing for bikes can be devolved to an absurd extent. Each of London's 32 boroughs has its own rules, causing stacks of one operator's bikes at their boundaries. A ridiculous sight. But an increasingly familiar one. ■

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Finance & economics

Finance & economics | Our summer BBQ index

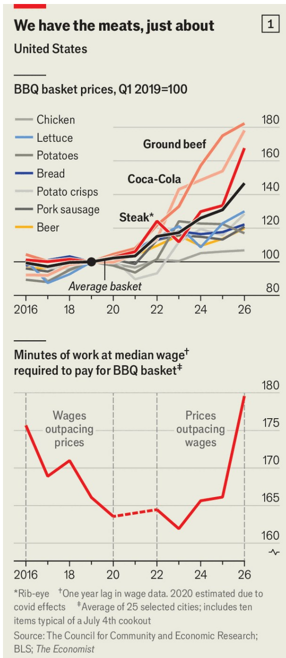
How much will a 4th of July cookout cost this year?

We calculate the rising price of Americans' summer staples

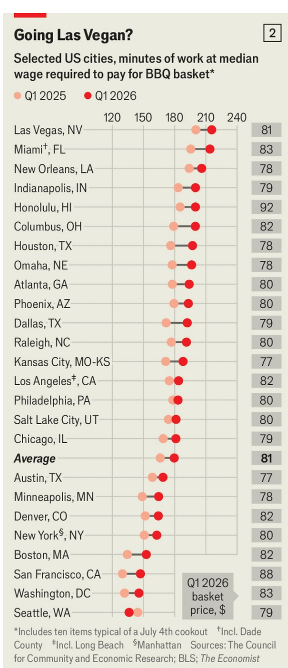
July 2nd 2026

FEW THINGS sit closer to the heart of Americana than the hamburger. In the early 1970s John Updike, an acute observer of American life, described the country as "a hamburger kingdom, one cuisine, under God, indivisible, with pickles and potato chips for all". At the time, the hamburger was a democratic meal: cheap, plentiful and available to almost everyone.

That kind of meal is getting harder to find lately. Grocery prices in America are 30% or so higher than in early 2020, before the covid-19 pandemic. This adds about $1,600 to the average household's annual food bill. Average wages have risen by a similar amount, leaving the overall affordability of groceries little changed.



However, that aggregate masks sharp and unpredictable increases in the prices of some staples, which consumers tend to notice particularly. A recent survey by the Kitchen Table Project, an advocacy group, found groceries to be Americans' biggest source of financial pressure, with meat and poultry causing the most stress. As the United States celebrates its 250th anniversary on July 4th, the Independence Day cookout offers a timely measure of what classic Americana costs.



To calculate the bill, The Economist has created a summer BBQ Index, tracking ten cookout staples in 25 American cities. Our basket should feed four hungry adults and includes protein (1.5 pounds, or 675g of rib-eye steak, two pounds of ground beef and of frying chicken, and a pack of pork sausage), carbs (two pounds of potatoes, a big bag of potato crisps, which Americans insist on calling chips, and a loaf of bread), beverages (a 64-ounce, or two-litre, bottle of Coke and a six-pack of beer) and lettuce. Using prices gathered by the Council for Community and Economic Research, a think-tank, we then compared the cost of our basket with median hourly pay in each metro area to see how long the typical worker must toil to afford it all.

The index offers an unappetising conclusion. Across the 25 cities in our sample, the basket now costs an average of $81, 12% more than a year ago, the fastest annual increase in a decade (see chart 1, top panel). That far outpaced grocery-price inflation of less than 3%, reflecting the unusually sharp increases in several items in our barbecue basket.

The recent jump also forms part of a broader reversal. Between 2016 and 2021 cookout prices were broadly flat, while median wages edged higher, making the meal steadily more affordable. That trend has reversed (see chart 1, bottom panel). Over the past five years the basket has risen in price by over 40%, roughly twice as fast as median pay across the cities surveyed. The typical worker must now labour 16 minutes longer than in 2020 to afford the spread.

Las Vegas is the least affordable city (see chart 2). The odds are stacked against workers, who must labour nearly four hours to pay for a 4th of July feast. Miami, Honolulu and New Orleans are also pricey.

Because food prices vary less across cities than wages do, places dominated by tourism, hospitality and other low-paid services fare especially poorly. The pattern flips in richer cities. Cookout prices are highest in cities like Boston and San Francisco. Yet high median wages still make both cities among the most affordable in which to fire up the grill this summer.

What is pushing up the barbecue bill? Ground-beef inflation looks comparatively mild in our sample, partly because prices were already elevated a year ago. Nationally, they rose by nearly 20% in the year to the first quarter. For a family buying two pounds a week, that adds roughly $10 a month to the cost of hamburgers. Steak prices climbed even faster in our index, by more than 25% on average. Other parts of the basket are becoming more expensive, too. Across the 25 cities in our index, a two-litre bottle of Coca-Cola rose in price by about 15%, while a bag of potato crisps was up by roughly 10%.

The price-rises in our basket feed into a broader argument over what is causing food inflation. One popular explanation is corporate price-gouging. This accusation has united figures as different as Lina Khan, the former chair of the Federal Trade Commission under President Joe Biden, and Donald Trump, who in December ordered an investigation into anti-competitive behaviour in the food supply chain.

Yet the evidence is thin. Adjusted profit margins at Kroger and Albertsons, two of America's largest supermarket chains, have been flat or falling in recent years. Meat processors are faring even worse. Tyson Foods, America's largest meat company, expects to lose as much as $500m from its beef business in 2026. JBS, one of its meatiest rivals, said in June it would close two beef-processing plants.

The likelier culprits lie further up the supply chain: a cattle shortage, costly farm policies and high energy prices caused by war in Iran, plus Mr Trump's fondness for tariffs. Together they are pushing up not just the price of the annual summer cookout but also the weekly grocery bill.

The trouble starts on the ranch. America's cattle herd has shrunk for seven consecutive years, to a 75-year low. Droughts forced ranchers to sell animals early, just as high feed and fuel costs have made rebuilding herds unattractive. The result is less beef on the hoof just as a protein-obsessed public wants ever more of it. Across the 25 cities in our sample, ground beef costs over 80% more than in 2019, and steak around 70% more.

The shortage has deepened in the past year. New World screwworm, a parasite that can kill untreated livestock, prompted America to halt live-cattle imports from Mexico, further tightening supply. The discovery of the worm in Texan calves in June caused fresh alarm. With many ranchers nearing retirement, cattle herds may be slow to rebuild. Prices are therefore likely to rise further in the years ahead.

Biofuel policy is adding to food costs. The "renewable fuel standard", which requires refiners to blend minimum volumes of biofuels into petrol and diesel, has long diverted corn and vegetable oils from the food supply. The shift has speeded up in recent years, adding pressure to commodity prices. Mr Biden's Inflation Reduction Act of 2022 expanded subsidies for biomass-based diesel. Last year Mr Trump's One Big Beautiful Bill Act (OBBBA) extended support for corn ethanol. Refiners now consume about one-third of America's corn crop. Nearly half of domestically produced soyabean oil goes into biofuel. This has helped push up the oil's prices, which in turn show up in the price of everything from potato crisps to mayonnaise.

Fertiliser adds another layer of cost. The price of natural gas, the main input in nitrogen plant food, surged after Russia's invasion of Ukraine in 2022 disrupted supplies to Europe. Prices later eased, but were climbing again even before the Iran war, as demand strengthened and China restricted exports. Because nitrogen fertiliser touches almost every big crop, pricier fertiliser has a habit of fertilising prices throughout the supermarket.

Lastly, though the courts have struck down Mr Trump's Liberation Day tariffs, other import taxes are working their way into the Independence Day grill. The duty on aluminium rose to 50% in June 2025 and new ones on chemical inputs have made plastics more expensive. That has raised packaging costs for soft-drink bottlers and snackmakers. The pressure is already visible at the factory gate: producer prices for carbonated soft drinks rose at an annualised rate of nearly 20% in the first quarter.

Relief for grocery shoppers is unlikely to come quickly. Although the truce between America and Iran has brought oil prices down, the war's effects on transport and fertiliser costs will take time to work through the food supply chain. At home, the administration has proposed larger biofuel mandates and shelved plans to ease restrictions on beef imports.

The OBBBA has also tightened work requirements and narrowed eligibility for the Supplemental Nutrition Assistance Programme, America's main food-assistance scheme. The Centre on Budget and Policy Priorities, a left-wing think-tank, estimates that participation has fallen by more than 4m since the law was enacted last July. Poor households are therefore getting less help with food costs. At the same time, wage growth is slowing, making it less likely that pay-cheques will catch up.

None of this will stop Americans gathering round the grill on July 4th. They may serve a bit less meat, work a bit longer to pay for the spread and, if they live outside city centres, spend over $100 filling the tank of their Ford F-150 pickup that gets them to the grocer's. Yet American abundance will be on full display: sparklers in hand, coolers stocked with Budweiser and tables piled high (not just with lettuce). Surveying such plenty, Updike once called America a "vast conspiracy to make you happy". The conspiracy may have got dearer. But when the grilling is done, its happy victims at least have air-conditioning to cool their anger at the bill.■

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Finance & economics | Buttonwood

A new Plaza Accord for global currencies wouldn't work

The conditions and will for a deal are not what they were in 1985

July 2nd 2026

THE PAST week has set recent records for Asian currencies. The Korean won dropped to its lowest level against the dollar in 17 years. The Japanese yen dropped even further, reaching its weakest against the greenback in four decades. America's speedy economic growth and insatiable global appetite for its tech stocks are raising demand for its currency. As the dollar strengthens, policymakers in Washington bristle. The treasury secretary, Scott Bessent, has groused about the weakness of both Asian currencies this year.

At the same time, currency concerns are rising in Europe, chiefly about the long-term weakness of the yuan. Earlier this year the IMF suggested that the

Chinese currency is 16% weaker than it should be based on economic fundamentals. In June Friedrich Merz, the German Chancellor, raised the idea of reprising the Plaza Accord, the deal from 1985 signed by the finance ministers of America, Britain, France, Japan and West Germany to weaken the then astoundingly strong dollar with co-ordinated currency intervention.

Plaza occupies a totemic position among foreign-exchange traders. The dollar dropped by around 30% against the currencies of America's major trading partners by the end of 1987. George Soros made what he referred to as "the killing of a lifetime"—and his name as a hedge-fund macro trader—betting on the appreciation of the Japanese yen, British pound and Deutschmark.

But if modern-day Soros wannabes hope for a repeat, they stand to be disappointed. Conjuring a new accord to strengthen the world's seemingly undervalued currencies would be far more challenging today than four decades ago. And even if it could be reached, it may turn out to be far less effective.

One reason is the sheer size of today's currency market. The foreign-exchange reserves of the five countries that met at the Plaza Hotel in New York have swelled 14-fold since 1985, from $132bn (less than 2% of their collective GDP in 1985) to $1.9trn (more like 4%). But that pales in comparison with the growth in currency trading. In 1986, when the Bank for International Settlements, a club of central banks, first published its survey of the global foreign-exchange market, it estimated daily turnover at around $200bn. By 2024 this had risen to $12trn, a 60-fold increase. The ability of the five Plaza signatories to throw their weight around has therefore diminished markedly.

To have the heft to affect markets, a deal would therefore need to involve another signatory—China. The world's second-biggest economy has by far the biggest foreign-exchange reserves, of $3.4trn, as well as a currency which the West accuses of being unfairly cheap. A new Plaza Accord without China would therefore be like the original one without Japan—which is to say pointless.

Yet Chinese involvement is unlikely. To policymakers in Beijing the Plaza Accord is a byword for foreign subjugation. In particular, they see the stronger yen that emerged from the agreement as the cause of Japan's subsequent lost decades, helping provoke a recession that led the Bank of Japan to keep interest rates too low for too long, which in turn fuelled a boom in asset prices eventually followed by a bust that Japan is shaking off to this day. This economic logic is flawed—China is suffering a property bust similar to Japan's all on its own, without Plaza-like constraints. But good luck persuading Communist Party officials to ignore it.

Even if, somehow, they might be convinced, a new Plaza Accord may not have the same effect on currencies as the original did. In 1985 the promise of currency intervention was paired with that of American fiscal rectitude: the Gramm-Rudman-Hollings Balanced Budget Act, which was moving through Congress as the finance ministers met at the Plaza, did not balance the budget but did help lower the deficit from 4.8% of GDP in 1986 to 2.7% by 1989, and weaken the dollar. Nowadays America's budget deficit is around 6% of GDP and Congress has no Gramm, Rudman or Hollings, let alone three pro-austerity lawmakers, to press for belt-tightening.

