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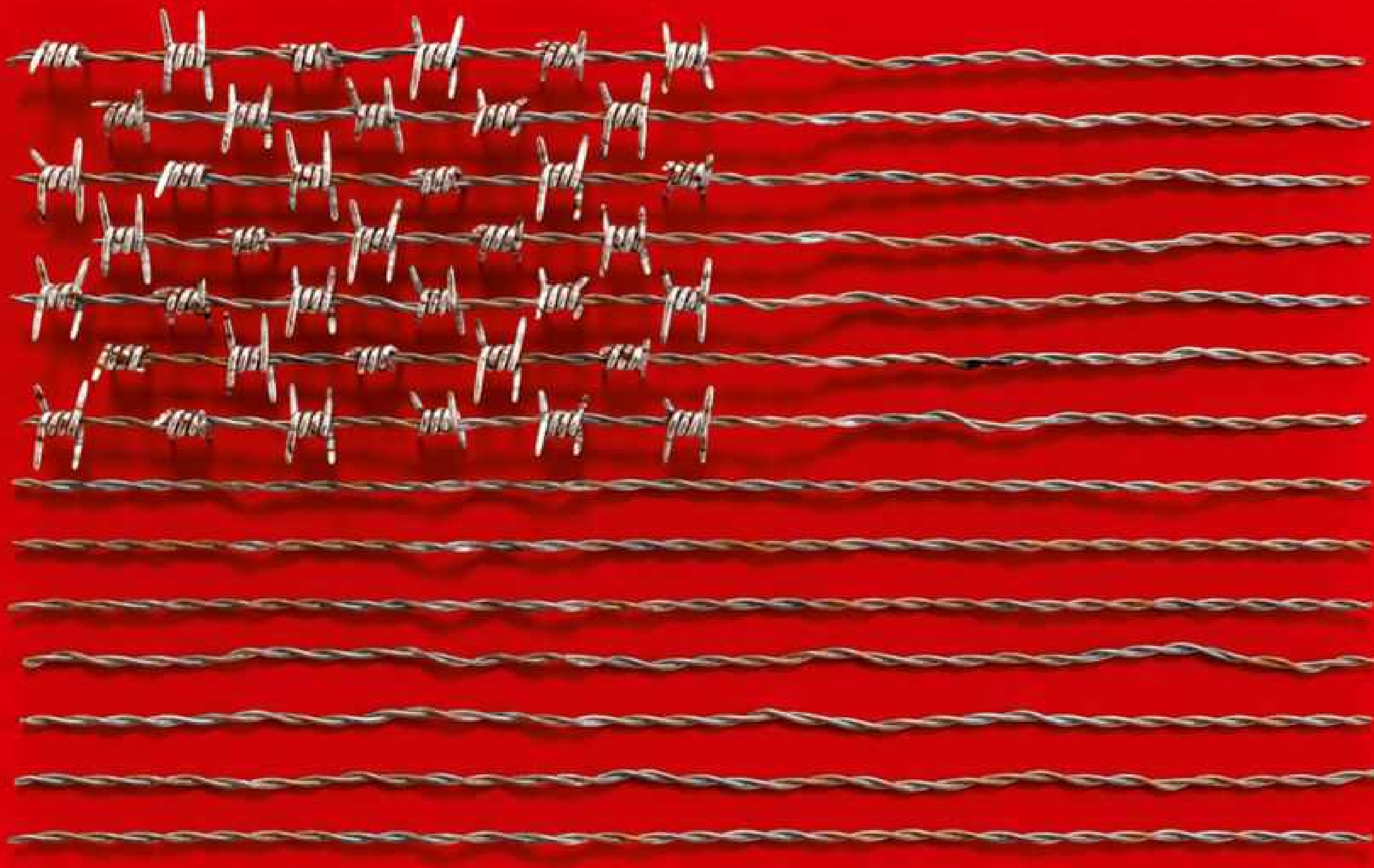

The Unwelcoming States of America

The Economist

August 29th 2026

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The world this week

The world this week

Politics

Aug 27th 2026

Scott Bessent, America's treasury secretary, announced a new set of sanctions against Iran that he claimed would be “the single greatest financial offensive ever marshalled against an adversary”. He also threatened secondary measures against Iran’s trading partners but said they would be given time to comply. Iran vowed to retaliate, warning that “not a single drop of oil” would leave the Gulf if the pressure continued. China, which last year bought 90% of Iranian oil exports, said that its trade with Iran “should not be interfered with or disrupted”.

The commander of the Syrian Democratic Forces, a Kurdish-led militia, said it would disband and merge with the Syrian army. The SDF was once America’s main partner in fighting Islamic State in Syria and controlled the country’s north-east for more than a decade. Meanwhile, America removed

Syria from its list of state sponsors of terrorism, lifting a barrier to private investment in the country.

Two UN peacekeepers were killed in an ambush while out on patrol in South Sudan's Jonglei state. Several other people were injured. The UN believes the patrol may have been deliberately targeted. Aid workers are regularly attacked in South Sudan, which has been teetering on the brink of civil war for months, but attacks on peacekeepers are rare.

Muhoozi Kainerugaba, the head of Uganda's armed forces, said he would run in an election to succeed Yoweri Museveni, his father, as president in 2031. General Kainerugaba has played a key role in helping his father, who has ruled Uganda since 1986, hang on to power. He is notorious for his social-media posts, including one from 2022 in which he talked about invading Kenya (some of the posts were in jest).

In Haiti around 50 people were killed when gangs attacked Kenscoff, a hillside neighbourhood in Port-au-Prince at a strategic point above the capital. More than 3,000 people have been killed in Haiti in the first six months of this year, according to the UN. The government is still hoping to hold an election in December, its first in a decade.

Bolivia's centrist president, Rodrigo Paz, appointed a new minister for the economy, after the legislature ousted the previous minister. Mr Paz was keen to signal that his market-reform policies aimed at strengthening public finances would continue. Nationwide protests erupted in May and June against the government's austerity agenda.

Canada was on the verge of an all-out trade war with the United States, after Mark Carney, the prime minister, rejected a trade deal that had been endorsed by Donald Trump. In a speech to Canadians, Mr Carney said that America had "asked too much and they offered too little". Canada is threatening to impose $20bn-worth of retaliatory duties on American goods on September 8th, which allows some time for a solution to be reached. Mr Trump is threatening to raise tariffs to 50% on vehicles and car-part imports from Canada. He is also talking about renaming Lake Ontario "Lake America".

Darline Graham won the Republican primary run-off for the South Carolina Senate seat that had been held by her brother, Lindsey Graham, who died in July. Endorsed by Mr Trump, Ms Graham took 52% of the vote in the primary and is now seeking victory in November's midterms. She is heavily favoured to win.

In an emergency sitting outside its regular term, the Supreme Court decided that the Trump administration could for now continue with its plans to restrict postal voting while a lower court considers the issue. Under the plan the Postal Service would deliver ballots only in states that shared electoral lists with it. It is unclear whether the system would be in place for November's midterm elections, and it is bound to face other legal challenges.

The Trump administration suspended applications for immigrant visas globally while consular officers are trained to screen out applicants who might need public assistance. It has also begun revoking visas issued to people who entered the United States on short-term business or tourism visas and subsequently claimed asylum. Around 200,000 such visas could be cancelled. Meanwhile, the Department of Homeland Security proposed charging $103,265 for H-1B visas for skilled workers. A similar proposal was struck down by a federal court in June.

The Pentagon sacked the editor and Middle East correspondent of Stars and Stripes, the official daily newspaper for America's armed forces. Erik Slavin was fired as editor-in-chief for insubordination, after he raised concerns in a TV interview about censorship of news for service members. The correspondent, Lara Korte, also appeared in the programme. The Stars and Stripes is editorially independent of the War Department.

Ukraine expanded its attacks on Russian e-commerce sites by targeting logistics hubs owned by Ozon, Russia's second-largest online retailer. Over the past month Ukraine has carried out strikes on Wildberries, the biggest e-retailer, part of a strategy to bring the war home to ordinary Russians and further disrupt the Russian economy. Meanwhile, the European Commission approved another €6.1bn ($7.1bn) in aid to Ukraine to buy air-defence systems and other weaponry.

Mykhailo Fedorov, who was ousted as Ukraine's defence minister by Volodymyr Zelensky, took another shot at his former boss, blaming an "absence of vision" that has led to Ukraine "gradually, slowly losing" the war. Mr Fedorov stunned Ukrainians recently by calling for an election.

On his first overseas trip as Britain's prime minister, Andy Burnham went to Kyiv, where he chaired a meeting of the "coalition of the willing", 34 countries that have pledged support to Ukraine. Mr Burnham announced that the Ukrainians would be allowed to access classified information on SCALP, a long-range missile, so that it can be built in Ukraine. The Kremlin said Britain was adding "fuel to the fire", to which Mr Burnham responded, "Who started the fire? That's the question, isn't it?"

The American Treasury designated Palestine Action, which is based in Britain, as a terrorist group and imposed sanctions on it. Palestine Action has also been proscribed in Britain as a terrorist outfit, after four of its members were convicted of attacking the premises of an Israeli defence firm, hitting a policewoman with a sledgehammer in the process and fracturing her back (Britain's Supreme Court is reviewing the proscription). Hundreds of its supporters have been arrested at pro-Palestinian demonstrations in London. Mr Bessent, the treasury secretary, said the sanctions were a warning to "far-left extremists, their fronts and their enablers".

In a parliamentary election in Kazakhstan Kassym-Jomart Tokayev tightened his grip on power. Adilet, a new party stuffed full of loyalists to the president, got over 70% of the vote, weakening allies of Nursultan Nazarbayev, the former president. Constitutional changes have reduced the Kazakh parliament to one chamber.

Hundreds of people, including many foreign travellers, were missing following flash floods and mudslides in Nepal, close to the border with Tibet, where heavy casualties were also reported. Scores of people were confirmed to have died. The floods engulfed towns and villages, sweeping buildings and bridges away. It is thought a glacier may have partly collapsed, hurtling huge amounts of ice into rivers and causing water levels to surge.

The UN Human Rights Office issued a report on Myanmar, where human rights have reached "a new low", in part because of the "ever-worsening brutal abuse of the Rohingya population". Unrelenting violence, an unregulated economy and the absence of the rule of law have meant that Myanmar's people are living in "untold misery", said the UN.

At least 14 infants were killed in a fire that broke out in the mothers and children ward of a hospital in Islamabad, the capital of Pakistan.

Tributes were paid to Dolly Parton, who died at the age of 80. The singer-songwriter's career spanned six decades, during which she took country music from rural America to the mainstream, writing over 3,000 songs along the way. Born in Tennessee to a mother who bore 12 children and a father who was once a sharecropper, Ms Parton's first hit came in 1967 with

“Dumb Blonde”. She once quipped that “I know I’m not dumb, and I’m not blonde either.” Her husband of 59 years died last year.

The world this week

Business

Aug 27th 2026

Meta agreed to pay up to $17bn to settle claims brought by American states that it designed Facebook and Instagram to be addictive to children. The settlement came amid a blockbuster federal trial in which the plaintiffs were seeking much higher penalties. As part of the agreement Meta promises to improve underage enforcement and to put daily limits on teenage users, among other things. It does not admit to any wrongdoing.

SpaceX announced that it would spend $100bn on a new launch complex in Louisiana, which it described as “the perfect site”. The 50,000 hectares (125,000 acres) area will host ten launchpads for the firm’s gigantic Starship rocket, which is vital for its plan to put thousands of data centres into space. There was little detail about how SpaceX would spend the $100bn, nor a timetable for reaching its goal of launching the first Starship from the site in 2029.

The yields on American long-dated government bonds stabilised after a choppy week. The yields on 30-year bonds recently reached their highest levels since 2007, before a surprise intervention from the Treasury, through which it doubled its bond repurchases. That had the immediate effect of pushing yields lower, though they climbed soon after as investors questioned the wisdom of the plan. Speculation increased that Scott Bessent, the treasury secretary, would increase the size of the bond buy-backs by tapping the Treasury's General Account, held at the Federal Reserve.

Mexico's economy grew by 1.4% in the second quarter compared with the first quarter, when it contracted by 0.3%. Despite surging energy prices and trade turbulence, it was the country's strongest GDP expansion since early 2022.

Following years of delays, Shein launched its initial public offering; it is expected to start selling shares in Hong Kong on September 1st. The Chinese purveyor of ultra-cheap clothing had considered listing in London or New York, but ran into regulatory hurdles. American politicians also wanted assurances that the company does not use forced labour, an accusation that it denies. The IPO could value Shein at $27bn, far below the $100bn it was worth in private-market valuations in 2022.

After rising by 460% on the first day of trading, Unitree's share price plunged by 30% over subsequent days. The IPO of the Chinese maker of humanoid robots had been vastly oversubscribed, but questions are being asked about the ease with which institutional investors could "pump and dump" (buy up the shares in a frothy market then sell them quickly to make a profit).

Nvidia reported another set of blockbuster earnings. Revenue in its latest quarter came in at $96.2bn, up by 106% year on year, and it made a net profit of $59.7bn, an increase of 126%. The company forecast a 70% rise in sales next year.

Bolstered by record profits, Samsung announced a programme to return 90-110trn won ($65-$79bn) to shareholders, the most ever for the company. Earlier, SK Hynix, another South Korean chipmaker benefiting from the huge global demand for memory chips, said it would return 40trn won to stockholders.

In what it described as the largest-ever expansion of its international schedule, United Airlines said it would start flying non-stop from America to ten new destinations, including Marseille, Okinawa and Valencia, and add more flights to Milan, Osaka and Paris. The airline already offers more international routes than its domestic rivals.

Waymo, the robotaxi business owned by Alphabet, chose Munich as the first city in the EU to launch its service. It will start offering paid-passenger fully autonomous rides towards the end of 2027. Waymo operates in 11 American cities, providing 500,000 paid rides a week, and is expanding into 19 others. It is also testing vehicles in London and Tokyo.

The Australian music industry banned songs that have been wholly or substantially created by AI from the music charts, after it emerged that a hit cover of Madonna's "Like a Prayer" was generated by AI. The Australian Recording Industry Association said its aim is to "promote the human nature of artistry". One recent study reckoned that 40% of new music worldwide contains at least some AI. But the kids think it's all right.

Bill Gates published a lengthy essay in which he warned that governments were not doing enough to prepare for the disruption from AI. Mr Gates called for jobs in some industries, such as health care, to be "human reserved". He used the term to invoke nature reserves, which are walled off from development.

The world this week

Cartoon: America and Canada stand on the brink of a trade war

A lighter take on the news

Aug 27th 2026

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

[Mark Carney must beware an all-out trade war]

[The costs of defying Donald Trump are mounting for Canada]

[America's new sanctions are unlikely to topple Iran's regime]

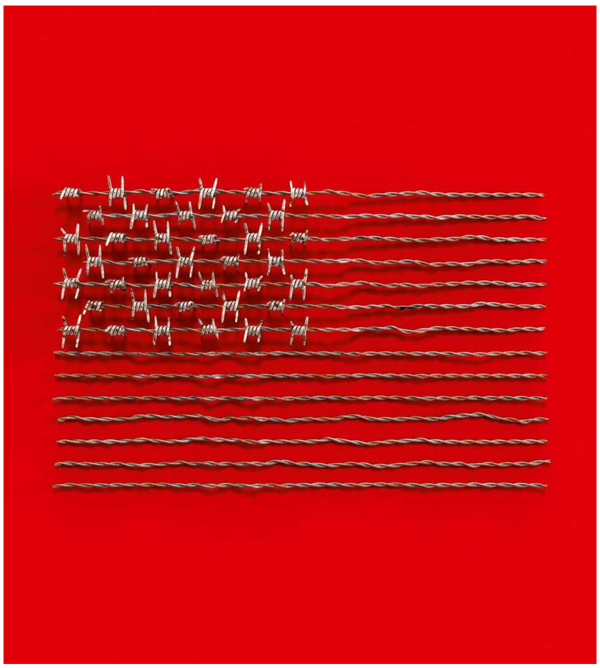
You can see previous ones here.

Leaders

Leaders | Our cover

The Unwelcoming States of America

By trying to change its demographic trajectory, Donald Trump will make his country weaker



Aug 27th 2026

First, give Donald Trump some credit. He promised to restore order to the border, and he did. Granted, the slowdown in irregular border-crossings began under Joe Biden, who belatedly closed the loophole whereby nearly anyone could walk across, claim asylum and join the labour market. Mr Trump clamped down even harder. The southern frontier, which was visibly chaotic in the early Biden years, is now calm.

That success could have been the foundation on which to build a rational immigration policy. Voters like to feel in control of who comes in, which is why Mr Trump's border wall has reassured many. Once they think the government has a grip, there is political space to discuss the rules of entry and exit.

Two questions must be addressed. What should the government do about the people who are already on American soil illegally? And whom should America welcome in the future? Mr Trump has offered a brutal answer to the first question, and a self-harming one to the second.

He has promised the "largest deportation operation in the history of our country". One of his enforcers said he wanted to deport 100m people, roughly seven times the number of illicit migrants in America. The White House boasted it was rounding up "the worst of the worst", though most of those detained have never been convicted of a crime. The mass deployment of shoddily trained, theatrically aggressive immigration agents to Minneapolis caused a political backlash, after they were filmed killing two American protesters.

Since then, there have been fewer headline-grabbing clashes, as a showboating homeland-security chief has been replaced by a more competent one. But the deportation machine has not slowed; it has merely grown quieter. Rather than rappelling down buildings and seizing people in Walmart car parks, agents are co-operating with friendly cops and detaining people with expired visas at airports. And Mr Trump has created a new class of deportables by stripping temporary asylum-like status from hundreds of thousands of Haitians, Afghans and others.

Overall, the deportation campaign is unpopular. Most Americans favour kicking out criminals, but not tearing apart the families of hard-working people who have been in the country for decades. Yet some in MAGA-world hanker for a less diverse America. Senior Trump aides such as Stephen Miller stop only a few inches short of overt racism, talking of "heritage Americans", who are somehow more American than newer arrivals, and "remigration", a buzzword on the nativist right for sending people from alien cultures home.

Such attitudes seem to inform policies on whom to let in, too. The only sizeable group of refugees admitted under Mr Trump has been white South Africans, whose claims of persecution are far-fetched. The administration blocked all new immigrant visas for citizens of 75 non-rich countries. Thus, if an American marries a Nigerian, they cannot live together in America, a curb on American liberty with echoes of a darker past. A court last week ruled the policy illegal; the administration is now stalling and perhaps looking for a workaround.

Mr Trump is altering America's demographic trajectory. Net migration in 2025 was zero. The short-term economic effects are ugly. The labour force has shrunk by 1m since January. Leave aside the $17,000-a-head cost of processing, shackling and deporting people; American builders and bars are floundering for lack of labour.