The importance of other forces became clear in February 1987, when officials met again, this time in Paris, and tried to stem the slide in the dollar, not its rise. Yet the dollar kept sliding. Today other factors—be it American deficits or Chinese demurral—also conspire against straightforward outcomes. Traders eyeing easy profits from a new Plaza must be careful what they wish for. ■

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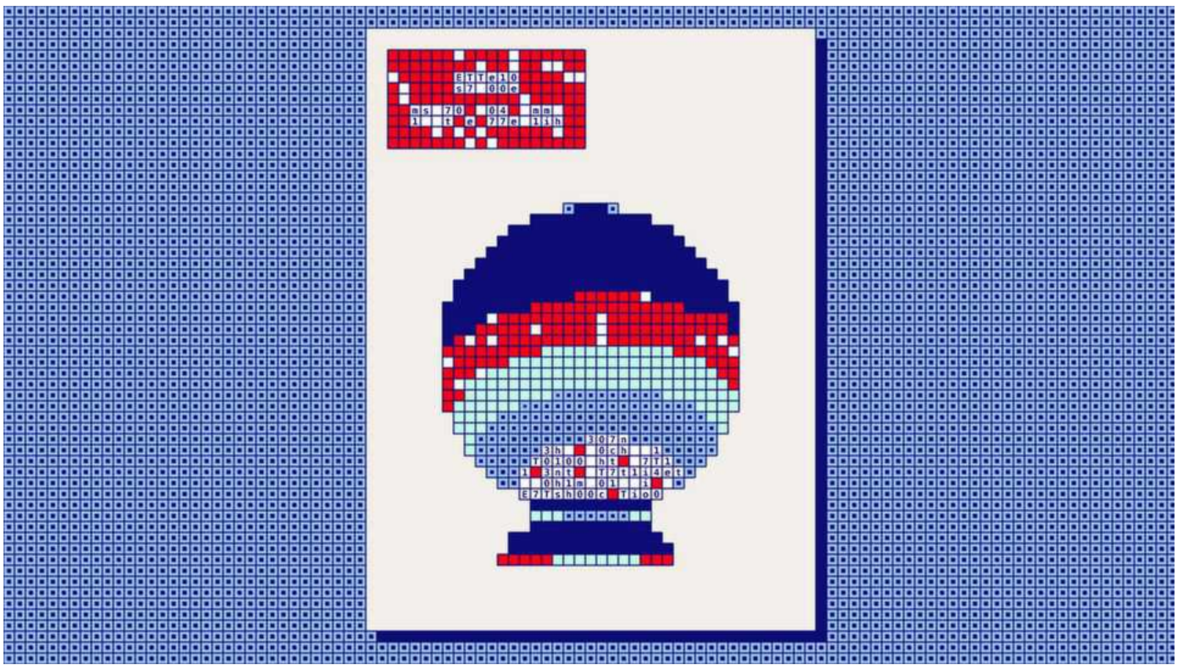
Finance & economics | Predicting the future

Is The Economist always wrong?

We used artificial intelligence to test the accuracy of our forecasts

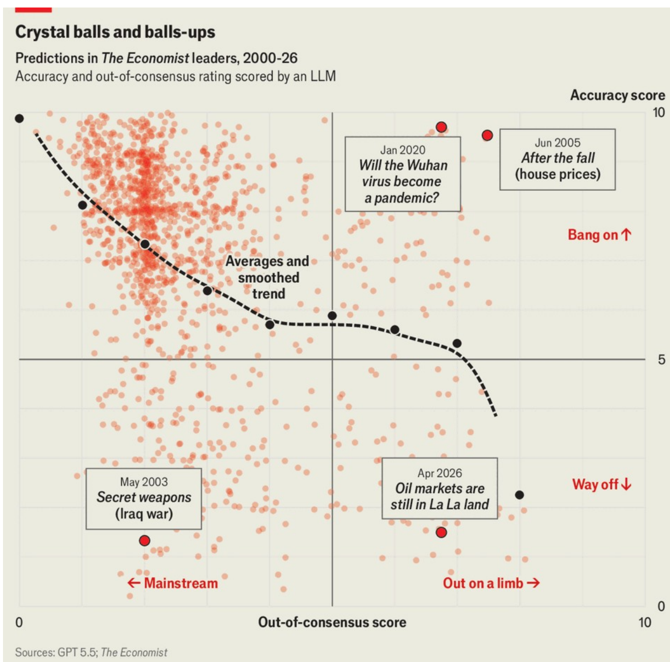
July 2nd 2026



The tone of pronouncements made in the leader pages of The Economist has been likened to the "voice of God". The comparison is not meant flatteringly. But it raises a fair question. A deity would be omniscient. How accurate, by comparison, are our predictions? Rigorous fact-checking usually saves us from embarrassing errors about the present. The future is trickier.

In 1999 we said oil could fall to $5 a barrel, from around $10 at the time. That $10 turned out to be a generational low. Prices rose more than tenfold in the next decade. Then, in 2013, we called a peak in global oil demand. Today it is still stubbornly trundling upwards. This April we said that oil markets were in “La La land” about the war in Iran and predicted a spike in prices. They have since fallen by about a third.

Perhaps the black stuff is our bête noire. Yet these howlers, and others, have given rise to the charge that, far from being all-knowing, The Economist is so reliably wrong that the smart move is to bet against it. There is no better time to double down on a stock-market rally than when we start fretting about a bubble. Last year the then chairman of Reform uk, a populist-right party, called The Economist the “ultimate contrarian indicator”, while complaining about our criticism of his party’s fantasyland fiscal numbers. (A few months later, the party reversed course and ditched those policies.)



Is the accusation fair? Or can The Economist lay claim to a creditable forecasting record? Predictive perfection is not our goal and we aim mainly to inform and stretch minds. But ideally we would be right more often than wrong. To assess our record with something approaching neutrality, we took the 7,000 or so leaders The Economist has published this millennium and fed them into gpt-5.5, an artificial-intelligence model.

We asked it to assess whether each leader had made a falsifiable claim about the future as part of its main thesis. About 1,400 did. We then extracted those predictions, and asked the AI to mark out of ten both how contrarian the leader's outlook was at the time and how accurate the prediction turned out to be. We ran those queries several times and took an average.

Overall, the ai assessor's conclusions are reassuring, at least for those of us who make a living writing (and occasionally predicting) for The Economist. Unsurprisingly, prognostications that aligned heavily with conventional wisdom tended to prove accurate. The handful of calls that were wildly at odds with conventional wisdom at the time were less so. But neither of these results tells you much about The Economist's predictive powers.

Across the wide middle ground where The Economist was neither safely conventional nor exceptionally daring, the newspaper had consistently better-than-even odds of getting the future right. The chart below puts some numbers on that. Up to a contrarianism score of around seven out of ten—a leader asserting (correctly) in 2013 that bitcoin had staying power or one suggesting (incorrectly) in 2000 that Europe would outgrow America over the next decade—the average prediction comes out more right than wrong.

Cast your mind back to the turn of the millennium, when our leader sample begins. We were preoccupied by transformative technology. Market optimism seemed to be teetering on the delusional. As the dotcom crash took hold, we fretted (accurately) about America's economic pain spreading to Europe and Asia, and (unnecessarily) about a second dip in growth. But soon we began to fulminate about the next crisis—which started in America's housing market and culminated in the worldwide financial mayhem of 2007-09.

By 2003 we were warning readers that housing markets looked frothy and calling America's carmakers "an endangered species". By 2004 our worries extended to stocks; easy monetary policy was pumping out overly cheap liquidity. In 2005 those concerns were more acute. We put a plummeting brick labelled "House Prices" on the cover, with the strapline "After the fall".

In early 2006 our cover likened the American economy to a stick of dynamite. Over the next few years the housing market, then the stock market, and finally the global economy collapsed. We had hoped that strong growth outside America would prop up the rest of the world, and argued that as “America drops, Asia shops”. Instead, global gdp fell, even though a few Asian economies held up.

Our warning in late 2007 about “America’s vulnerable economy” (illustrated with a version of the poster for the film “Jaws”) turned out to be more on the money: by the start of the following year, most forecasters were expecting a recession. In 2011 we returned to an image of swimmer and shark to warn about a “double dip” downturn. Like ten years earlier, that fear proved to be unfounded.

If The Economist was downbeat about the world’s economic prospects, we were exuberant about technology. Sometimes this exuberance turned out to be justified. We declared smartphones the future of computing in 2002, said that something like streaming would devour DVDs in 2008, and cautioned in 2011 that a flood of Chinese-made cars would wash over the West. Still, our techno-optimism occasionally got ahead of itself. Distributed electric grids (boosted by The Economist in 2000), cheap bioethanol (2003), open standards for social media (2008) and augmented reality (2016) have yet to bring about the breakthroughs we prophesied.

And then there is politics. It is not easy to foretell the decisions of voters or, for that matter, mercurial autocrats. The Economist was convinced by the false claim that Saddam Hussein was hiding weapons of mass destruction, but was right in 2003 to doubt Vladimir Putin was a true democrat. We toyed with the idea that China’s Communist Party might give ground on democratic reforms. In America we correctly forecast that Ted Cruz would not win the 2016 election, but for the wrong reason: we thought that his combative antics would alienate moderates. In fact, Donald Trump offered an even more furious alternative and still bested Hillary Clinton.

When covid-19 began infecting the globe, we were ahead of the crowd. By late January 2020, long before governments started ordering shutdowns, we had sounded the alarm that the disease would spread worldwide. By the end of February, we said it would be a pandemic. Stock markets tumbled by a quarter in the following weeks. Once pandemic stimulus spending fuelled inflation in 2022, we expected a much sharper rise in interest rates than the Federal Reserve, or bond markets, were pricing in. That turned out to be correct; our next bet, that this tightening would lead to a recession, did not.

The world economy achieved a “soft landing” as inflation fell mostly back to normal.

So much for the past. As for the future, we expect the rich world’s debt binge to end in an inflationary mess and for AI to cause seismic economic and political disruption. We think that the global population will peak decades sooner than official projections. How are these predictions looking? It is, mostly, “too early to say”, as Zhou Enlai, communist China’s first premier, is misquoted as remarking when asked to assess the impact of French Revolution. Come back in another quarter of a century to see how we did. ■

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Finance & economics | Outflows in disguise

China cracks down on rule-bending offshore investments

It wants mainland investors to bet on its own tech dreams, not America's

July 2nd 2026

SOUNDWILL PLAZA in Hong Kong used to host a restaurant dedicated to the Transformers film franchise. The burger buns were stamped with robot faces and the gift shop featured a towering model of Optimus Prime (a robot that can transform into a lorry) striding through a portal. Last year, however, fast food gave way to fast finance. The site was taken over by Futu Securities, a tech-savvy brokerage with over 3.5m clients. Futu boasts it can open a new account in as little as three minutes—about the time it takes to flip a burger.

When the flagship store opened in August, Futu was doing a lorry-load of business. But some of its client accounts have drawn the ire of the authorities in mainland China, which maintains strict capital controls. In May they accused Futu and several similar brokers of offering services on the mainland without a licence. Futu faces a fine of some $271m and must close illegal accounts in two years. The price of its shares, listed on America's Nasdaq Exchange, is down by a fifth since May 21st.

The timing of the crackdown was unusual. In the past regulators have tightened capital controls when China's exchange rate was looking wobbly. But the yuan has been one of the best-performing currencies in Asia over the past year (see chart). Its rise could erode the competitiveness of China's exports, which have been propping up the economy's growth. Capital outflows, which were large in March, have relieved that pressure on the currency. The crackdown will instead add to it.

Regulators may fear they have no choice. China's balance of payments may not always be as robust as it looks now. Higher prices for imported semiconductors are already eating into its trade surpluses. America's Federal Reserve, under new management, is expected to raise interest rates at least once this year; China's central bank might still have to cut.

A widening rate gap will encourage more Chinese money to seek higher returns abroad. America's [towering tech debuts] on the stock market have already caught the jealous eye of Chinese investors. At the Lujiazui financial forum in Shanghai this month, some mainlanders grumbled about their exclusion from the recent SpaceX listing. (Futu is offering shares worth up to HK$1600, or $205, in Elon Musk's rocketry firm as a bonus to new account-holders this month.)

In a speech in Shanghai, Zhu Hexin of China's State Administration of Foreign Exchange observed that capital flows have become more volatile. Investors' money is also crowding in "future industries" like artificial intelligence and biomanufacturing, following a "tech narrative". The government, he said, wants to ensure capital serves the "real" economy "while safeguarding the bottom line of security".

Mr Zhu insisted that China will still open up more fully to global capital, as stated in the country's five-year plan released last year. But the government is keeping a closer watch on the doors investors use. New regulations on outbound investment, which came into effect on July 1st, broaden the definition of direct investments, vet them more rigorously for their national-security implications and subject them to ongoing monitoring even after the transaction is completed. Chinese officials are on their guard against the "Singapore wash" after Manus, a Chinese AI firm, reinvented itself as a Singaporean entity so that it could sell itself to Meta, only for China to then block the deal.

Another trend is the "renminbification" or "renminbisation" of overseas assets—ugly and uglier words for raising the yuan's global stature. Banks are encouraged to lend abroad in China's currency, not dollars. This ought to ease some of the risks of opening up. Loans and deposits in yuan already account for almost 40% of Chinese banks' foreign assets, up from less than 20% four years ago. The share "is substantial and increasing", points out Alicia García-Herrero of Natixis, a bank.