The long-term effects could be even more damaging. Though Mr Trump has often said he favours legal migration, especially the skilled variety, his actions suggest otherwise. He is steadily obstructing the pipeline through which brainy foreigners come to study and work. By one estimate, 29% fewer student visas were issued in 2025 than in the previous year, and new rules are making studying in America even less attractive. Foreigners must complete their courses in less time than the average student takes, and then find a job within 30 days or go home. Meanwhile, American firms that want H1-B visas for highly skilled foreign staff will have to stump up more than $100,000 per worker to apply, and may still be rejected. Rather than boosting wages for native-born IT professionals, this will make it harder for their employers to expand.

Some within MAGA feel that shutting out foreigners will protect American culture. On the contrary, the essence of that culture is dynamism and creativity, which has always been fed by a steady influx of industrious newcomers with fresh perspectives. Nearly half of Fortune 500 firms were founded by immigrants or their children. Many of America's most brilliant entrepreneurs, including Elon Musk, entered via the college-to-Silicon Valley pipeline that is now narrowing. A fortress America would be unAmerican.

There is little point in urging Mr Trump to recalibrate his immigration policies. The best hope may be that the courts can limit the number of ways in which he pursues them illegally. (He still claims the constitution doesn't mean what it says about birthright citizenship, for example.) However, Democrats should not assume, as they scramble to regain a slice of federal power, that the president was wrong about everything.

He is right that the asylum system was being abused. A future Democratic president would be wise to insist that asylum-seekers apply from the first safe country they reach, rather than giving preference to those with the wherewithal to make it to Mexico and then step into Texas. This (far more than wall-building) is the way to avoid future mayhem on the border. And only by persuading voters that their frontiers remain secure—rather than grandstanding about abolishing ICE—can a future administration hope to pass the kind of enlightened immigration reform that America needs. Such a reform should make the country more open to the world's most talented people, and less cavalier about breaking up families. That might truly make America great again. ■

Leaders | The brink

Mark Carney must beware an all-out trade war

His latest tariff threats are proportionate. But the situation could get out of hand

Aug 27th 2026

When Donald Trump first ordered tariffs on Canadian goods in February 2025, he said they were needed to force Canada to stop drugs and migrants crossing America's northern border. He soon dropped that justification only to spew out a litany of other grievances: the trade deficit, national security, Canada's dairy industry, a Canadian tax, a television advertisement, Canada's trade with China, wildfire smoke. He repeatedly mused, with a mob boss's ambiguity, about annexing Canada and making it America's "cherished" 51st state.

The caprice of the world's most powerful man has now taken Mark Carney, Canada's prime minister, to the brink of a disastrous trade war. On August

25th Canada announced $20bn-worth of dollar-for-dollar retaliatory tariffs on American goods. The trouble is that America's economy is 13 times larger than Canada's and far better equipped to cope. The new tariffs are due to go into effect on September 8th. Mr Carney has until then to find a way to defuse a grave threat to his country's economy. It will take all his guile.

The trigger for the latest hostilities was Mr Carney's decision on August 21st to walk away from a trade deal that seemed on the verge of being sealed. The prime minister thinks Canada had little choice—though the Americans blame the Canadians. The Americans, he says, added late demands that Canadian truck factories remain subject to high tariffs, and that Canada curb its trade deals with other countries and weaken its protections for French culture and language—a red rag to separatists in Quebec.

Stabilising economic relations with the United States is essential to Mr Carney's efforts to attract the investment needed to diversify Canada's economy away from its neighbour. In the past the prime minister has played for time, avoided aggression and sought to keep negotiations alive. He repealed a tax, removed retaliatory tariffs inherited from his predecessor and resisted calls to cut energy exports to the United States. This time, however, America's demands were too much.

It is a dangerous moment. America's tariffs went into force shortly after the talks collapsed. Mr Trump has said he will slap further duties of 50% on Canadian cars, trucks and auto parts from January 1st. Canada's $2.5trn economy is not only punier than America's $32trn one, it is also more exposed to its southern neighbour than vice versa. About two-thirds of its exported goods are sold there and most of these are integrated into American supply chains, making it hard to find alternative buyers quickly. Canada's retaliation would deepen the pain.

So, having made his point, Mr Carney should seek to walk back his retaliatory tariffs. If that is politically unfeasible, they should at least be made targeted and reversible—by, say, focusing on the swing states in the midterm elections that trade most with Canada, and whose politicians may have sway with Mr Trump. Some are already grumbling about the needless harm to American interests from picking a fight with a close ally.

Both countries' officials should remember the costs they are imposing by escalating. The existing American tariffs will be hard to unwind. Another reason the talks failed is that protected industries in the United States lobbied the Trump administration hard against lowering tariffs that shield them from Canadian competition.

Only Mr Trump has the power to end his illogical crusade against Canada. He has shown no inclination to do so. Mr Carney has previously demonstrated that a moderate response to Mr Trump need not be politically ruinous. Now he has two weeks to pull off something much harder. He needs a deal that is better for Canada than America's latest offer. But to get that, he also needs to rebuff America's intemperate president without triggering a cycle of escalation that will harm Canada disproportionately, and in which it cannot prevail. ■

Leaders | Blood and Treasuries

America will regret Scott Bessent's bond-market misadventures

But expect them to continue, so long as government debt stays high

Aug 27th 2026

The background music of Donald Trump's second term has been the sound of norms breaking. On economic policy alone, the president has used tariffs to usurp Congress's taxing powers and launched attack after attack on the independence of the Federal Reserve, which he accuses of keeping interest rates too high. A year and a half into Mr Trump's second administration, it is tempting to tune the noise out. However, the latest transgression deserves to echo far and wide.

On August 19th Scott Bessent, the treasury secretary, unexpectedly announced that the government would increase the amount of long-dated debt it buys back. The stated reason—to ensure liquidity in the market for long-term Treasury bonds that looked perfectly liquid as things stood—never sounded plausible. From the start the real one appeared to be to keep Mr Trump happy by raising Treasuries' price and thus lowering their yields, which determine how much Americans pay for a mortgage. Ahead of midterm elections where voters seem poised to punish the president's Republican Party for stubbornly rising prices, it also looks like politicisation of the world's most important asset market. Worse, Mr Bessent may not be finished with his meddling.

Bond yields have been creeping up lately, and not just in America. The reasons are not mysterious. Inflation is sticky, budget deficits are widening and government debts are piling up. The day Mr Bessent waded into the bond market America's total public debt exceeded $40trn, equivalent to more than 120% of GDP. As the rich world's central bankers arrive in Jackson Hole on August 27th for their annual retreat, they will commiserate with one another.

If Mr Bessent were serious about lowering yields, he would start by tackling this debt bomb, as he and Mr Trump have repeatedly promised. Instead, his department is reportedly weighing whether to use cash from its $1trn general checking account to fund more bond buy-backs. When asked about Mr Bessent's market interventions, Mr Trump suggested, apparently not in jest, unleashing American troops on the bond vigilantes.

Traders have little to fear from SEAL Team Six. But Mr Bessent's sortie into the Treasury market does risk bloodying America's financial credibility, even if it keeps yields a little lower for a little while (as it appears to be doing). Many investors are already feeling nervous. After the surprise buy-back, the dollar weakened and assets that rise with worries about the global reserve currency's "debasement", such as gold and bitcoin, surged. A combination of lower yields and a weaker dollar would stoke inflation (unless the Fed acts against Mr Bessent—and angers Mr Trump—by raising short-term interest rates). And the secretary's purchases could backfire if the market starts demanding extra compensation for holding an asset whose price is seen as reflecting political whim as well as economic reality.

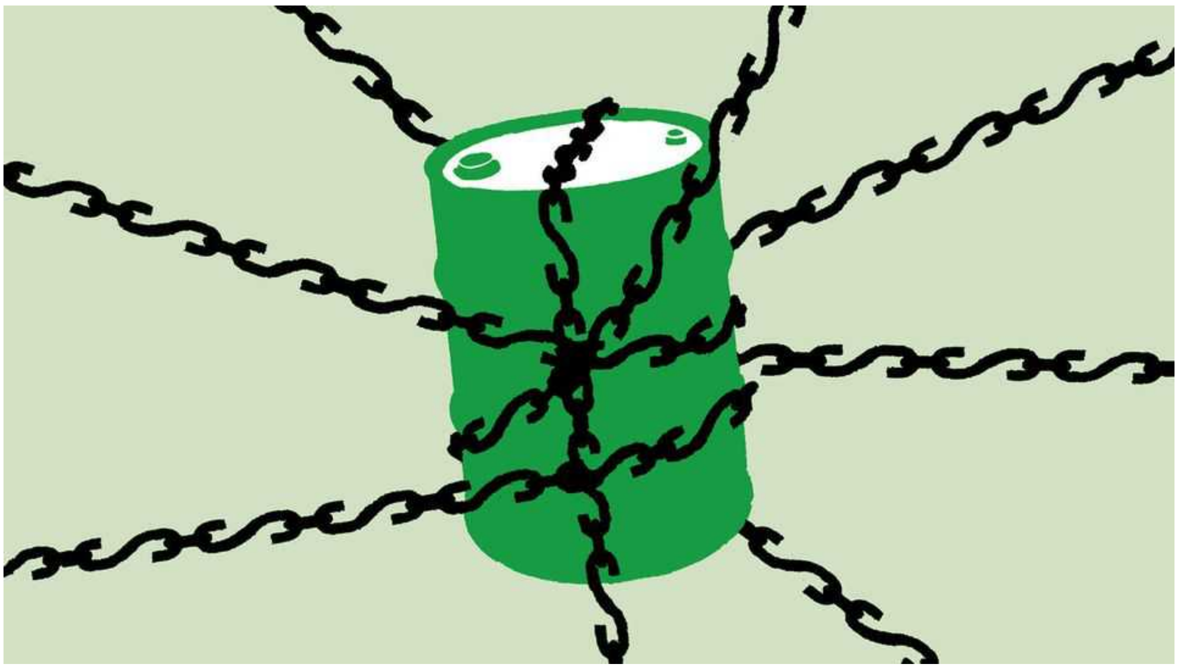
Regrettably, in Mr Trump's America and elsewhere, politicians and their voters are in no mood for the tax rises and spending cuts that would begin to balance government budgets. Mr Bessent's stop-gaps look more appealing. Even if his bond purchases do not prevent yields from rising eventually, they may be enough to kick the debt can a little bit further down the road and into the hands of the next administration. In the Wall Street Journal Mr Bessent's mentor from his years as a hedge-fund trader, Stanley Druckenmiller, called every one-hundredth of a percentage point of yield suppression "a subsidy to procrastination".