Every other outflow will be limited by quotas or "closed loops". Mainlanders can, for example, buy a range of shares and bonds in Hong Kong through an official "connect" scheme. But when they buy the securities they pay brokers in yuan, not Hong Kong dollars. And when they sell, the proceeds are returned to them in the same currency, closing the loop. Approved institutional investors (including mainland banks, insurance companies and securities firms) are also allowed to accumulate foreign financial assets, which they can then package into funds and other products for their clients. But their combined holdings are subject to a quota of $176bn. The limit has already been raised once this year, and Mr Zhu said it would be raised again. But it remains “tiny”, says Ms García-Herrero.

China’s leaders like to build things, at home and abroad. They also like to see their national champions and national currency gain ground overseas. But they cannot shake the suspicion that capital outflows are “unpatriotic and damaging to the Communist Party’s prestige”, as Gabriel Wildau of Teneo, a consultancy, has put it. They do not want their citizens betting on foreign “tech narratives” that compete or conflict with their own vision of the future. If money is to stride out of China, it must pass through portals they approve of.■

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Finance & economics | A Bolivarian resolution

Unpacking Venezuela's peculiar debt restructuring

Hazy numbers and the absence of the IMF make for an unusual negotiation

July 2nd 2026

THE EARTHQUAKEs in Venezuela on June 24th are a humanitarian disaster. They are also an economic calamity. Estimates suggest damage of at least $10bn, equivalent to a tenth of Venezuelan GDP, already diminished by years of mismanagement and corruption. It could cost ten times that. To make matters worse, they struck just as the interim government of Delcy Rodríguez, installed after America deposed her predecessor and boss, Nicolás Maduro, is preparing to renegotiate the country's $240bn or so in debt. A deal would help clear the path for economic recovery—if it can be pulled off.

This will not be straightforward. The restructuring will be among the largest in history. In nominal terms the combined debts of the government and PDVSA, the state oil firm, are comparable to those of Greece, which defaulted on $260bn in bonds in 2012. Relative to GDP, they are twice as large.

The deal will also be peculiar. It involves a motley crew of creditors. And it does not involve the IMF—usually at the centre of sovereign restructurings. Moreover, observes Orlando Ochoa of the Oxford Institute of Energy Studies, a think-tank, “Two decades of administrative decay have depleted the skilled personnel required to navigate international financial negotiations.” Instead, the government is paying Centerview Partners, a Wall Street investment bank, a reported $150m to negotiate on its behalf.

Those in line for a payout include bond-holders ($60bn) and those owed interest ($40bn), whose identity is uncertain after institutional investors sold off Venezuelan paper to distressed-debt funds; suppliers holding unpaid invoices ($30bn); companies such as ExxonMobil whose assets were expropriated under Mr Maduro’s predecessor ($20bn); bilateral creditors like China and Russia ($10bn-20bn); and development banks ($4bn). Even if the last two groups are excluded from this restructuring, as the government confirmed in May, it will be hard to align incentives.

The IMF, which would normally help with such alignment, is increasingly distrusted by creditors and debtors alike. Its forecasts often look too rosy ahead of a crisis and too glum afterwards. Venezuela has not asked the IMF for money. Nor has it requested a debt-sustainability analysis, which the fund normally produces as an impartial arbiter. Instead, the government reportedly plans to release its own public-debt review in the coming weeks. Its impartiality will obviously be questioned.

The legal terrain in Venezuela is also rocky. Some of the debt, issued by Mr Maduro’s government but not endorsed by the National Assembly, may not even be legitimate. American creditors, almost certainly owed a big slug of the debt, need the blessing of the Treasury Department, which has eased sanctions on Venezuela since recognising Ms Rodríguez’s government but not lifted them entirely.

Given the debt's vast size, creditors will need to make concessions. These may take the form of haircuts on principal, moratoriums on interest (which worked well in a recent large restructuring of Zambia's debt) or maturity extensions. Just how much the owners of the obligations can expect to claw back will depend on how far and how fast Venezuela's wrecked economy can be revived under new stewardship.

At the moment it is in tatters. Between 2012 and 2025 GDP contracted by two-thirds. But details about the economy's actual state are scarce. The IMF, which publishes annual economic analysis of each member country, last did so for Venezuela in 2004. It put dealings with the government on hold entirely in 2019 and resumed them only in April.

The main source of comfort to creditors is the oil industry. Estimates by JPMorgan Chase, a bank, and the Council on Foreign Relations, a think-tank, suggest that up to $20bn in investment could increase Venezuela's oil output by 0.5m barrels per day (b/d) in a couple of years, to around 1.5m b/d. If the price of Venezuela's bituminous crude averages $60 a barrel, this could raise annual exports by roughly $10bn. With investments of $100bn, production could rise by as much as 2m b/d and yearly export proceeds by $40bn after a decade.

A more ambitious recovery plan—perhaps backstopped by America, where Mr Trump is trying to drum up investment in Venezuelan crude—might seek to restore the country's GDP to its heyday in the early 2010s. Doing so would better equip the government to honour its debts. It may also ultimately require fewer total concessions from creditors. To increase the likelihood of such a happy long-term outcome, those creditors may need to be more generous in the short run. They will be more willing to oblige if Ms Rodríguez can convince them that Venezuela has forsworn Mr Maduro's kleptocratic ways for good. Making the current deal less opaque would be a good place to start.■

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Finance & economics | Dubai-on-Bosporus

Turkey's economic plan to win from the Iran war

The country is a case study in the spillovers of conflict—both positive and negative

July 2nd 2026

WAR LEAVES behind economic wreckage. Over the past four months it has caused $600bn-worth of damage to Iran, according to the IMF, and up to 7% of the workforce have lost their jobs. The economies of Iran's richer Gulf neighbours have shrunk and the conflict may knock two percentage points off GDP growth in the broader Middle East this year.

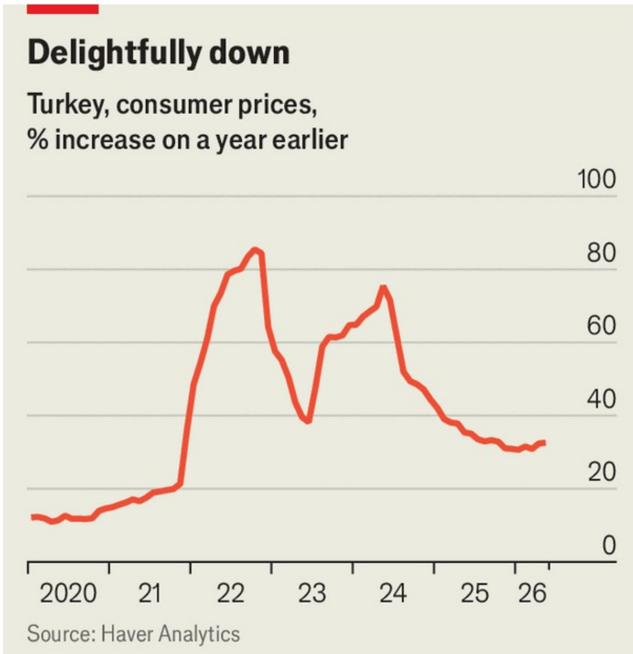
For Turkey, a large economy perched between the volatile region and Europe, the fighting in the Gulf has been a mixed blessing. Soaring oil prices pushed monthly inflation above 4% in April for only the second time in a year. The central bank burned through more than half of foreign reserves propping up the lira. Yet trouble next door is also an opportunity. "The Gulf has lost a lot of business in the past few months," says a finance-ministry official, "and we think we could take some of it."

Istanbul, and Turkey more broadly, is already becoming a commercial roundabout for business between Central Asia, the Middle East and Europe—shabbier than the Gulf's, but bustling. Some shoppers browsing the boutiques in the city's posh Nisantasi neighbourhood say they would be in Dubai were it not for the war.

Across the Bosporus, Turkey's third-biggest cargo terminal is nearly overflowing. Dock workers, on a cigarette break before overtime, say volumes have tripled since the Strait of Hormuz closed. Turkish ports have never handled this many shipments in spring. More fossil fuels are flowing through pipelines that cross Turkey, connecting Europe to energy suppliers. Flows through the Kirkuk-Ceyhan oil pipeline from Iraq are set to be three times higher in August than in April.

Turkey wants more. Iran's chokehold over the strait has revived plans for at least three railways and road networks from the Middle East to Europe. All, officials hope, will attract foreign investments worth billions of dollars. The Hejaz Railway, for instance, would carry crude oil and passengers from Saudi Arabia. Officials insist more visitors, like those shopping in Istanbul, will soon transform industries from tourism to entertainment. Turkey's defence industry, which has been pumped with state handouts in recent years, exported roughly as many arms as Germany in 2025. Since February, according to two Turkish officials, three Gulf countries have started negotiations for arms deals.

Another big prize for Turkey would be to attract investors displaced from the Gulf. The Istanbul Financial Centre (IFC), a gleaming island of glass towers which opened in 2023 to house global financial firms, was until February home only to state-owned banks and regulators. Now Ahmet Ihsan Erdem, the IFC's boss, and Mehmet Simsek, Turkey's finance minister, are boasting of 40 Gulf banks and consultancies seeking to move in. In May the government offered tax breaks for foreigners (and special perks for IFC residents).



Under Mr Simsek and the equally reasonable Fatih Karahan, who leads the central bank, Turkey's economic management is no longer as batty as before (a few years ago President Recep Tayyip Erdogan insisted that higher interest rates caused inflation). In 2025 growth was a solid 3.6% and annual inflation fell by 24 percentage points to 35% (see chart). Since February tourists and cargo have helped cushion the energy shock, and the April ceasefire tamed price rises to just 1.7% in May.

Yet Messrs Simsek and Karahan have their work cut out. The war has strained Turkey's budget and balance of payments. Tax breaks on fuel, which have helped contain high energy prices, could cost 0.6% of GDP. Between January and April foreign reserves fell from $79bn to $18bn, as the central bank sold dollars in pursuit of a stable lira. Although reserves have now stabilised, selling more of them without earlier replenishment could lead to a further loss of faith in the central bank and to inflation that eventually forces the government to impose capital controls.

Some Western financiers fear a return to fiscal and monetary folly—not least because the sensible Mr Simsek has reportedly fallen out with Mr Erdogan. Foreigners have withdrawn at least $10bn from Turkey since the Iran war began.

Many Gulf escapees are choosing other destinations. Hedge-fund managers fleeing Dubai prefer Miami and Milan to Istanbul. High-rolling executives in search of good schools for their offspring favour London or Geneva. Judging by conversations with a dozen of the IFC's new residents, most employ fewer than 50 people in Istanbul. Few foreign shoppers strolling around Nistantasi say they plan to return. A boom in logistics and shipping, which make up less than a tenth of the Turkish economy, has limited impact by itself.

War next door affords Turkey a chance to shed its reputation as an economic basket case. But it will take more than that to turn it into an economic marvel.■

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Finance & economics | Free Exchange

Are stablecoins money?

Policymakers' job is to make them safe as well as useful

July 2nd 2026

IN TEXTBOOKS MONEY is a means of exchange, a store of value and a unit of account. In life it is a giant confidence trick: people trade with it, save it and keep count with it because everyone else does. Notes are just slips of paper; coins, mere alloy. Most money is simply data: some in the form of "reserves", liabilities of the central bank; much more of it created by banks calling loans and deposits into being at a keystroke.

The trick works because of three things. First, singleness: a dollar in one bank is worth the same as one in another and, if you want it, as a dollar bill from the Federal Reserve. Second, transferability: dollars move more or less frictionlessly between banks, people, businesses and governments. Third, elasticity: the supply of money adjusts as required—usually quite calmly, as banks extend or rein in lending, but in a crisis, pouring forth from the central bank, the lender of last resort.

There is nothing natural about this set-up. As a report by the Centre for Economic Policy Research (CEPR), an international network of economists, points out, it is an institutional arrangement, sustained by banks' access to central-bank liquidity, deposit insurance, bank-capital rules and more. As circumstances change it adapts, for better or worse. Just now, digital innovations—a giddying lot of changes if ever there was one—pose an awkward question to those in charge of the arrangement: how to make the system more efficient without making it any less safe?

Lately they have been paying a lot of attention to stablecoins—an example chewed over in the CEPR report and the sole subject of another new study, by the Bank for International Settlements (BIS), the central banks' central bank. Stablecoins are privately issued digital currencies, which unlike (say) bitcoin are guaranteed by their creators to maintain their value against a reference asset.

Of those pegged to fiat currencies, 99.4% by value are tied to the dollar, according to the BIS. These are led by USDT, issued by Tether, a company incorporated in El Salvador, and USDC, from Circle, based in New York. (Neither is a bank, but Circle now has a banking subsidiary.) Dollar stablecoins are backed mainly by Treasury bills, reverse repos and bank deposits, though Tether has some higher-yielding reserve assets. Their total worth exceeds $300bn, equal to around 1% of the outstanding value of Treasuries.