The last time America managed to chip away at unsustainable debt, in the decades after the second world war, it also meddled even as it tightened its belt. The government kept yields low first through an explicit ceiling, then with subtler sorts of financial repression such as Regulation Q, which capped the interest banks could pay to depositors. Meanwhile, bursts of inflation ate away at the real value of government debt. Mr Bessent knows his economic history well; for several years he taught a course on it at Yale University. He surely understands that, sooner or later, the past will catch up with him. ■

Leaders | Damp squib or cunning retreat?

America's new sanctions are unlikely to topple Iran's regime

But that may not be the aim



Aug 27th 2026

THE WARNINGS were apocalyptic. An "economic D-Day" was looming for Iran, blustered Donald Trump. It would be "the single greatest financial offensive ever marshalled against an adversary", declared Scott Bessent, America's treasury secretary. Having failed to fell the Iranian regime with military might, America was turning to economic weapons.

Yet Operation Economic Outcast, announced on August 24th, looks unlikely to bring about the fall of the regime. Nearly 60 individuals, entities and ships will come under fresh sanctions, as will five sectors of Iran's economy, from digital assets to shipping. But America has so far only threatened to use its most potent economic weapon: secondary sanctions, on countries that trade with Iran or help its regime move money around. There is good reason to think it may never fire that weapon at full blast.

Mr Bessent himself suggested that doing so might "blow up the global financial system". He may well be right. The biggest risk comes from China, which despite sanctions buys around 90% of Iranian crude exports, at a discount. Forcing Chinese financial institutions to choose between the dollar and Iranian oil would be a dramatic escalation in America's confrontation with the world's second-biggest economy. Investors would worry about the consequences for trade and finance. The prospect of such a fallout curbed the administration last year after China threatened to withhold the supply of rare earths—one reason Mr Trump is seeking warmer relations with China today.

And Iran's leaders are unlikely to crumble as a result of this half-baked new offensive. Their country has already endured the "maximum pressure" campaign of Mr Trump's first term and the bombing campaigns of his second. Sanctions and America's blockade of the Strait of Hormuz are making life miserable for ordinary Iranians. But the regime and its elite defenders in the Islamic Revolutionary Guard Corps (IRGC) will be the last to suffer. Indeed, the IRGC gets its cash from smuggling and making things inside Iran that would otherwise be imported—which is why America's new campaign may strengthen the regime it is trying to topple.

Perhaps, therefore, what is happening is in fact an American retreat. For all his talk of destroying the Iranian threat, Mr Trump may actually be seeking to take it off the front pages. Just 31% of Americans now back continued military action. Oil prices remain high, but far below their peak; renewed fighting would push them up again. If Operation Economic Outcast causes the Iranian regime to fall (unlikely), he can declare victory. If it achieves nothing (and avoids global economic meltdown), he can at least hope for relative calm in the run-up to the midterm elections in November.

Iran has a say, too. The risk is that its regime proves reluctant to bail Mr Trump out of his disastrous war. Its leaders might renew their attacks, not least because they know how much Mr Trump wants the fighting to be over and see in that an opportunity to assert themselves. Yet they may oblige, since they already feel they have got the better of the war. Iran can keep pressure on America with threats or attacks on shipping, either directly or via proxies, in the Strait of Hormuz and Bab al-Mandab. It will hope this keeps oil above $80 and spurs American voters to punish Mr Trump. Or perhaps talks with Oman will bring an agreement over fees on ships that do go through the strait—requiring America to enforce its embargo.

Either way, the approach of Mr Bessent and his boss comes at a price. America may get some short-term respite from the cycle of attacks and talks that has dominated recent months. But threatening Armageddon only to unleash a damp squib will damage America's credibility. That could leave it less able to achieve its goals in future.

More important, either outcome leaves another troubling problem. Mr Trump's approach can at best lead to a sullen stalemate in the Gulf. But Iran's nuclear programme and its stockpile of fissile material remain. At worst, Iran might seize the opportunity to turn its attention back to its nukes. Whatever Mr Trump does—or does not—achieve with his economic warfare, the path to an all-important negotiated nuclear settlement looks ever more unreachable. ■

Leaders | A Sino-American tug-of-law

When obeying an American law means breaking a Chinese one

Multinationals must prepare for a world of legal contradiction

Aug 27th 2026

FOR DECADES America has sought to impose its will on companies doing business around the world—using a long, powerful, extraterritorial arm. Indeed, that is the basis of its new economic war against Iran, launched this week. These days, however, international companies also have to worry about another long arm. This one belongs to China.

Under President Xi Jinping, the world's second-biggest economy is fast learning from the biggest. One of its goals is to hit back against American pressure. But China is also mustering its weapons in order to extend its own influence. Just as the threat of excluding others from the global financial system is America's superpower, so China has its own: its world-beating supply chains. Companies face a new reality, of potentially being caught between two hammers.

Laws written this decade and beefed up in April give the Chinese state the power to punish firms for complying with foreign sanctions. If companies cannot obey both America and China at the same time, they will be in a bind. Two big American banks, JPMorgan Chase and Citigroup, are being sued in Chinese courts for tens of millions of dollars. They are accused of following orders from America's Treasury Department to avoid business with blacklisted Chinese entities. Other countries' firms are caught up, too. In June China's top court cited the new laws in ruling against a Singaporean firm for refusing to transport electronics for a Hong Kong outfit under sanctions.

Other factors can also cause trouble. In April China objected to an AI startup, Manus, being taken over by Meta, one of America's most powerful companies. It ordered the $2bn deal to be unwound even though the firm had moved to Singapore months earlier to try to escape Chinese regulation. China had no legal authority to order the deal dissolved. Though Meta's Facebook is banned inside China, Chinese firms spend tens of billions of dollars advertising on the platform. Still, Meta complied. Barring Manus's Chinese founders from leaving their native country seems to have helped focus minds.

The Chinese armoury against corporations is growing. Authorities are working on rules designed to give them more control over the flows of Chinese-made AI technology. On September 15th new powers will come into effect that impose entry and exit bans on people. The party intends such legislation to have broad scope, intimidating its critics as well as imposing its will on firms abroad.

For a typical multinational, which banks in New York and has supply chains in Shenzhen, this is a tricky path to tread. China's dominant role in global manufacturing gives it immense clout. As well as facing civil penalties and fines, firms that fall foul of China's rules can have assets seized and be blacklisted from working with Chinese partners.

China has in the past shown few scruples about using trumped-up charges to detain staff, whether Chinese or foreign. The legal tussles between the two biggest economic powers ratcheted higher on August 24th, when Scott Bessent, America's treasury secretary, imposed sanctions on dozens of Chinese individuals and businesses for helping Iran sell its oil and procure dual-use technologies. China warned that it could retaliate.

Multinationals have to cope in a world where they are caught in the middle. Obeying American laws will mean breaking Chinese ones, and vice versa. America's measures are transparent, reviewable in independent courts and constrained by law. In China the laws are vague and sweeping and the courts do the Communist Party's bidding. Executives are at risk of coercion—and of disappearing into custody.

How can firms prepare? Many have hived off their Chinese operations into separate legal entities, or shut them down entirely. They can keep their most valuable data clear of China, restrict transfers of sensitive technology and ensure that operations outside China do not depend on executives or assets in the country. Supply chains should be resilient enough to prevent any single country from bringing business to a halt.

Yet corporate firewalls are of limited use against a government that ignores them. Businesses will find themselves tip-toeing through minefields, deciding whose law to obey and deferring to whichever country threatens the most harm. The fracturing of the world of commerce into rival blocs continues. ■

Letters

- Daron Acemoglu responds to our article

Letters | A selection of correspondence

Daron Acemoglu responds to our article

Also this week safety warnings, Europe's rivers, combating wildfires, feng shui, Wagner

Aug 27th 2026

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Your recent article about me, "The world's most influential economist is oddly unconvincing" (August 17th), was striking less for its hostility towards my work than for the weakness of its claims.

Critical engagement with my research and core ideas is welcome, and there is plenty in there with which one can legitimately disagree, from institutions and colonial legacies to automation and the consequences of AI. Such criticism is essential for progress in science. But this piece, instead, assembles loosely connected grievances into an insinuation of unreliable scholarship.

Let me provide three examples. First, your central verdict that I am "oddly unconvincing" rests on unnamed economists revealing their true opinion of me over a few drinks. No persons who have been offered drinks to get to this truth are named. Would you publish a letter asserting that, over a few drinks, most people tell me that your newspaper is no longer worth subscribing to? The only person quoted with such views is a blogger, Noah Smith, a thin basis for judging a lifetime of academic work.

Second, the piece constructs a critique around a social-media observation by Jesús Fernández-Villaverde regarding a recent paper, "Baby busts and growth booms", that our estimates of the effects of lower birth rates may not extrapolate to the future. We make this exact point in the conclusion of the paper. You dismiss this, writing that such caveats "can get lost and can seem unsophisticated when set against Mr Acemoglu's reams of maths". You did not, I understand, interview Professor Fernández-Villaverde.