They are still mainly used for trading crypto assets. But there are several other ways you can see stablecoins making payments slicker and financial intermediation more competitive. Combined with smart contracts, they can also speed up settlements and payments, obviating the need to go through a long chain of lawyers and banks. They promise faster and cheaper cross-border payments than on conventional rails. Besides crypto trading, another increasingly popular function is to provide exposure to dollars in emerging economies, where local currencies are less reliable.

Does this make stablecoins money? Not really, or not yet. As a means of exchange, their use is still specialised; as a unit of account, their identity is borrowed. They lack singleness: at times the value of dollar stablecoins has varied from $1, though rarely by much. (In 2023 USDC dropped briefly to 88 cents when Silicon Valley Bank, where Circle had deposited cash, failed; these days it has $12.3bn of its $74.1bn in backing assets stashed in very big, safe banks.) Elasticity, the CEPR report argues, may be questionable: stablecoins may find it hard to meet redemptions in a hurry without access to central-bank support. That puts them closer to money-market funds than to bank deposits.

There are other risks, too. The BIS notes that stablecoins account for a fair bit of illicit activity on blockchains (a recent report by Chainalysis, a research firm, suggests the biggest culprit is a rouble stablecoin). Dollar stablecoins may be great for people and businesses in emerging economies, for example, but less good for central banks. They lose seigniorage (the difference between the value of money and the negligible cost of creating it) and their monetary-policy levers may be less effective. For governments, stablecoins are a helpful extra source of demand for their bonds—but also a source of worry if a coin suffers a run.

So, how to regulate them? Amid the recent flurry of laws and proposals from the world's policymakers, there are some similarities. None seems inclined to allow stablecoin issuers to pay interest, which would make them direct competitors for banks' deposits (though America's GENIUS Act, which comes into effect next year, permits distributors to pay rewards). All require redemption at par, but some are vague about how quick it should be.

They insist coins be backed by short-term liquid assets. The Bank of England, for example, has proposed 30% be in deposits at the central bank and 70% in short-term gilts. Such full backing, says Jeremy Allaire, the boss of Circle, means "stablecoins are significantly safer than bank money", only a fraction of which is covered by such reserves. (In the European Union, though, a minimum share must be in bank deposits.) Rules on access to central-bank facilities also vary. Britain is pondering lender-of-last-resort facilities, which America intends to reserve for traditional banks (although the Fed may give non-bank issuers accounts for payment and settlement). The EU provides no central-bank support.

Does all this make stablecoins money? Their issuers will surely say yes; banks (and most economists) will probably disagree. Yet the more relevant question is whether it makes them more widely used. The answer here is: probably (though the CEPR authors point out that tokenised bank deposits, combining programmability with the backing and reputation of established institutions, will be formidable competition). What matters most of all is that the great monetary confidence trick keeps working.■

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Science & technology

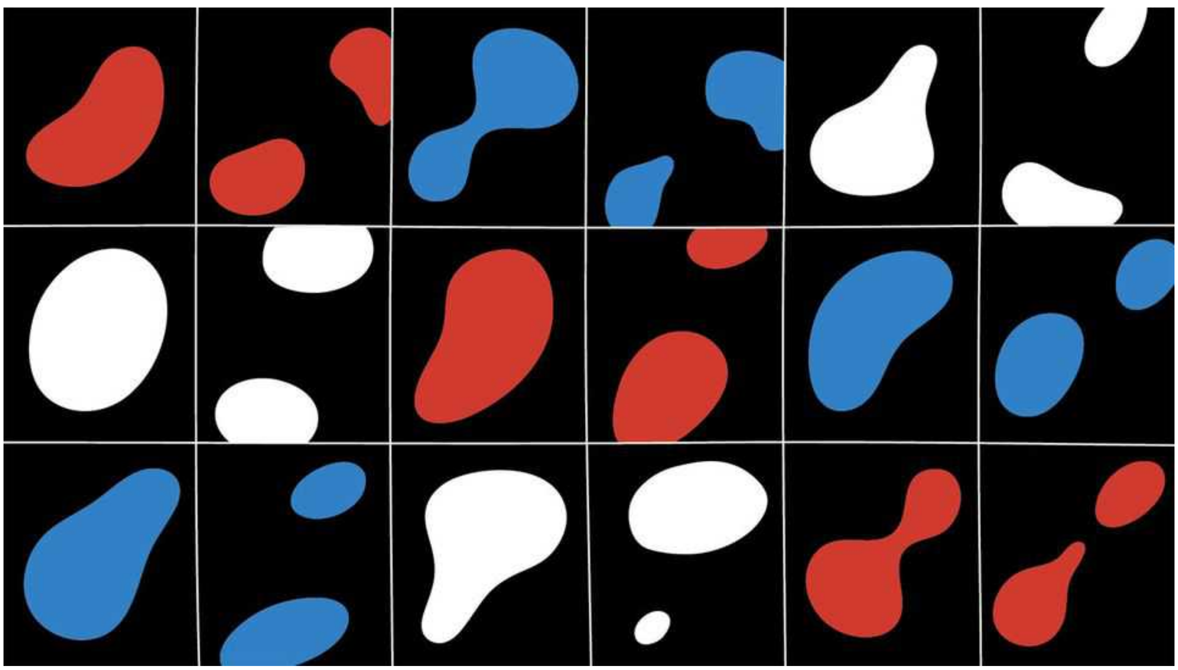
- Scientists take another step towards lab-made life
- Should every baby’s DNA be sequenced?
- Scientists can now study the event horizons of black holes
- Is too much sleep as bad as too little?

Science & technology | The bare essentials

Scientists take another step towards lab-made life

What do you call an organism with no evolutionary ancestors? SpudCell, apparently

July 2nd 2026



THEIR MAKERS call them “SpudCells”. Unglamorous as that sounds, it is still somewhat flattering. A potato is solid, robust and purposeful. The cells made in Kate Adamala’s lab at the University of Minnesota are, in her own words, “wimpy” and “helpless”. They have no metabolism, instead depending on a bespoke environment for nearly everything they need. They do nothing but follow the programmes for growth and reproduction written into their seven loops of designer DNA.

But that is enough to make them revolutionary. Unlike everything else ever seen which grows and reproduces itself under genetic control, neither the SpudCells themselves, nor any parts of them, have ancestors. Their bodies and genomes were built in the lab from scratch, each molecule specified precisely. According to John Glass, a pioneer in the field who works at the J. Craig Venter Institute in San Diego, this makes the SpudCells “a landmark event in the history of biology and synthetic cells.” That said, he adds, “Most people won’t appreciate its importance.”

One reason it might be underappreciated is that making living cells is not hard in itself; other cells do it all the time. Start with a single bacterium at the beginning of the day and you can have a million by teatime. But no humans can make one from scratch, and the mechanisms by which cells themselves do it remain mysterious.

In the 2010s Dr Glass and his colleagues used studies which had identified every gene a bacterium could manage without to try and create a minimal genome: a set of 473 genes that appeared absolutely essential. They then transplanted a chromosome containing all those genes into another bacterium. Some of that cell’s offspring inherited just the new chromosome; any which still had the old DNA were killed. If the resulting cells didn’t work, the researchers tweaked and tried again.

Eventually that process produced streamlined cells with a small, wholly synthetic genome that were nonetheless capable of reproducing themselves. But the researchers could not say quite how. Many of the 473 genes were known to be involved in obviously vital processes, such as copying DNA, making new proteins, metabolising food and so on. But the functions of almost a third of them were unknown. Ten years on, 60 or 70 still remain mysterious.

Dr Adamala worked from the bottom up rather than the top down. Instead of asking what genes an existing cell could do without, she added genes whose functions were known to inanimate bubbles of fatty membrane called liposomes. Everything the resulting cells do, they do because of molecules that Dr Adamala’s team put there. That leaves no room for mysteries.

The most impressive of those abilities is reproduction. If enough big proteins—more or less any big proteins—stick to the outside of a liposome it will fold in on itself and become two smaller liposomes. The genomes inside the SpudCells express a protein which inserts itself into their outer membranes and attracts big proteins in the medium in which the cells grow. Once enough of these proteins—Dr Adamala calls them bouncers—stick to the liposome's outside it folds and divides. If each new SpudCell has copies of all seven little chromosomes, the same process begins again. In a preprint published on July 1st Dr Adamala describes getting SpudCells to reproduce this way for five generations.

This does not mean the cells are alive—or at least, not quite. They can produce only some of the molecules needed to take information in from their genes and turn it into proteins. They grow only because they are fed a diet of nutritious but DNA-free "feeder" liposomes with which they can merge. Still, populations of SpudCells can evolve. If you start off with a population in which some cells have genetic "promoters", which boost their production of the protein needed for merging with food-parcel liposomes, then after a few generations that variant becomes the dominant form.

The problem with SpudCells is that, lacking ancestors, they are hard to make. Dr Adamala's preprint is, she says, the result of roughly five researcher-years of work. Other labs have learned some of the techniques, but mostly only by exchanging researchers with Dr Adamala's lab. This is why she and some colleagues are also launching a not-for-profit research organisation named Biotic.

Most lab biology is artisanal. It takes a lot of demand to make a technique standardised and automated. One of the purposes of Biotic (which stands for "Biology is open technology inspiring civilisation") is to standardise and automate things early on, in the hope of driving that demand and thus accelerating progress. The hope is that systems like Dr Adamala's become easy to replicate, and easy to tinker with and develop by adding similarly standardised modules.

Drew Endy, a biologist at Stanford University and Biotic's founders, says the idea is to use philanthropic funds to turn techniques like Dr Adamala's into the engineering foundation of a type of synthetic biology which goes far beyond the field's current capabilities. People often talk of pure science, but rarely of pure engineering. If they did, though, the "building things to learn how to build such things" ethos of Biotic would fit the bill very well.

Admittedly, synthetic cells are not a near-term solution to any problem. But the ability to design self-assembling artefacts that can reproduce themselves might be the basis of a new and transformative general-purpose technology. Biotic's founders think that possibility needs to be explored quickly by a research community that is alive both to the promise and the risks, imbued with common purpose and committed to transparency. If that sounds like the original vision of OpenAI—a big AI lab that started life as a high-minded non-profit—that, says Dr Endy, is because it is. The fact that OpenAI did not live up to its founding purpose does not mean that purpose was a bad one.

The Biotic founders are not the only synthetic-cell accelerationists out there. Chenli Liu, a Chinese researcher, runs a large synthetic-biology institute in Shenzhen whose motto is "build to learn, build to use". In May Dr Liu and researchers from over a dozen other institutes around China, along with colleagues from Japan, Malaysia, Singapore, South Korea and Thailand, came together as the "SynCell Asia Initiative" to publish a framework for building a synthetic cell. It lays out ambitious plans for the development of various core modules that can be integrated into a truly living "AutoCell" at an "AI-driven biofoundry". The chances of it being as open as Biotic seem slim.

On one level the name "SpudCell" is just a joke. Dr Adamala's colleagues had taken to referring to their creations as "Adamala cells", which she disliked. "'Just call it anything you like—call it potato if you like,'" she remembers saying at a meeting "And Drew said, 'Okay, it's a potato, it's a SpudCell.'" But the silly-sounding name might turn out to have a semi-serious resonance. Dr Endy draws an analogy between SpudCells and Sputnik, the Soviet Union's first satellite. Sputnik itself was small and useless. But the "Sputnik moment" kicked off the superpower rivalry which drove the Space Age. Dr Endy and the others at Biotic likewise hope that the "SpudCell moment" has arrived. ■

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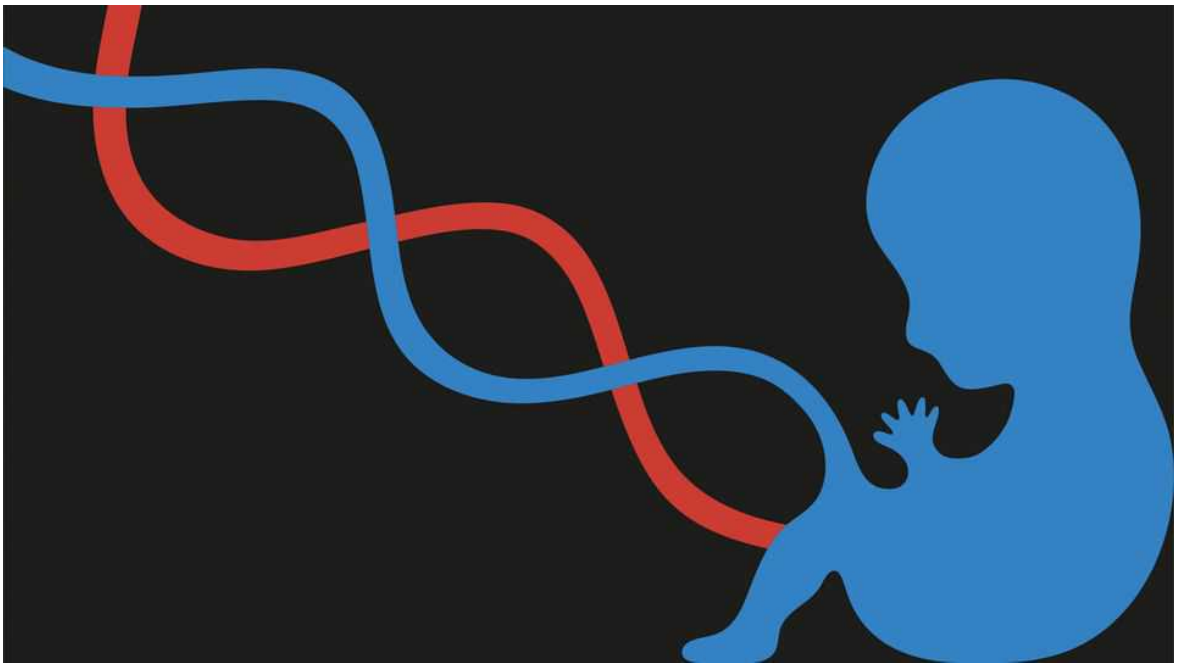
Science & technology | Small people; big data

Should every baby's DNA be sequenced?

The genomic generation is on its way

July 2nd 2026



Shortly after Freddie was born in April 2025, he was diagnosed with retinoblastoma, a rare form of eye cancer. It was spotted early and treated promptly, which means he has a much better chance of growing up with normal vision. That quick diagnosis was no accident. Freddie is part of the Generation Study, an English programme which plans to sequence the complete genetic code of 100,000 babies. The idea is both to screen them for genetic diseases and to use the collected genomic data to boost medical research in future.

Similar trials are under way in America, Australia and parts of Europe, to test whether such screening should be offered for all newborns. Supporters hope to transform the diagnosis and treatment of rare diseases. Critics fret that genomic sequencing may cause needless worry, and require parents to hand over sensitive data about their children.

Many countries screen infants for diseases already, usually by taking a blood sample and looking for markers of conditions such as sickle-cell anaemia or cystic fibrosis. The most comprehensive screens, such as Italy's, look for markers of around 50 diseases. Analysing DNA rather than blood can increase that number dramatically, as well as flagging mutations that are not causing problems yet, but might in future. The Generation Study is screening for around 200 conditions that arise in childhood. In America the BabySeq2 project screened for around 1,000 genes, some linked to diseases that emerge in adulthood such as breast or ovarian cancer.

Catching more diseases earlier could help many more babies like Freddie. But there are worries to go with the enthusiasm. One is that genes are not always destiny. The average person carries scores of genetic variants that have been linked to diseases. But because of environmental factors, the influence of other genes or chance, most of those conditions never develop. Geneticists use a concept called "penetrance" to describe the proportion of people with a disease-causing mutation who actually go on to become ill. It can vary greatly for different conditions—and many estimates may be too high. Many disease-causing mutations are found by working backwards from people who are already ill, which risks inflating the numbers.

Take retinoblastoma. Early studies estimated that mutations in a gene called RB1 had penetrance of more than 90%. But a paper posted online in December found that less than a third of adults with risky variants have ever had the cancer. "I think historically people have equated genetic information with certainty," says Caroline Wright a geneticist at the University of Exeter, who conducted the study, "which is quite outdated now."

Testing hundreds of genes with low or middling penetrance could create "patients-in-waiting" many of whom will never become ill. Such diagnostic purgatory is stressful enough that, in the case of cystic fibrosis, it has a name: "cystic fibrosis, screen positive inconclusive diagnosis" (CFSPID). Parents of CFSPID children often question the worth of getting the test results at all, says Anneke Lucassen, a geneticist at the University of Oxford.

Uncertainty is not the only worry. Some treatments can cause harm too. In the case of retinoblastoma a risky mutation triggers only eye tests. But for medullary thyroid cancer caused by mutations in the RET gene (where new research also suggests penetrance is much lower than had been thought), a common follow-up is to surgically remove the thyroid gland. That leaves patients dependent on artificial thyroid hormones for the rest of their lives.

Some of the issues have solutions. Results could be given for only genetic variants which give rise to treatable illnesses, and which are known to have high penetrance—though that might upset those who would prefer to know everything. Careful communication can improve understanding of a test's limitations. Part of the point of the trials is to explore exactly these sorts of questions.

But screening is only half the story. A second goal of most programmes is to store the genomes for use in future research. Such databases can be very useful. Data from Britain's 100,000 Genomes Project, which collected genomes from patients with rare diseases and their families, allowed researchers at Oxford to spot genetic variants that cause a neurodevelopmental disorder in children.

The data could also be used to predict drug side-effects and predict how well a patient will respond to treatment. It could also be used to flag people who might benefit from new treatments that did not exist when their genomes were first stored. "I'm completely confident that our ability to understand the genome will improve," says Ewan Birney, director of the European Bioinformatics Institute. "AI is giving us a massive boost to that."

On the other hand, a person's genome is among the most personal and sensitive information there is. For some researchers and parents, the idea of storing it indefinitely is a sticking-point. There have been several leaks of genetic or medical information in recent years. In 2023, for instance, hackers stole the genetic and personal information of 6.9m customers of 23andMe, a beleaguered direct-to-consumer genetic-testing company.

The same advances in genetics that enable new treatments are also likely to enable new uses for genetic information outside medicine. In America some insurers can already use genetic-test results when setting premiums (in

Australia and Britain this is mostly banned). Insights from DNA could be used for blackmail, for instance around questions of paternity.

Jan Friedman, a geneticist at the University of British Columbia, worries that many of the proposed screening programmes suffer from “mission creep”, with most requiring parents to sign up to both screening and the long-term storage of their child’s data for research. “You can’t take part in one without taking part in the other,” says Dr Lucassen of the University of Oxford, yet “they’re so different”.

Screening programmes are usually judged on whether the benefits to the patients outweigh the costs. Medical research, by contrast, is justified by benefits that are uncertain and often accrue to other people. Current genomic-screening trials for newborns are trying to do both at once, and with patients who are incapable of consenting to boot. The benefits could be enormous. But the ethics look tricky. ■

Correction: an earlier version of this article said Freddie had been treated with photo-activated chemotherapy. This has been amended.

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Science & technology | Digging deeper

Scientists can now study the event horizons of black holes

They make the universe's most extreme gravitational laboratories

July 2nd 2026

A LONG TIME ago, in a galaxy far, far away—somewhere in the general direction of the constellation of Leo—two black holes crashed together and merged. About 1.3bn years later, on January 14th 2025, a blip appeared in the detectors at the Laser Interferometer Gravitational-Wave Observatory (LIGO), an instrument based in Louisiana and Washington state.

The blip marked the arrival of the pulse of gravitational waves—ripples in the fabric of the universe—emitted as the black holes collided. In a paper published in Nature on June 24th, a team led by Sizheng Ma of Perimeter Institute for Theoretical Physics, in Ontario, report that they have used those waves to glimpse one of nature's strangest phenomena: the "event horizons" that surround black holes.

An event horizon marks the point beyond which gravity so warps spacetime that nothing, not even light, can escape. An object that crosses the horizon is cut off from the rest of the universe, with all possible roads leading to the black hole's centre. Event horizons are invisible, although their effects can often be seen when a black hole is swallowing hot, glowing gas. Physicists nevertheless know a great deal about how they work, thanks to Albert Einstein's theory of general relativity. But physics is an empirical science as well as a theoretical one. Dr Ma thought that gravitational waves might offer a way to check that Einstein's theory does indeed match reality at the boundary of a black hole.

General relativity predicts that as two black holes collide and merge, the properties of the new hole's event horizon should be imprinted on the gravitational waves released. To test this, Dr Ma teamed up with physicists from LIGO, who are used to interpreting the complex signals that show up in their detectors. Since the wave detected last year is the clearest from a binary merger so far detected, the team focused their attention there. Sure enough, they were able to decipher the part of the signal in question. And it matched their theoretical prediction exactly.

The team's new technique provides an unprecedented view of the bizarre environment just outside an event horizon. Here light loses energy as it attempts to climb out of the black hole's immense gravitational field. That makes objects approaching the horizon appear redder and redder to outside observers. As the black hole rotates it tugs the fabric of spacetime around with it, warping distances and the passage of time. The physics of both of these effects are captured in the rumble of the gravitational waves, allowing physicists to probe gravity at its most extreme.

Or nearly its most extreme. Hidden behind the event horizon, at the heart of the black hole, is an even stranger region: the singularity. There the gravitational field is so intense that Einstein's theory starts to give nonsensical results. Most physicists see that as a hint that some new, more fundamental theory remains to be discovered—probably one that combines gravity with quantum mechanics, a feat that has eluded physicists for decades.

Event horizons are as close as the universe allows physicists to get to singularities. That makes them “very interesting from the point of view of understanding the incompatibility between quantum mechanics and general relativity”, says Nicolas Yunes, a physicist at the University of Illinois Urbana-Champaign, who was not involved in the new study. He hopes that “whispers of quantum-gravitational effects” may linger near the event horizon. Now it may be possible to check. ■

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Science & technology | Well Informed

Is too much sleep as bad as too little?

The quest for the optimal amount of shut-eye

July 2nd 2026

“EIGHT HOURS labour, eight hours recreation, eight hours rest,” said Robert Owen, a Welsh textile-maker, in 1817. His aim was a fairer work week, but the idea that sleeping eight hours a night is best has since become the received wisdom. Is it right?

Not getting enough kip can certainly be a problem. A bad night’s sleep can lead to a drop in cognitive abilities, increased stress and general grumpiness the following day. Chronic sleep deprivation is associated with cognitive decline, psychiatric disorders and even an early death. But too much sleep may also be bad for you. The evidence suggests a U-shaped relationship between health and sleep duration, with both insufficient and excessive slumber being worse than an optimal middle range.

In 2015 two big studies tried to work out exactly where that range lies. The first, published in Sleep Health, assessed 575 studies published between 2004 and 2014. For those aged 18-64, the recommended amount was between seven and nine hours a night, but that fell to just seven or eight hours for those over 65. The second, published in Sleep, analysed 311 studies. It concluded that around seven hours of shut-eye was the best target, but noted uncertainty about the negative effects of regularly sleeping longer than nine hours.

A more recent study, published in Nature on May 13th, refined these estimates by studying the effects of sleep duration on specific parts of the body. Its authors used the idea of "biological clocks", which try to work out whether a person's physiology is in better or worse nick than their chronological age would suggest. The researchers applied the concept to individual organs. Someone with a brain pathology, for example, might have a "brain age" that is higher than their actual age, explains Junhao Wen, a computational neuroscientist at Columbia University and self-admitted light sleeper, who led the study. Someone sporty might have muscles that look younger than their years.

Dr Wen and his team tracked the relationship between sleep duration and 23 different biological clocks across 500,000 adults (much of the data came from the UK BioBank, a big database). They found the U-shaped pattern across nine body systems, including the brain, lungs, liver and skin. Their findings suggest that the optimal amount of sleep is 6.5-7.8 hours for women and 6.4-7.7 hours for men.

Those struggling to get a full night's rest should not despair. Applying population-level results to individual lives is tricky, for one thing. For another, disentangling cause and effect is not easy. Are some organs prematurely aged because their owners sleep too little? Or is some other factor causing both the ageing and the lack of sleep? Besides, says Michael Grandner, a psychiatrist at the University of Arizona, duration is just one measure. Quality, regularity and continuity of sleep matter, too. His advice is: "Don't freak out about any particular number, unless it's a very unusual number."

That looks like sage advice. One irony of sleep is that worrying about it can make things worse. A 2025 survey from the American Academy of Sleep Medicine found that 76% of respondents had lost sleep due to worries about sleep. Dr Wen advises listening to what your body is telling you, and getting enough that you feel refreshed when you wake up. Aim for six to eight hours a night, in other words, but don't toss and turn over the precise number. ■

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Culture

Culture | The wheel deal

Route 66: How a century-old highway helps explain America

Driving from Chicago to Santa Monica you glimpse the best aspects of the country

July 2nd 2026

The “Mother Road” was what John Steinbeck called it in “The Grapes of Wrath”; the Joads drove west from Oklahoma in search of a better life in California. Nat King Cole sang that it was where you “get your kicks”. It gave its name to a popular network TV show in the 1960s and inspired the plot and setting of Pixar’s “Cars”, an animated film from 2006. It is the path of one of America’s most popular road trips.

Route 66 became the most famous highway in the world partly due to good timing. Its heyday coincided with America's cultural and geopolitical rise and the emergence of car culture. This year the route turns 100. And though the modern interstate is more efficient, it is far less colourful. America is turning 250 in a divided, uneasy time. The best antidote for the birthday blues is to drive all 2,400 miles (3,860km), from Chicago to Santa Monica, on the Mother Road.