Third, the criticisms are cherry-picked in a haphazard manner. Some of them, for example from Tyler Cowen or Francis Fukuyama, could have been (and in fact, were in the past) the starting-point of fruitful discussions. I welcome such engagement, and I suspect that your writers know that these types of disagreements are part of a healthy academic debate.

The timing is also curious, coinciding with the publication of my new book, "What Happened to Liberal Democracy?" The book explores aspects of liberal philosophy, the origins of liberal democracy's past successes, its current crisis, and what kind of new governing philosophy could re-energise liberalism. The Economist's review of the book, published at the same time as the article, is dismissive and declares that it "grapple[s] with the question of how AI will shape the future" ("Man's best frenemy", August 17th). In fact, only half a chapter is about AI and democracy. It is hard not to interpret this as a strategic framing, intended to obfuscate the message of my book and bring it to The Economist's favourite topic of defending and boosting AI.

If this is the best you can do with a body of work spanning 33 years, then it is your critique that is “oddly unconvincing”.

Daron AcemogluInstitute professorDepartment of EconomicsMassachusetts Institute of TechnologyCambridge, Massachusetts

Editor’s note: We published the letter from Professor Acemoglu in an online post on August 21st.

Your profile of Daron Acemoglu asks why such an extraordinarily prominent economist has attracted considerable scepticism. His response to my criticism of his celebrated work with Simon Johnson and James Robinson provides part of the answer.

Mr Acemoglu claims that I found their estimates unreliable by omitting half the data, including America, Canada and Australia. This is demonstrably false. I retained the United States and Canada in my sample, while pointing out that Australian data were lifted from New Zealand. Moreover, my criticism was that much of their cross-country mortality data were conjectural. Of 64 countries, only 28 were assigned mortality rates actually observed within their borders. The remaining 36 were conjectured from evidence elsewhere, using inconsistent rules and, in some cases, error-ridden readings of the historical record. Correcting for problems in these data and their statistical treatment leaves their foundational relationship between settler mortality and property rights on shaky ground.

This is part of a long-standing problem. Researchers have repeatedly raised serious questions about data underlying influential papers by Mr Acemoglu and his co-authors. Rather than confront such criticisms head-on, he has sometimes responded by shifting the argument to something his critics did not claim. His enormous stature has allowed such mischaracterisations to carry unusual weight.

There is some irony that The Economist, while scrutinising that record, simply took his assertion about my work at face value. More tellingly, although my critique was central to your article, Mr Acemoglu does not mention it at all in his lengthy letter of response. He further illustrates my point.

David AlbouyProfessor of economicsUniversity of Illinois Urbana-Champaign

Your article on Europe's record-low rivers ("Mammoths and sunken warships", August 15th) is a reminder that rivers have always been more than scenery. From the Nile to the Yangtze, they have been the arteries of societies: watering agriculture, carrying goods and connecting cities and markets. The great river-regulation projects of Central Europe in the 19th centuries were, in their time, exercises in state-building.

Modern economies have made rivers more important, not less. The Rhine and Danube now support not only farming and navigation, but chemical plants, electricity generation, cooling systems and international supply chains. This also gives water management a geopolitical dimension. In times of scarcity, decisions taken upstream can have serious consequences for countries downstream.

Europe therefore needs to think beyond adapting barges to shallower water or shifting freight onto lorries. A new generation of water infrastructure and landscape management should aim to retain more water when it is abundant in the lands and make it available when it is scarce, through reservoirs, restored wetlands and floodplains, groundwater recharge and better-connected water systems. Managed well, such storage could act rather like a battery: reducing drought damage while supporting agriculture, households, industry and the ecological health of rivers themselves. Keeping more water in the landscape can also sustain evaporation, returning moisture to the atmosphere that may later contribute to rainfall elsewhere in the region

Just as oil-producing countries face a generational question over how to manage and invest their oil reserves, Central Europe should treat its water as strategic natural capital rather than something that simply passes through on its way to the sea.

Márton IvánMunich

You blamed Indonesia's catastrophic haze in 2015 on slash-and-burn farming ("Climate change", August 1st). This gets it exactly backwards. Intact peatland is practically fireproof, a waterlogged ecosystem that will not burn. It becomes flammable only after being drained, and draining it ranks among the most capital-intensive infrastructure feats in Indonesia's history, canals cut by heavy machinery across millions of hectares to make way for industrial palm-oil and pulp plantations. The smallholder with a match is not the arsonist. The excavator is.

Imagine a developer puts up a shoddy tower in London and it collapses when a child cycles into it, killing thousands. You would not blame the child. Nor would you propose hiring rescue workers to loiter in the streets and buying satellites to predict which tower falls next. You would tear the thing down and rebuild it properly.

So with fire. Deliberate, capital-heavy destruction of nature made these landscapes flammable; only an equally deliberate, capital-heavy restoration—rewetting peat, replacing monocultures with functioning ecosystems—will make them fire-resistant again. That holds in Sumatra, and increasingly in Spain and France, where degraded land burns first. Firefighters and drones treat the symptom.

Restoration is the cure, and for a newspaper fond of returns on capital, averting 100,000 deaths per El Niño seems a respectable one.

Morten Rossé ZoeppritzstrCo-founderSlow ForestGarmisch-Partenkirchen, Germany

Chaguan (August 15th) accurately described China's "safety theatre" of visual reminders to stay safe in public places. In China the accompanying soundtrack to these warnings mean that escalator rides blare out messages in Chinese and in English, spoken with a pleasant Chinese-British accent, reminding riders to "please stand firm and hold the hand rail". At street level, safety officers broadcast pre-recorded messages to use the crosswalk, watch the curb, and be mindful of the elderly and young. Reversing lorries continuously blast qing zhuyi daoche! (Caution, reversing!) This mechanised noise can overwhelm a foreigner in China.

In Beijing this summer I found quiet refuge beside a pond in Chaoyang Park. As I walked alone along the path a motion-activated loudspeaker shattered the quiet with an urgent reminder: stay on the path, do not fall in!

Lee SpitzleyAlbany, New York

"The geomancer's curse" (August 8th) reported on the use of feng shui by some Chinese officials. It reminded me of a comment by Raymond Smullyan, a late American mathematician, magician and Taoist: "Superstition brings bad luck."

J.W. ArmstrongSierra Madre, California

Woody Allen had his own take on Richard Wagner (Letters, August 22nd). In “Manhattan Murder Mystery”, he says “I just can’t listen to any more Wagner, you know, I start to get the urge to conquer Poland.”

Richard BriandLeek, Staffordshire

By Invitation

By Invitation | Reboot your thinking

Fears of AI-induced armageddon are overdone

Applying basic security principles would go a long way to fixing problems identified by Anthropic and OpenAI, writes Ciaran Martin

Aug 27th 2026

On May 19th 1998, seven hackers from a group called L0pht walked into a Senate office building in Washington, DC. Granted pseudonymity, "Mudge", "Space Rogue", "Kingpin" and four others came in ill-fitting suits to warn a congressional committee that any one of them could make the internet unusable in 30 minutes. Fourteen years later Leon Panetta, then America's defence secretary, warned of a "cyber Pearl Harbour".

Cyber-security has a long history of apocalyptic prophecies which, despite lots of individual hacks and harms, never quite come to pass. Now, another 14 years on, there is a new wave of catastrophising. In April Anthropic, a frontier AI lab, said its latest model, Claude Mythos, was so good at hacking it would not be released publicly. In July its main rival, OpenAI, disclosed that several of its AI agents broke out of a testing environment and into Hugging Face, a library of AI models. There followed similar disclosures from Anthropic, Meta and Britain's AI Security Institute.

One news outlet, capturing the growing sense of foreboding, called it "the start of a dangerous AI cyber era". So is it different this time? Or does the uneasy equilibrium between attack and defence still hold? Mostly, and thankfully, it does, for two reasons.

First, the pattern in which scary announcements give way to more measured assessments within weeks keeps repeating. Anthropic's standout claim for Mythos was that it had found a flaw in widely used software dating as far back as the 1990s. Subsequent analysis, however, showed that the threat was much less potent than headlines suggested. Within weeks, predictions of a tsunami of AI attacks had given way to forecasts of merely a stormy period, and then to talk of AI as an opportunity for security improvement. If AI is good at finding weaknesses, it can also help fix them.

There is likewise less to the supposedly "rogue" agents than meets the eye. They were not going rogue. They were doing what humans had told them to do, with the precocity and indiscipline of talented but unsupervised children. They did no real harm.

The incidents differ in detail, but the common factor is a failure to control the testing environment. This must be improved. Some in the cyber-world expressed astonishment at the weakness of testing controls, noting that security-company tests ending in the same outcomes might lead to lawsuits and even prosecutions. That accountability principle is crucial and goes beyond testing. Agents can act autonomously but are not autonomous: whoever sets one to work owns what it does. If the world lets AI agents run riot without supervision or accountability, cyber-attacks will be among the lesser of the ensuing problems.

The second reason for calm lies in understanding hackers. The reports about Mythos and the agents relate to artificial testing conditions. Using agents for hacking in the real world means bypassing guardrails and incurring extremely heavy computing costs. These constraints matter: several years into the age of AI, evidence that malicious hackers are using advanced AI-hacking techniques remains remarkably scant.