Though it began as a motley stitching of state and local roads—not until 12 years after its inauguration did it become the first fully paved American highway—it quickly became the main route west, passing through eight states. Farmhands used it to flee the Dust Bowl; so did workers, many of them African-Americans from Texas and Oklahoma, who flocked to California's booming industrial base after the second world war; merry holidaymakers travelled along it to Los Angeles. During Route 66's early years, more people got behind the wheel, thanks to Henry Ford's affordable Model T. Services for drivers flourished, including petrol stations, diners and motels, as did the small towns through which the route passed.

But with just a single lane in each direction, the popular route turned into a car park. Dwight Eisenhower, America's president, had been impressed by Germany's autobahn while serving in Europe during the second world war.

In 1956 he signed the Federal Aid Highway Act to fund a system of multi-lane interstate highways. In the subsequent decades some new highways paralleled Route 66; others simply built over it. As a federal highway it was decommissioned in 1985.

That could have been the end of the story. But grassroots organisations formed to preserve and protect Route 66, in line with the observation of

Alexis de Tocqueville from nearly two centuries ago: “Americans…are forever forming associations…at the head of any new undertaking.”

That is the first lesson from Route 66: for all the hands wrung and pixels blazed about the social atomisation wreaked by the digital age, Americans retain their heartening passion for in-person voluntarism. All eight states have volunteer-led groups devoted to preserving and promoting Route 66. Cheerful, garrulous volunteers staff small-town museums and roadside attractions; indeed, the route’s vibrancy largely stems from the efforts of countless people who decided, each for their own reasons, that they want it to remain delightful and not fade into disuse and obscurity.

Bill Thomas, who chairs a national preservation group, the Route 66 Road Ahead Partnership, and is the head of economic development for Logan County, Oklahoma, sees preserving the route as a means to attract tourists. Atlanta, Illinois, a town of just 1,600 residents, claims 8,000 visitors per year. Atlanta’s main attraction is the weird, wonderful American Giants Museum, devoted to enormous fibreglass statues that businesses used to draw customers’ eyeballs and wallets. (Their unfortunate tendency to fall over sparked lawsuits and prompted their retirement.) The museum is an old Texaco petrol station; across the street, a fibreglass giant offers (or is preparing to club passers-by to death with) a hot dog the size of a park bench.

Such roadside oddities abound along the route. There is a motel of painted concrete tepees in Holbrook, Arizona. A little farther down the road is an abandoned mining town reinvented as an open-air museum of the Old West. There are also motorcycle museums, run by lovers of the open road who want to share their passion with the public.

Collectively these attractions provide the second lesson: America’s economy is dynamic and productive, yes, but also intensely creative. American businesses are very good at making customers want to buy things. Advertising, done well, is an art. Though today it is often the province of big, expensive agencies, Route 66 contains hundreds of reminders that it can also be an individual endeavour, requiring little more than a few cans of paint and a memorable name (such as the Blue Swallow and the Wagon Wheel, both motels). Gimmicks work, too: if you finish a 72-ounce steak at the Big Texan Steak Ranch in Amarillo within an hour and without vomiting, your meal is free.

The final lesson is more of a reminder: that mobility helped America boom. People can move to a new city or state to find better opportunities and reinvent themselves. Yet fewer are doing so today. And politicians have grown suspicious of newcomers. The left hates the arrival of new middle-class Americans and wails about gentrification. The right hates the arrival of foreigners and complains about jobs being snapped up. Route 66 symbolises what has really made America great.

All along Route 66 you see that the country may be politically restive and divided, but it remains a warm, fascinating place, filled with at least as many wonders as flaws. Parts of the route—the harrowing mountain passes between Cool Springs and Oatman, Arizona; the sere, striated mountains in New Mexico; the gently rolling flatlands and endless skies of Oklahoma—are breathtakingly beautiful.

Travelling the Mother Road also reminds Americans just how vast and hospitable their country still is. It has a far smaller share of grumps than you would encounter at an average airport. Its very inconvenience is the draw. "Nobody wants to drive 55 miles an hour when they can drive 75" on the interstate, complains one volunteer at a restored petrol station in Shamrock, Texas. People drive on interstates because they have to; they travel Route 66 because they want to.

Mr Thomas recalls how many foreign tourists tell him, "We're travelling Route 66 to see the 'real America'." And though of course Adrian, Texas, and Pontiac, Illinois, are no more "real" than Queens or Boston, road trips help you feel you are journeying to a deeper understanding of the nation.

Outside a café in Adrian, at the road's midpoint, a burly Frenchman called Vince looks out at the road he has just travelled and the one he is about to discover. Asked what drew him to a decommissioned highway in the middle of nowhere, he smiles and gestures towards his motorcycle: "For me, it's been a dream for a long time. And now, it's reality." ■

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Culture | Fly-by

A Danish bestseller about butterflies has set hearts aflutter

"The Butterfly Season" is about discovery, mortality and eternity

July 2nd 2026

On the first day of a new year Lea Korsgaard, a Danish journalist, decided she would set out to see every species of butterfly in a single season. She did not know why. Her knowledge of Lepidoptera was almost nil. Between butterflies and moths, she could just about distinguish that the first sort were colourful and sun-loving, the second generally hairier and nocturnal. Nor did she need this mad quest. With a hectic job, a busy husband, a dog to walk and three young sons to bring up, she had more than enough to do.

Nonetheless, she set about it. She had 64 native species to find. The names alone were enticing: purple emperor, grizzled skipper, pearl-bordered fritillary. And it was an excuse to visit parts of Denmark she had not known before. So for a year she hunted, squelching through bogs, pushing her way through forests, clambering over banks and rocks, camera or phone in hand. Few butterflies did her the favour of simply flying past her kitchen window.

She cheated a bit, of course. First, she bought a batch of butterfly eggs online—but did not count them. Later, a species forum helped her confirm her finds instantly. She teamed up with experts online to arrange meetings at likely places, learning the proper way to walk when searching: four steps, a pause, slow scan of the area, four steps more (never let your shadow fall in front of you). In the end she became such an expert that she could distinguish the tiniest variations of colour on wing-dots or antennae from several feet away.

That necessary attention to detail feeds into the rest of the story. The Scandinavia of Karl Ove Knausgaard, slow-knitting videos and hygge (cosiness) is alive and well here, helping account for the book's huge success when it was published in Denmark. Ms Korsgaard does not merely draw up a butterfly list, but "the blue rows take shape on the long edge." While chatting in the car, she also notes her gear-changes. Scraps of conversation float in and out with no resolution. But this is all a useful contrast to the dense pages she devotes to the history, philosophy and mythology of butterflies. Her search is not merely to record the physical specimens in Denmark (lamentably fewer than in past times), but to find out what butterflies mean.

As she points out, they appear even in cave paintings and ornaments from the Bronze Age. To ancient peoples the world over, they represented souls. In Greece the goddess Psyche, the soul itself, had butterfly wings. In China they were the souls of the dead; in Mexico those of the ancestors, commemorated every November when orange monarch butterflies end their migration from Texas by converging like flames in the trees. One doctor found butterflies scratched "everywhere" on the barrack-walls of Polish death camps. Far closer to home, a small tortoiseshell kept visiting Ms Korsgaard's mother after her own mother's death, apparently—explicitly, she thought—to comfort her. When she set out on her quest, a small tortoiseshell was the first butterfly she saw. "A room of light", she writes, "had opened inside me."

This message, she feels, must have to do with metamorphosis. That extraordinary process is a passage from apparent death (the chrysalis, which she too pokes obsessively as it rattles in a glass, thinking it can't possibly be alive) to the creature that emerges to cling to a stem and unfurl its glorious wings. She links this not just to religious teachings of resurrection, but to the belief of Kant and Hegel in human perfectibility through reason; and the conviction of economists (including The Economist) in the general inevitability of human progress. The butterfly is the great symbol of the theory that, through striving, perfection is possible.

Yet the butterflies she seeks are in steep decline. Between 1993 and 2023, the 22 rarest varieties in Denmark's South Sea Islands and Zealand lost nearly three-quarters of their habitats. In 1938 there were swallowtails all over Jutland, even in the dunes; 40 years later, they had stopped breeding there. She had noticed herself that there were far more fritillaries around on her childhood bike rides than now. Climate change and modern farming methods are taking their toll. She begins to panic that species might die out before she sees them, or that she might die before recording them. Thoughts of death, as well as life, spur her on.

The other meaning of butterflies is harder to explain. She is embarrassed to mention it, but she has to account for her own determined searching and the intensity of her experience when she is out in nature with them. It is not just the triumph of crossing off white-letter hairstreaks and holly blues from the long list pinned to the fridge. What she feels, as she rests on one elbow in the company of a northern brown argus, is an overwhelming sense of connectedness with both it, and all things; what Vladimir Nabokov, an ardent lepidopterist, called "a sense of oneness with sun and stone".

On a tender trip with her game and elderly mother, looking for skippers (almost her last remaining butterflies to spot), she also sees what she can only call "eternity". She has been born anew, but has always existed; hope is "perpetually fulfilled with life that gushe[s] from life". She realises then that the point of her quest was not just the collecting of fascinating creatures. It was the recollecting of herself. ■

Culture | World in a dish

Heinz tomato ketchup and the sweet taste of market dominance

The condiment that conquered the world was created 150 years ago

July 2nd 2026

EATING HABITS have changed a lot in the past 150 years. Offal and jellied eels rarely make it onto Britons' and Americans' plates any more. But one food product has remained a staple since it first hit shelves in 1876: Heinz tomato ketchup.

Heinz says it sells over 650m bottles of the red stuff every year (meaning that more than 1,200 bottles land in shopping baskets every minute). Its factories process enough tomatoes each day to fill an Olympic swimming pool. The ubiquity of its ketchup is partly a matter of taste and partly a triumph of marketing.

Versions of the condiment long predated Henry J. Heinz, a son of German immigrants to America. Ketchup is probably derived from ke-tsiap, a sauce made in Asia from fermented fish. It is thought British and Dutch traders encountered the salty, savoury sauce in the late 17th century and tried in vain to recreate it at home. Recipes often used mushrooms, but others made ketchup with plums or walnuts. (In the 1800s, the spelling "catsup" was also used.)

It was in the early 19th century that Americans developed a taste for tomato ketchup, plopped on eggs and corned beef hash or liver. Early versions of the sauce, however, were watery and spoiled easily. Manufacturers would package their sauces in coloured bottles to hide evidence of bacteria or mould; they would also use preservatives such as sodium benzoate and dyes made from coal tar. Many consumers, even then, wanted to eat clean.

So Heinz developed a ketchup that would not go off quickly, but was free from preservatives (or, as an advert pithily put it, "NOT drugged"). He used ripe tomatoes for a better flavour and colour, and vinegar to inhibit microbes. Crucially, Heinz sold his product in glass bottles, thereby signalling its higher quality.

"The beauty of Heinz is that it's not trying to be complicated," says Claire Dinhut, author of "The Condiment Book": "It's the perfect balance of sweet and umami and tangy." That sweetness pairs well with salty foods; the tanginess cuts through greasy dishes. Cookbooks aver that it is so versatile it can be used in curries, fish dishes and breads. But for many Heinz ketchup is associated with the comfort food of childhood—chicken nuggets and chips—and (for Americans) July 4th celebrations.

Nostalgia helps explain Heinz's staying power. Marketing has entrenched its position. Heinz is among the best-known brands globally: according to YouGov, a pollster, 100% of Britons and 97% of Americans know it. By advertising itself as the default ketchup, Heinz has turned that message into a self-fulfilling prophecy. Even today, when there are umpteen other ketchups on the market—including cheaper and artisan varieties—many shoppers still believe that "It has to be Heinz." ■

Culture | Money and man at Stanford

Amorality and greed at Silicon Valley's favourite university

A student journalist examines the culture at Stanford

July 2nd 2026

THERE ARE good reasons to be sceptical of this book. The author, Theo Baker, is just 21 years old. His subject is his Stanford undergraduate years—a time that feels important while living through it, but is rarely of much interest to anyone else.

Yet "How to Rule the World" is worth reading. It follows in the tradition of "One L", Scott Turow's account of his first year at Harvard Law School, and William F. Buckley's "God and Man at Yale", a jeremiad against that university's leftward drift. Mr Baker offers an inside look at a world-shaping institution. Stanford has "a strong claim…to be the greatest university in the world", with an annual budget larger than that of 116 national governments.

Behemoths including Google and Netflix were founded by its students and alumni.

The book has three strands: the skimmable bits about parties, friends, how and to whom Mr Baker lost his virginity; a journalistic story about his investigation that compelled Stanford's president, Marc Tessier-Lavigne, to resign; and a scathing look at how Stanford's ties to Silicon Valley have hollowed out its moral core.

Ken Auletta, a journalist at the New Yorker, called the university "a giant tech incubator with a football team". Many faculty members have grown rich as early investors in their students' ventures; venture-capital (VC) firms looking for the next big thing have their eyes on undergrads. A student "with sufficiently promising ideas or tech now has no problem raising seven figures on their own", Mr Baker writes. Some do not even need an idea: "If you have the right pedigree, the VCs will offer you money without so much as the glimmering of a possible startup in mind."

Obtaining the right pedigree is essentially a matter of reputation, so the competition to be seen as successful, to get into the "Stanford inside Stanford", as Mr Baker calls it, is intense. Students cut ethical corners; adults entice these gifted, driven teenagers by telling them how special they are. The traditional goals of a liberal-arts education—self-knowledge, critical thinking, inculcation into a shared culture and history—fall by the wayside.

Mr Baker, intending to go into computer science, instead finds a home at the student newspaper, the Stanford Daily. Initially he did not believe journalism was for him, but perhaps he had a genetic predisposition towards it: both his parents are superstar journalists and Mr Baker, too, turns out to be a fearless reporter. His investigation into manipulated data in papers co-written by Mr Tessier-Lavigne made him the youngest-ever winner of a George Polk award, a prestigious journalism accolade.

One reason for Mr Baker's success at Stanford was a lack of competition: as the Daily's faculty adviser laments, "very few students care much about journalism." When everybody wants to get rich—and countenances "a system that embraces 'just a little bit of fraud'", as one fellow student quipped—nobody wants to look too hard beneath the shiny surfaces. In decrying Stanford's thrall to money and power, Mr Baker's book also testifies to the importance of good local journalism to hold that money and power to account. ■

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Culture | Boom scrolling

The Herculaneum scrolls are starting to be read

The technology is dazzling. Whether the prose will be is another matter

July 2nd 2026

It looks like nothing: a lump of coal, at best. A blackened fir cone or piece of excrement. It looks so underwhelming that other such lumps had, over the years, been destroyed or thrown away. This particular lump went by an underwhelming title, too: curators called it "PHerc. 1667". But at a recent press conference in Naples, PHerc. 1667 became one of the most famous underwhelming-looking lumps in classics.

The eruption of Vesuvius in 79AD made two very different kinds of classical writing famous. The first was the letters of Pliny the Younger, which contained his account of that eruption. These are minor masterpieces of descriptive writing, with words like "evil cloud", "zigzag flames" and the even more evil-feeling "descending cloud". They are also masterpieces of dramatic irony. The reader knows what will happen; Pliny did not even have a word for “volcano”. They are, rightly, some of the most-read writings from the ancient world.

The second category of writing was the 600-1,000 scrolls that were covered by the falling cloud as it travelled, at 100kph and around 400°C, over a vast library in a villa in Herculaneum. The villa was rediscovered by well-diggers in 1750. Since then the finest scholars of every era have tried to read its scrolls—and largely failed (though some were read). In the 1820s Humphry Davy, a British chemist, tried a mixture of force, iodine, chlorine and heat to get to them. (“The papyrus smoked,” wrote Davy.) Most were bibliographic Gordian knots: to open them was to destroy them.

Until now. On June 25th the Vesuvius Challenge, a scholarly collaboration, announced that all of PHerc. 1667—1.5 metres of scroll—had been “virtually unwrapped” using a combination of a particle accelerator (to scan the script) and AI (to decipher it). If the remaining 400 closed scrolls (and pieces of scrolls, as some are in bits) are read, then perhaps 3m new classical words might appear. It is a dazzling achievement and could, hopes Brent Seales, the co-founder of the Challenge, create a “renaissance” in this area.

To understand why new works matter so much, it is necessary to understand how many old ones were lost. This is hard: from Christopher Nolan's film of the "Odyssey" to Emma Thompson's forthcoming "Iliad" (based on Pat Barker's feminist retelling), the ancient world feels so noisily present that it is easy to forget how much has gone. But it has: only an estimated 10% of all classical literature has survived—and only 1% of all Latin. Worse, it was not lost evenly: Christian copyists did not like any ancient writings that were rude, lewd, sceptical, sexual, drunken or queer (which is to say: most of them), so the modern sense of the ancient world has been skewed through censorship.

Whenever a cache of ancient writings appears, it thus not only offers writing —but a potential rewriting of history. The graffiti in nearby Pompeii revolutionised classics (by showing that the Romans were rather filthy). The Dead Sea Scrolls revolutionised early Christian history (by showing that the Christian claims were not as unique as all that). The cracking of Linear B, a script, revolutionised the public's understanding of Bronze Age Greece (by showing that the Mycenaeans kept obsessive records of their goats).

Whether Herculaneum will be as revolutionary is not clear. There are promising signs: so far every text the scholars have found is "completely new", says Federica Nicolardi, an assistant professor of papyrology at the University of Naples. Every classicist has their wishlist of what might yet turn up: a poem by Sappho, a lost tragedy by Aeschylus, a lost book of Livy.

They are, alas, unlikely to have their wishes granted. The library, which is thought to have belonged to Piso, Julius Caesar's father-in-law, was evidently magnificent. Its breadth was perhaps less so: most of what has appeared so far is Greek philosophy. One "virtually unwrapped" scroll was entitled "On Vices"—which sounded promising. But it was by Philodemus, a classical philosopher whom even classical philosophers are not all that interested in. James Warren, a professor of classical philosophy at Cambridge, thinks people have "got a bit carried away". They are, he says stoically, unlikely to get the texts many are "thirsting for".

Though more scrolls may yet be in there: like Pompeii itself, much of the villa is still unexcavated. The Vesuvius Challenge is famous for being a collaboration between very old, simple technology (papyri) and very new technology (AI). To get to those other texts, archaeologists may have to resort to an even older, blunter technology: the spade. ■

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Culture | Back Story

Messi, Mbappé, Ronaldo: this World Cup belongs to the superstars

Notes on talent management from a star-dominated tournament

July 2nd 2026

They freeze. They see red. They quail in the face of history and sky a penalty kick. Sometimes the best footballers flop at World Cups. On the grandest stage they can turn out not to be the best after all, champions of hype rather than talent. Not in 2026: this competition has been dominated by the sport's titans. Their performance offers lessons for the management of superstars—and a glimmer of cosmic justice.

Lionel Messi, Argentina's idol, scored six times in three games to claim the record for lifetime goals in World Cups. By July 1st graceful Kylian Mbappé of France (pictured) had netted six too; Norway's rampaging Erling Haaland had struck five, and Vinícius Júnior, a Brazilian livewire, four. At 41, Cristiano Ronaldo of Portugal became the only man ever to score in six tournaments.

By no means is such a showing inevitable. For one thing, some leading players never get to the World Cup, because their nations fail to qualify for it. This was the fate of George Best of Northern Ireland (who became a notorious playboy) and George Weah (who became president of Liberia). Or the luminaries may be eclipsed by unsung journeymen, who reach heights not touched before or again, or by breakout tyros. Aged 17, Pelé was unknown outside Brazil before the World Cup of 1958. In the final he flicked the ball over a Swede's head and sweetly volleyed it home.

Pelé also exemplifies a nastier reason why stars can sputter: because they are violently nobbled. In 1966 he was scythed down by a defender, rose gamely but was floored again; he hobbled around pitifully on one leg for the rest of the match. (In 1986 opponents tried to do a number on Diego Maradona, fouling the Argentine more than any player in World Cup history. It didn't work.)

More relevantly to other businesses, sometimes even megastars crumble under the event's pressure. Indeed, the burden of megastardom may be why they do so. A few commit rush-of-blood transgressions, like Frank Rijkaard, a Dutchman who in 1990 spat in a German striker's perm. In 1998 the original Ronaldo, a Brazilian prodigy, came unstuck in a scarier way, suffering a convulsive fit before the final.

Pressure is most personal and acute in penalty shoot-outs. In 2009 Geir Jordet of the Norwegian School of Sports Sciences found that star players were more likely to miss than less glitzy ones, presumably because of the weight of expectation. (That effect seems to have waned since, the big egos having apparently worked on their penalty routines.) Entire teams can suffer these celebrity yips. English squads are cheered off to World Cups like knights errant bound to recover a lost glory. For 60 years they have reached for the sword in the stone, tripped and banged their heads.

Why, this time, have so many marquee names given box-office turns? A lesson for managers of all kinds of teams is that these ones are engineered to optimise their chief assets. This does not always happen: heroes of club football can flounder in national sides that have not been drilled to make the most of their skills. At this World Cup, Argentina's strategy is to thread the ball to Mr Messi in the vicinity of the goal. Cristiano Ronaldo has spells trundling around the field like a footballing El Cid, but is still the focal point of Portugal's attack.

Another transferable tip is that the aces are free to concentrate on what they do best—ie, score goals. Just as wise corporate executives exempt rainmakers from paperwork, these players are mostly not expected to do much defending. Less illustrious but extremely proficient colleagues handle that: the maestros thrive because their teams are good, too.

Next, their coaches are conspicuously loyal to the main men. For instance, Didier Deschamps, France's manager, has rebuffed criticism of Mr Mbappé over his perceived reluctance to sprint backwards in games as well as forwards. Having such stalwart back-up, from the boss as well as colleagues on the pitch, ameliorates the strain of embodying a country's hopes. If you want your stars to shine, runs the take-home, do your utmost to make them feel like stars.

Those are the action points. But the feats of Messrs Mbappé, Messi and the rest are also edifying in a moral sense. A common view of stardom (not just in football) is that it is a matter of luck, timing, marketing and nice hair as much as ability. "Success = talent + luck," wrote Daniel Kahneman, a psychologist. "Great success = a little more talent + a lot of luck." In other words, life is unfair. This World Cup rebuts that jaundiced view. Here, at least, the hype is justified. ■

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Economic & financial indicators