Last year a working paper from MIT Sloan, written with an AI-security vendor, claimed that 80% of ransomware incidents (the most harmful form of cyber-crime) were AI-driven. Marketing departments seized on the finding. Respected publications amplified it. But the paper was withdrawn after critics noticed it had counted, among other things, WannaCry—the attack in 2017 in which misfiring North Korean hackers wreaked havoc in more than 150 countries—as AI-powered.

One of the people who spotted this nonsensical claim was Marcus Hutchins, a British cyber expert credited with stopping WannaCry. Mr Hutchins now despairs of the "freakout over Mythos", given that the "local water treatment plant runs [on] Windows XP", a Microsoft product already obsolete when WannaCry struck, and "the protocol that routes internet traffic is secured by everyone just agreeing that hijacking it would be uncool."

Both points are crucial. Mudge and others warned in 1998 that fundamental parts of the internet's architecture were wildly insecure. Some still are. The reason nobody has brought down the internet is that there is no reason for any capable hacker other than a total nihilist to do it, and whoever did could expect severe consequences. That remains the uneasy basis of modern digital life.

Mr Hutchins's point about critical infrastructure is more timely still. As the media gawped at AI-testing failures, in the real world hackers were hitting water facilities in a dozen American states. Whoever they were—some say Iran, but President Donald Trump demurs—they were using crude techniques exploiting basic security failures, not advanced AI. Serious supply disruption was only avoided thanks to stored water, manual valves and observant staff.

And there is the sting: underlying cyber-security is often so weak hackers have no need of expensive new techniques. AI doesn't yet give most hackers magical new powers. But it can help them prepare, speed and scale up. That could make it likelier that security neglect will come back to haunt organisations.

This is the boring but vital lesson. At Black Hat, a security conference held this month, two OpenAI employees presented on the Hugging Face incident. Their concluding recommendation was that applying basic, long-established security principles would have gone a long way towards containing OpenAI's over-enthusiastic agents. Depressing, perhaps, but if it takes inflated hype about omnipotent AI bots going on hacking sprees to get the West finally to focus on fixing the cyber-security flaws that have long put water and other vital services at risk, then so be it.■

Ciaran Martin is a professor at the Blavatnik School of Government at Oxford University. He ran Britain's National Cyber Security Centre from 2016 to 2020.

Briefing

- Donald Trump is delivering the deportations he promised

Briefing | ICE on the rocks

Donald Trump is delivering the deportations he promised

But that is not proving popular. The politics of immigration are changing

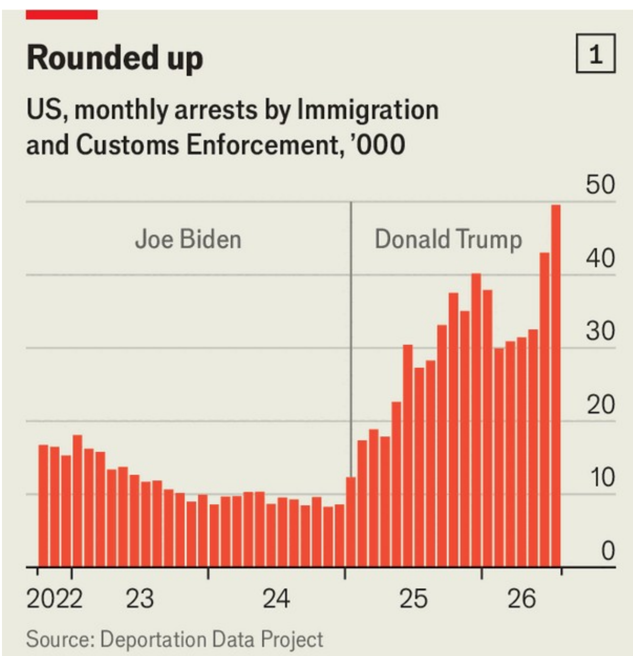
Aug 27th 2026

IMMIGRATION IS Donald Trump's signature issue—and one that helps him win campaigns. During the 2024 presidential race he promised to carry out the largest deportation campaign in American history. It was a pledge as synonymous with his second presidential run as "build the wall" was with his first in 2016. Days before voters went to the polls, throngs at Madison Square Garden cheered Mr Trump as he boasted that he would round up migrants, whom he called "vicious and bloodthirsty criminals", and "kick them the hell out of our country as fast as possible".

More than 18 months into his second term, Mr Trump is delivering many of the deportations he promised. The Department of Homeland Security (DHS) claims that some 1m people have been deported during Mr Trump's presidency. The actual number may be much lower; the administration stopped publishing official statistics, making a clean accounting impossible. But even so Mr Trump is now presiding over a deportation machine that is unlike any that have come before it, even that of the reigning record-holder as deporter-in-chief, Barack Obama.

That is striking considering how the year started. In January, after federal agents killed two American citizens during immigration raids in Minneapolis, the administration was in retreat. Protests sprung up around the country. Gregory Bovino, the martial face of the Minneapolis operation, was exiled to California where he retired. Kristi Noem, the DHS secretary, was sacked, and DHS was shut down for 76 days amid a fight in Congress over funding for immigration enforcement.

Ms Noem was ultimately replaced by Markwayne Mullin, a Republican senator from Oklahoma who said during his confirmation hearing that his goal was to stay out of the news. Border Patrol agents are no longer rappelling from helicopters onto apartment buildings or casually tear-gassing protesters in the streets.



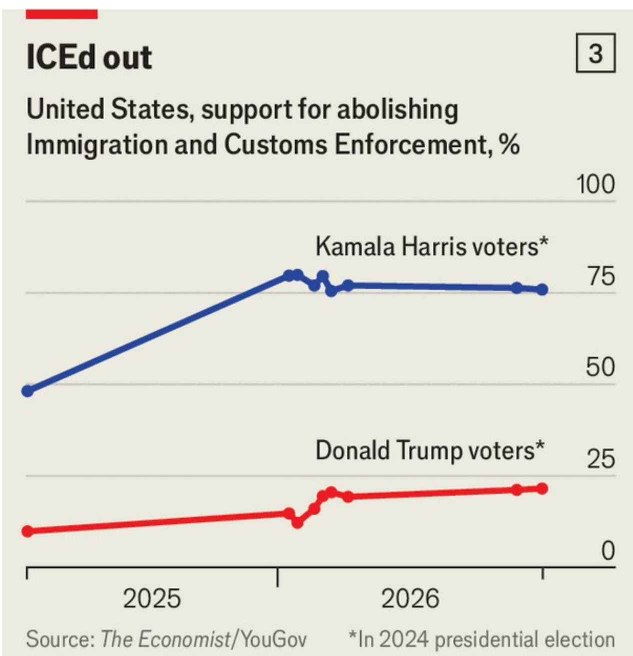
But a retreat from deportation theatre is not the same as a retreat from deportations. The budget stand-off over immigration enforcement ended in June with Republicans voting en bloc to shower Immigration and Customs Enforcement (ICE) and Border Patrol with another $70bn. Since then ICE arrests of immigrants have shot up—to 43,000 in June and nearly 50,000 in July, the highest monthly total since Mr Trump took office and a record for the agency (see chart 1).

Immigration judges, who work for the Justice Department, are issuing removal orders for migrants at by far the highest rate ever (see chart 2). More than 1.6m migrants now have removal orders which put them one ICE encounter away from deportation. Activists trying to shield their neighbours from deportation are calling it the "shadow surge".

Yet even in their less publicly confrontational form, Mr Trump's mass deportations remain more aggressive, novel and cruel than even some of his voters expected. That is in part because the kinds of deportations Mr Trump is pursuing are very different from those conducted previously. In the 2013 fiscal year, when the Obama administration deported more than 430,000 people, a record, he was focused mostly on recent border-crossers and criminals. With border crossings now de minimis, Mr Trump's deportations are mostly from the interior of the country, targeting many migrants who have been living in America for years. They might be married to an American citizen, or have children who are citizens. Some are children themselves.

To pursue such a campaign requires far more confrontations in the street, more long-term detentions, more deportation flights. And far more controversy. Many law-abiding immigrants have been caught in the dragnet, tearing apart families and hurting employers. Since Mr Trump was sworn in 56 people have died in ICE detention, more than twice as many as during the entire Biden administration; critics say many migrants are held in squalid, overcrowded conditions.

ICE has done little to shed its reputation for treating migrants cruelly; this month it emerged that the agency plans to spend up to $20m equipping agents with gloves that can deliver electric shocks. DHS is also considering a massive new detention facility for unaccompanied children, and has made it harder for kids to find lawyers to represent them in immigration courts. There is a steady drip of news reports of toddlers facing deportation alone or otherwise being mistreated.



All this has taken a toll on support for Mr Trump's policies: more than a fifth of his 2024 voters now support abolishing ICE, a position once mocked as a far-left organising slogan (47% of all Americans now support abolishing the agency, see chart 3). The backlash against Mr Trump's campaign could hurt Republicans in the midterm elections—and, in the long run, could lead to an overhaul of the immigration system. In the short run, the deportations look to continue with no let-up, only under new, less blustery leadership.

In style and substance, Mr Mullin seems like a disciple of Tom Homan, Mr Trump's border czar. Both men are loyal supporters of the president and immigration hardliners, but evince more interest in enforcement than in showy raids. "I'm not handling things like maybe the past secretary had," Mr Mullin told a gathering of governors in Oklahoma City in August. "We're not doing job-site raids. We're not going to Home Depot and raiding the parking lot." Governors, Democratic and Republican, told The Economist that DHS has been much more responsive to them since he took charge. When Wes Moore, the Democratic governor of Maryland and a potential 2028 presidential candidate, took the mic, Mr Mullin quipped, "I talk to this guy quite a bit."