Economic data, commodities and markets

July 2nd 2026

Economic data

1 of 2

	Gross domestic product % change on year ago: latest		quarter*	2026†	Consumer prices % change on year ago: latest		2026†	Unemployment rate %	
United States	2.7	Q1	2.1	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	1.5	May	1.8	2.5	May
Britain	0.9	Q1	2.5	1.0	2.8	May	3.3	4.9	Mar††
Canada	-0.1	Q1	-0.1	0.8	3.2	May	2.6	6.6	May
Euro area	0.3	Q1	-0.9	0.8	2.8	Jun	2.8	6.3	Apr
Austria	0.9	Q1	0.8‡	0.8	3.1	Jun	3.0	5.7	Apr
Belgium	0.8	Q1	0.9	0.7	3.0	Jun	3.5	6.2	Apr
France	0.9	Q1	-0.4	0.8	2.0	Jun	2.3	8.2	Apr
Germany	0.3	Q1	1.4	0.6	2.4	Jun	2.7	3.8	Apr
Greece	2.0	Q1	1.0	2.0	4.9	May	4.0	9.5	Apr
Italy	0.8	Q1	1.1	0.8	3.1	Jun	2.7	5.1	Apr
Netherlands	1.4	Q1	0.9	1.0	2.5	Jun	3.1	3.9	May
Spain	2.7	Q1	2.5	2.2	3.6	Jun	3.2	10.3	Apr
Czech Republic	2.2	Q1	0.8	2.0	2.1	May	2.0	3.0	Q1‡
Denmark	6.2	Q1	6.2	3.3	1.9	May	2.0	3.1	May
Norway	1.7	Q1	1.4	1.3	3.1	May	3.2	4.6	Apr‡‡
Poland	3.5	Q1	2.4	3.4	2.5	Jun	3.0	5.9	May§
Russia	-0.2	Q1	-2.5	0.7	5.3	May	5.5	2.1	May§
Sweden	2.2	Q1	-0.6	2.1	0.8	May	1.9	9.4	May§
Switzerland	0.5	Q1	2.6	1.0	0.5	Jun	0.6	3.1	May
Turkey	2.5	Q1	0.5	2.5	32.6	May	31.7	7.4	May§
Australia	2.5	Q1	1.1	1.6	4.0	May	4.1	4.4	May
Hong Kong	5.9	Q1	12.2	5.0	2.0	May	2.1	3.7	May‡‡
India	7.8	Q1	6.4	6.5	3.9	May	4.8	6.6	Jun
Indonesia	5.6	Q1	6.0	5.0	3.3	Jun	3.5	4.7	Feb§
Malaysia	5.4	Q1	1.7	4.5	2.0	May	2.5	3.0	Apr§
Pakistan	4.8	2026**	na	3.0	11.1	Jun	7.8	6.9	2025
Philippines	2.8	Q1	3.6	2.9	6.8	May	5.3	4.7	Q2§
Singapore	6.0	Q1	3.9	4.8	1.8	May	2.4	2.0	Q1
South Korea	3.8	Q1	7.5	2.9	3.2	Jun	2.9	2.9	May§
Taiwan	14.5	Q1	6.9	10.5	2.2	May	1.6	3.3	May
Thailand	2.8	Q1	2.7	1.8	2.8	May	2.8	1.0	May§
Argentina	2.3	Q1	3.0	3.3	33.2	May	32.1	7.8	Q1§
Brazil	1.8	Q1	4.5	2.0	4.7	May	4.7	5.6	May§‡‡
Chile	-0.5	Q1	-1.1	1.4	3.9	May	3.6	9.4	May§‡‡
Colombia	2.2	Q1	2.4	2.5	5.8	May	5.6	8.0	May§
Mexico	0.2	Q1	-2.4	0.9	3.9	May	4.0	2.7	May
Peru	3.5	Q1	3.2	2.7	4.0	Jun	3.9	4.5	May§
Egypt	5.0	Q1	-24.0	4.5	14.6	May	13.8	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	0.9	1.8	May	2.1	3.1	Q1
South Africa	1.9	Q1	2.2	1.6	4.4	May	4.3	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 $ Jul 2nd	% change on year ago
United States	-3.4	-6.5	4.5		22.0	-	
China	3.2	-5.8	1.4	§§	-7.0	6.79	5.5
Japan	3.6	-1.8	2.7		129	163	-11.8
Britain	-3.4	-5.1	4.7		26.0	0.75	-4.0
Canada	-0.4	-2.1	3.4		11.0	1.42	-4.2
Euro area	2.3	-3.4	2.9		37.0	0.88	-3.4
Austria	1.1	-4.1	3.1		19.0	0.88	-3.4
Belgium	-2.7	-5.2	3.5		37.0	0.88	-3.4
France	-0.6	-5.3	3.7		45.0	0.88	-3.4
Germany	4.2	-3.7	2.9		37.0	0.88	-3.4
Greece	-5.5	0.8	3.6		25.0	0.88	-3.4
Italy	0.8	-3.0	3.7		21.0	0.88	-3.4
Netherlands	9.2	-2.6	3.0		23.0	0.88	-3.4
Spain	2.3	-2.4	3.3		14.0	0.88	-3.4
Czech Republic	0.3	-2.6	4.6		39.0	21.3	-1.8
Denmark	12.1	1.3	2.8		27.0	6.57	-3.8
Norway	14.8	9.0	4.2		40.0	9.92	1.5
Poland	-1.3	-7.0	5.3		-15.0	3.77	-4.5
Russia	2.2	-3.4	16.4		175	78.3	0.2
Sweden	4.8	-2.0	2.7		43.0	9.73	-2.7
Switzerland	7.7	0.2	0.3		-7.0	0.81	-2.5
Turkey	-3.0	-3.6	30.8		226	46.6	-14.6
Australia	-3.0	-1.5	4.8		62.0	1.45	4.8
Hong Kong	4.3	-2.5	3.3		34.0	7.84	0.1
India	-1.5	-4.5	6.8		46.0	95.2	-10.1
Indonesia	-1.7	-3.5	7.1		51.0	17,950	-9.7
Malaysia	3.4	-4.1	3.6		9.0	4.10	2.4
Pakistan	-1.1	-4.7	12.1	†††	-21.0	278	2.0
Philippines	-4.1	-6.3	7.0		75.0	61.6	-8.6
Singapore	16.6	1.3	2.1		-7.0	1.30	-1.5
South Korea	8.2	-2.5	4.2		137	1,551	-12.5
Taiwan	27.4	1.8	1.7		26.0	31.9	-8.1
Thailand	0.5	-5.5	2.0		46.0	33.4	-2.7
Argentina	-0.9	0.1	na		na	1,490	-18.0
Brazil	-2.6	-7.3	14.5		102	5.22	4.6
Chile	-2.0	-2.4	5.4		-25.0	926	0.3
Colombia	-2.4	-6.6	11.7		-56.0	3,403	18.9
Mexico	-0.4	-3.8	9.0		-14.0	17.6	6.7
Peru	2.2	-2.4	6.1		-14.0	3.41	3.8
Egypt	-5.0	-5.2	25.6		31.0	49.1	0.7
Israel	1.3	-4.0	3.7		-43.0	2.99	13.1
Saudi Arabia	-2.3	-6.1	na		na	3.75	nil
South Africa	-1.0	-4.4	8.4		-145	16.4	7.1

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Markets

In local currency	Index Jul 1st	% change on: one week	Dec 31st 2025
United States S&P 500	7,483.2	1.7	9.3
United States NAS Comp	26,040.0	2.2	12.0
China Shanghai Comp	4,112.4	nil	3.6
China Shenzhen Comp	2,851.8	-0.1	12.7
Japan Nikkei 225	70,474.9	1.9	40.0
Japan Topix	4,011.5	1.2	17.7
Britain FTSE 100	10,478.3	0.2	5.5
Canada S&P TSX	34,857.0	0.3	9.9
Euro area EURO STOXX 50	6,282.5	1.1	8.5
France CAC 40	8,337.3	-0.6	2.3
Germany DAX*	25,040.3	1.2	2.2
Italy FTSE/MIB	51,604.6	-0.1	14.8
Netherlands AEX	1,073.1	0.7	12.8
Spain IBEX 35	19,406.6	0.1	12.1
Poland WIG	136,678.2	1.5	16.6
Russia RTS, $ terms	943.7	-0.2	-14.9
Switzerland SMI	14,114.0	nil	6.4
Turkey BIST	14,350.6	0.1	27.4
Australia All Ord.	8,931.4	-0.9	-1.0
Hong Kong Hang Seng	22,881.0	-2.3	-10.7
India BSE	76,922.6	-0.1	-9.7
Indonesia IDX	5,695.1	-3.2	-34.1
Malaysia KLSE	1,656.8	-1.5	-1.4
Pakistan KSE	184,050.1	2.5	5.7
Singapore STI	5,161.5	-1.0	11.1
South Korea KOSPI	8,303.4	-2.0	97.0
Taiwan TWI	47,019.0	2.1	62.3
Thailand SET	1,588.2	2.6	26.1
Argentina MERV	3,121,855.0	0.4	2.3
Brazil BVSP*	171,688.6	0.7	6.6
Mexico IPC	67,247.8	1.5	4.6
Egypt EGX 30	50,532.7	-2.3	20.8
Israel TA-125	4,077.1	0.1	11.3
Saudi Arabia Tadawul	10,856.9	-1.4	3.5
South Africa JSE AS	109,613.2	-0.2	-5.4
World, dev'd MSCI	4,813.6	1.5	8.6
Emerging markets MSCI	1,721.9	-0.5	22.6

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2025
Investment grade	90	93
High-yield	327	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 23rd	Jun 30th*	% change on month	% change on year
Dollar Index				
All items	148.6	148.2	-5.0	13.0
Food	145.5	147.1	0.1	2.3
Industrials				
All	151.2	149.1	-8.8	23.5
Non-food agriculturals	155.3	151.8	-1.6	23.6
Metals	150.1	148.4	-10.5	23.5
Sterling Index				
All items	144.6	143.5	-3.6	16.8
Euro Index				
All items	149.2	148.1	-3.3	16.4
Gold				
$ per oz	4,127.9	4,036.1	-10.4	20.7
Brent				
$ per barrel	77.2	72.9	-24.0	8.7

Sources: CME Group; LME; LSEG Workspace; NOREXECO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

Obituary

- A23a had more adventures than most

Obituary | A polar wonder

A23a had more adventures than most

The world's biggest iceberg has finally melted away, aged 40 or so

July 2nd 2026

Nothing would remain but water. That is the way of ice. Fresh water poured into salt water, and each absorbed the other. Some observers thought they saw a bluer tinge in the ocean round about. In its dying months, A23a carried parallel blue lines of meltwater on its scarred surface. Each represented a crack that would soon gape wider. It drifted, at about 30km a day, in runnels of its own blood.

Intermittently, as others grew or decayed, it was the biggest iceberg in the world. It took up 3,500-3,900 square kilometres: more than two Greater Londons, Rhode Island or St Petersburg, depending on your vantage point. It weighed, at a brave estimate, about a trillion tonnes. Forty metres of it stood above the surface, around 400 below, where its keel had a habit of dragging on the seabed. It was not a towering, jagged monster, but a table of snow: its great flat whiteness filled the horizon from east to west. Magnificence and majesty could be horizontal, too.

It was not only, on and off, the biggest iceberg, but also the oldest, with the most eventful history. It calved in 1986 from the Filchner Ice Shelf, along with two siblings, A22 and A24. They were born ancient, full of the leavings of the glaciers that had carved out the Antarctic continent. All three, huge as they were, sank at once to the bottom of the Weddell Sea. A23a was stuck so fast that it did not move for more than 30 years. The siblings escaped, went north and died in the tepid South Atlantic; A23a stayed where it was, in safely near-freezing waters. It was not until it began to wobble, melting very slightly, loosening the grip of the bottom-muds, that its further adventures began.

That happened in 2020. Unlike its siblings, it took its time going north-east towards South Georgia, where the shallow continental shelf was a graveyard for its kind. Yet the usual route, Iceberg Alley (used in 1916 by Ernest Shackleton, escaping the sea ice that had crushed Endurance) inexorably led that way, prodding A23a on with fierce west winds and currents. By April 2024 the iceberg had entered the Antarctic Circumpolar Current. But there it got stuck again, seized by a vortex of swirling water, a Taylor column, where the ocean currents smashed up against an underwater mountain. Every day for eight months, anticlockwise, its immense mass was turned through 15 degrees. It escaped more battered than ever, with huge cracks and arches along its edges, like cloisters, and with caverns in which whole ships could disappear. Almost every wave that hit, in those tumultuous seas, brought down crashing cascades of its own crumbling ice.

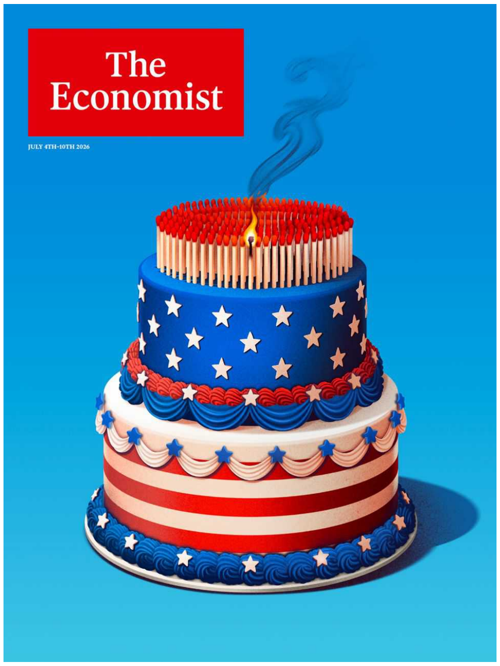
By then, being the most famous iceberg of its time, it had long been regularly visited and spied on. There was nothing quiet or isolated about its berth in the Southern Ocean. By accident, when it calved it had taken with it Druzhnaya 1, a Soviet summer field station that had sprawled like a city at the edge of the ice-sheet, with 170 people housed in prefab buildings. They were off the site at the time, but their stuff was inside: scientific equipment, food supplies, their skis. The station was abandoned and soon buried deep in snow, but in one spot along A23a's perimeter rusty fuel tanks still oozed their kerosene down the pure white cliffs.

Later visitors were less obtrusive, but no less curious. While A23a was still in the Weddell Sea, not going anywhere, its daily drift was measured by microwave radiometers. In 2023 the research ship RRS Sir David Attenborough chanced by, not especially meaning to, and took samples of meltwater to test them for nutrients and chemicals. By 2025 the Copernicus Sentinel-3 Ocean and Land Colour Instrument was taking daily images of it, and the Sea and Land Surface Temperature Radiometer was making regular readings, as if it was a hospital patient. In response it vexed researchers with its own home-made weather, cloud and fog. They were not put off. Alerted by reports of its beauty, especially the intense and mortal blue of its melt-pools, more drones flew over, and NASA's Terra satellite kept a close watch. They confirmed that A23a was still keeping its distinct shape, like a tooth. But it was now only half its size at calving.

What would its dissolution mean? Opinion was divided. On the one hand far smaller icebergs, breaking up near South Georgia, had threatened ships. They had blocked fishermen's access to their fishing-grounds and the feeding grounds of fur seals and penguins. So much fresh water, spilling out into the sea, reduced the krill and plankton that liked things saltier. A vast mass of ice and rock, grinding to land on the shore, could destroy a host of small creatures: sea slugs, coral, sponges. The whole Antarctic food chain could be disrupted.

On the other hand, disasters predicted in the past had not occurred. The fur seals and penguins had suffered sharp declines, but temporarily. Iceberg deaths were simply part of a polar life-cycle that had been going on for generations. Besides, A23a was so vast, so prone to scrape the sea bed and so packed with long-frozen nutrients, that its break-up would be like a bomb of nourishment exploding in the Southern Ocean. The nutrient release would even be visible, as a green cloud of blooming phytoplankton staining the sea around it. Far from depriving local creatures, this broken iceberg would bring life to them. It might even fertilise the seas of the wider world.

There were mixed feelings, therefore, about its disappearance. Although it had calved long ago, in iceberg terms, it was still an emblem of the warming seas of climate change. It was not the fact of its mortality that worried people, as much as the speed of its breaking-up and the long-term fate of the continent it had belonged to. Tributes were paid to how long it had lasted, against the odds, as if it refused to die. Yet it moved from the Weddell Sea as if its time had come, for death was inevitable. Ice returned to water, water to the ocean. That is the way of ice. ■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