DHS under Mr Mullin has stopped laying siege to Democratic-run cities. But street arrests of immigrants continue apace. ICE officials told the New York Times this summer that the White House is demanding 2,000 arrests each day. It has yet to sustain such a level of enforcement over the course of a month, but the pressure to rack up numbers appears to have produced dangerous results. Two migrants in Texas and Maine were killed by ICE agents in July during attempted traffic-stop arrests. Days later, four men were approached by immigration agents in Florida. They fled on foot; one man was struck by a lorry and died.

Meanwhile, the administration has vastly increased the number of people eligible for arrest by pursuing novel legal strategies, making at least 1.7m immigrants newly vulnerable to deportation.

The most straightforward way they have managed this is by terminating visas and temporary immigration and humanitarian programmes for certain nationalities. During the Biden administration, the southern border was overrun with people hoping to apply for asylum. To lessen pressure on the border, President Joe Biden expanded alternative legal options for some migrants to enter or stay in the country, including humanitarian "parole" and

Temporary Protected Status (TPS). A TPS designation allows certain nationalities stranded in America because of natural or political disasters in their home countries to work and reside legally for a period of time.

The Trump administration has systematically dismantled those protections, as well as others that had been in place for decades. “Many of us warned them back in 2022 that we were letting in people who would be deeply vulnerable later on,” says Andrea Flores, who worked on immigration policy during the Obama and Biden administrations. On balance the courts have helped along Mr Trump’s deportation drive. In June, the Supreme Court ruled the administration could end protections for TPS-holders from Syria and Haiti.

More than 1m people from 13 countries have now lost TPS. Many of them can no longer work, are subject to removal by court order—and, unlike some undocumented people, are particularly exposed because the government knows exactly where they are. “ALL TPS terminations are now IN EFFECT,” DHS posted on X, a social-media site. “Those with terminated TPS should leave NOW. If they don’t, we will DEPORT them.” Another 170,000 Salvadorans with TPS are set to lose their status in September; some of them have lived in America for 25 years.

Mr Trump’s fixation on certain TPS-holders dates back years. During a presidential debate with Kamala Harris in 2024 he claimed that Haitians in Springfield, Ohio were “eating the pets of the people that live there” (they were not). In July ICE began ordering Haitians in central Ohio to report to a local field office in Columbus where they were fitted with an ankle monitor—after reportedly being invited to self-deport. “Of course no one took that,” says Guerline Jozef of the Haitian Bridge Alliance, a national advocacy organisation.

Much of Haiti is controlled by gangs and beset by violence. Ms Jozef says deportation to the country is “potentially a death sentence”. Removal flights to Haiti had dwindled in recent years, but not stopped. In 2026 there has been one such flight each month from Louisiana to Cap-Haitien.

It is not only former TPS-holders who are suddenly vulnerable. The administration has also gummed up the bureaucratic process such that many immigrants—including applicants for visa renewal and for green cards—have been placed in legal limbo. (The number of pending immigration applications has reached a whopping 11.3m cases.) Federal agents have also recently ramped up arrests of immigrants with expired visas at airports.

Such arrests are possible because ICE is collaborating more closely with the Transportation Security Administration, according to documents obtained by American Oversight, a watchdog group. Some people detained while trying to fly have been stuck in the long queue to adjust their immigration status. Mr Mullin maintains that immigrants who follow the rules but find themselves in legal limbo won't be deported. "If you're going through the family-visa system, you have no criminal history, you get picked up, and… you've been showing up to your court dates," he said in Oklahoma City, "you're going to be released." Immigrants will be forgiven if they do not take him at his word.

DHS is also using artificial intelligence to help find people to arrest. Palantir, a tech firm with a long history of working with ICE, has provided the government with a tool known as ELITE. According to court testimony, agents using ELITE can generate a "target list" with photos and names showing where immigrants are likely to be living. “It’s kind of like Google Maps,” one agent says. “If there’s like one pin at a house and the likelihood of them actually living there is like 10%, you’re not going to go there.”

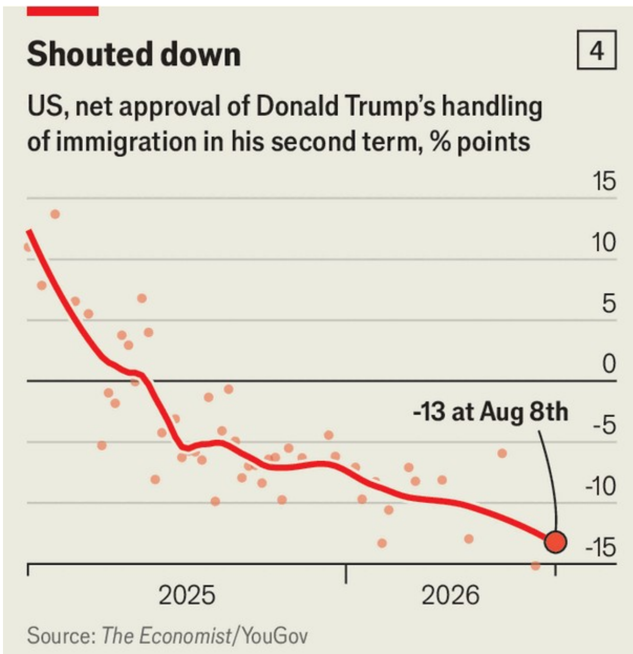
Once they are picked up by ICE, immigrants are hustled through immigration court at a frenetic pace. Judges are holding so-called “mega-master hearings” to process cases as quickly as possible. Mobile Pathways, a non-profit that tracks immigration records, defines a mega-master as a hearing in which more than 50 cases are called. The outfit counted more than 1,300 such hearings in June.

On a recent Friday in downtown Los Angeles, Judge Jaime Jasso heard 96 cases during one three-hour hearing. Most of them lasted less than five minutes. His eyes often flitted to the clock, ever-conscious of the time. A clerk at the court said that each judge has one mega-master a week, with immigrants and their families filling the hallway outside.

Many immigrants do not show up to their court dates—either for fear that their case will be closed and they will be arrested, or, increasingly, because they do not receive sufficient notice that their hearing was changed. One lawyer who was unable to reach her clients told Judge Jasso that she was not sure they were still in the country. When a migrant fails to appear, a DHS lawyer will request that they be ordered to be removed “in absentia”. That was the outcome for more than a third of all cases in July, according to Mobile Pathways. The more no-shows there are, the more removal orders the government can rack up.

Mr Trump’s mass-deportation campaign may be focused on immigrants, but it is also having a broader effect on America’s rule of law. ICE and Border Patrol agents have assaulted protesters with impunity, and have tried to arrest some with dubious claims that they had used their car as a weapon. When masked officers without identification hustle migrants into unmarked cars without warning, it looks like a kidnapping. Thousands of federal agents have been diverted from other investigative work, such as counter-terrorism or drug smuggling, to aid ICE.

Local law-enforcement officers, including staunch conservatives, worry that aggressive tactics could erode trust in police more broadly. “You can’t go in and start throwing flashbangs in communities…and expect to be successful," says Mark Dannels, a county sheriff in Arizona. Because Mr Dannels is close to the administration, he says, several sheriffs called him to complain. Many police departments had also worked hard to gain trust in immigrant communities, persuading undocumented people that they could safely report crimes. That work has been undone.



Taken together, the rough edges and sheer brutality of Mr Trump's deportation campaign are starting to reshape politics. Americans have largely soured on the president's immigration agenda (see chart 4). His net approval rating on immigration hit -13 in August, according to an Economist/YouGov poll. Among Hispanics—whose support helped propel him to victory in 2024—net approval for Mr Trump's handling of immigration is a disastrous -35. Some 55% of Hispanics support abolishing ICE, ten percentage points more than white or black Americans. Democrats are taking aim at several majority-Hispanic House seats currently held by Republicans, including two in south Texas.

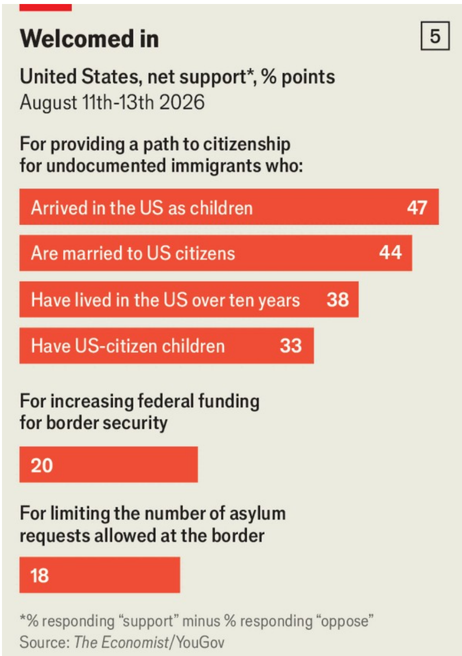
Yet America's immigration politics may grow only more toxic. Mass deportations continue to be popular among Mr Trump's base: 93% of those who identify as MAGA Republicans approve of the president's handling of immigration. Mike Howell, a founder of the Mass Deportation Coalition, a group formed after Operation Metro Surge in Minneapolis to press the administration to stay the course, is not impressed with the higher arrest numbers. "They're still really low," he says. "It's about going to places where there's high densities, and, you know, grabbing there." He hopes that support for mass deportations becomes a litmus test in every Republican primary election going forward.

Indeed MAGA Republicans view Mr Mullin's less confrontational approach as a cowardly retreat. Steve Bannon, Mr Trump's former chief strategist, and other MAGA influencers have argued for his replacement. Mr Mullin has perceived the need to shore up the MAGA base. In August, after he had made a reasonable-sounding comment to governors that some industries do need migrant workers, he followed up with a post on X: "NO amnesty for illegal aliens. Ever."

Democrats may also be heading for an intra-party fight over immigration enforcement. Although a clear majority of Democrats now support abolishing ICE, many stalwarts in the party fear sounding so radical on the issue that they alienate the broad swathe of voters who still support strong border security.

Some Democratic and Republican moderates hope that Mr Trump's cruelty, set against a long history of failed border policies, including under Mr Biden, has laid bare the need for immigration reform. Congress has not passed any meaningful immigration package since the 1990s. "I've seen us try and fail, and try and fail, and get close and fail, and I think if you look at the impact on our country for not getting this right, it's dramatic," admits John Curtis, a Republican senator from Utah.

The irony is that for 20 years it has mostly been Republicans, including Mr Trump himself, who have blocked immigration reform, helping to foster the political environment that made Mr Trump's anti-immigrant rhetoric so popular.



Today about half of Americans support increasing investment in border security and restricting the number of migrants who can apply for asylum. But a greater share of Americans also support a path to citizenship for undocumented immigrants who arrived as children, are married to an American citizen, have lived in the country for at least a decade, or have American children (see chart 5). All these are the kinds of immigrants Mr Trump is rounding up. At least some in the campaign crowds who lustily cheered on Mr Trump seem to be catching on that the deportation drive he is delivering is not the one they wanted. ■

Asia

Asia | Pushing back

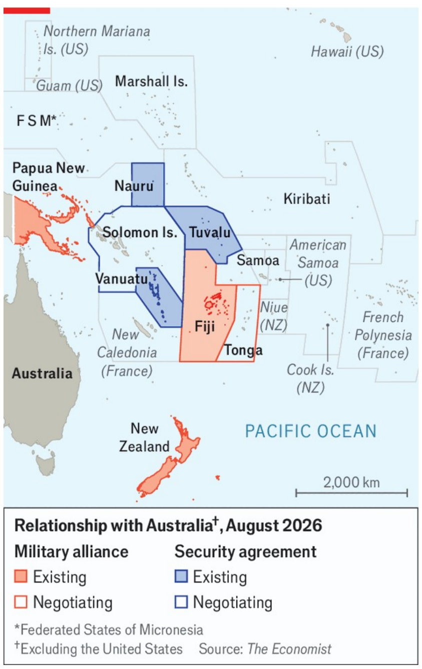
Australia builds a Pacific alliance system to keep China out

Chinese influence among Pacific island states is in retreat

Aug 27th 2026

THE GRAND PACIFIC HOTEL is an old British colonial institution at the heart of Fiji's capital. Tropical breezes blow off the harbour and through its whitewashed verandas to parliament across the street. On July 6th Fiji's prime minister was hosting a banquet there for his Australian counterpart to celebrate a new mutual-defence pact between their two countries. They had just signed the treaty when word reached them that a Chinese submarine would shortly test-launch a ballistic missile into international waters north of Fiji. The test was only the second Chinese launch since 1980 of a ballistic missile into international waters. It spooked leaders of Pacific island countries, including Fiji, whose defence minister had unsuccessfully urged China to call it off, and some of whose soldiers are pictured above.

For Fiji and several other Pacific island countries it was the latest in a series of Chinese actions that have convinced them they have been right to align more closely with Australia. Their concern about the missile launch is born of their history. Bigger countries turned the Pacific into a battleground in the second world war and into a testing ground for nuclear weapons during the cold war. (Both the July test and an earlier one in September 2024, which also landed in the Pacific, were of nuclear-capable missiles.) Now, many Pacific island leaders fear that rivalry between America and Asia's biggest military power will once again destabilise their region.



Rather than choose between America and China, however, Pacific leaders are choosing to deepen ties with Australia by signing the Asia-Pacific's first new alliances since the early days of the cold war. The mutual-defence treaty between Australia and Fiji, the Pacific islands' commercial and diplomatic hub, is the second new military alliance that Australia has signed with a Pacific island state in less than a year. It did a similar deal with the region's biggest state, Papua New Guinea, in October 2025. Negotiations with Tonga, now the only Pacific island country with defence forces that does not have an alliance with Australia, are under way. (Australia and New Zealand have been allies since the early days of the cold war.)

Ministers insist the deals are not about confronting China, but about keeping security arrangements within the "Pacific family". That means Australia and New Zealand, which have long been members of the Pacific Islands Forum (PIF), the regional organisation. It makes room, too, for America, which has sole responsibility for the defence of three states that are members of the PIF (and two heavily fortified territories, Guam and the Northern Mariana Islands, that are not). But it would lock China out of the region's security arrangements. That is a big shift from just a few years ago, when Australian officials feared that China had the momentum, and was within reach of realising its ambition of a military base in the islands.

All of this adds up to a new system of military alliances among Pacific island countries. For the moment that system looks like a smaller version of the hub-and-spoke model of America's alliances in Asia. Unlike in Europe, where NATO is a multilateral alliance, America has only bilateral alliances with its five treaty allies in Asia. Likewise, Australia now has three bilateral alliances in the Pacific.

But that could soon change. New Zealand has expressed an interest in also signing the Veitacini Treaty, as the new alliance between Australia and Fiji is known. If it follows through, probably only after elections in New Zealand in November, the pact could become the basis for a new multilateral alliance in the Pacific, say officials in all three countries. “A bit like a NATO, kind of,” modestly offers Fiji’s deputy prime minister, Manoa Kamikamica, in an interview in his office in Suva, the capital.

The alliance is open only to those countries that have defence forces, however. For those that don’t, Australia offers other deals. Agreements with Tuvalu in 2023 and Vanuatu in June would block China from building military bases there and make it harder to do security deals dressed up as police co-operation. The Solomon Islands, for the past several years China’s closest Pacific ally, is negotiating a similar agreement with Australia after a change in government in May. Of the region’s other fully independent states, only two—Kiribati and Samoa—have yet to conclude a treaty with Australia or open negotiations.

Both the defence pacts and the other treaties discourage Chinese investment in critical infrastructure that could have military uses, like ports or telecommunication networks. In return, Australia is investing more than $1bn each year in its new treaty partners. In Fiji Australian diplomats hope to get the Millennium Challenge Corporation, an American aid agency that Elon Musk and DOGE forgot to destroy last year, to add several hundred million dollars for redeveloping Suva’s strategically located deepwater port.

Matthew Wale, the new prime minister of the Solomons and a longtime critic of China’s attempts to buy influence in the region, wants all Pacific island countries, whether they have defence forces or not, to agree on a new multilateral treaty limiting security co-operation to the “Pacific family” at their annual summit, which begins on August 30th. But approval would require consensus between all of the forum’s members. For two of the bloc’s weakest states, Kiribati and Nauru, that may go too far towards alienating China. The two have also blocked a statement condemning the Chinese missile launch, to the dismay of the other members. Nauru opposed the protest despite the treaty it signed with Australia in 2024.

Much of the discussion avoids the fact that by choosing Australia, an American ally, Pacific leaders are choosing sides. There is little talk in Fiji or the other treaty signatories of what an Australian ally might be asked to do if Australia joined America in a conflict with China. And military co-operation between Australia and its new allies will proceed slowly; there is, for example, little prospect of Australian troops deploying permanently on its new allies' territory any time soon. That does not bother American officials, however, who are happy that Australian diplomacy seems to be blocking a Chinese presence in Pacific island countries that were once crucial territories in the battles of the second world war. ■

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Asia | ChatGOV in Asia

Can AI make dysfunctional governments more effective?

Asia demonstrates the promise and perils of AI in the public sector

Aug 27th 2026

HOW MANY laws and regulations are needed to govern an archipelago, home to 287m people, spread across some 13,500 islands, and stretching more than 5,000km? For Indonesia, the answer is 251,232. Yet all too often this bureaucratic morass only worsens persistent problems, from rampant graft to sluggish growth.

Indonesia is a vivid example of a challenge common to Asia’s populous poorer countries. Governments need to manage complex economies and provide services to diverse societies with limited resources. Officials across the region have long turned to digital technology for help making their operations more transparent and effective. Yet Indonesia has launched more than 27,000 digital public-sector platforms and apps, to little avail. Now they hope artificial intelligence can do better.

AI models could help boost the very capabilities that poor states often lack. They are adept at analysing lots of data, from tax filings to farm yields, at a relatively low cost. Properly adapted to local conditions, AI could allow developing countries to do “in a decade what might otherwise take a century”, the World Bank argues.

Public-sector experimentation with AI in poorer parts of Asia has so far been promising, albeit limited. Consider the courts in Pakistan, which face a backlog of more than 2m cases. In 2024 trial-court judges were given access to JudgeGPT, a generative-AI assistant grounded in Pakistani statutes and court judgments. The tool helped judges with legal research, summarising and drafting. Those who used it cleared around 6.3% more cases a year. Greater speed did not mean lower quality: appeal rates did not increase. Similarly, in India, where there is an even bigger legal logjam, Adalat AI, a startup, claims that its transcription tools and document-processing software have reduced case times by 30-50% across 11 Indian states.

The biggest gains may come from helping governments make better predictions, says Indermit Gill, the World Bank’s chief economist. Rampant theft and poor infrastructure make it hard for electrical utilities in poor countries to estimate demand. AI can help them take giant leaps, says Mohak Mangal, the co-founder of Pravah, a startup that is helping utilities in six Indian states deliver power more efficiently. In Telangana, a southern Indian state, a recent study found that AI-enhanced monsoon forecasts helped farmers reap savings of as much as 42,000 rupees ($560) in a cropping season, the equivalent of three months’ minimum wage in the region.

Overloaded officials hope AI can help meet a perennial challenge, directing welfare benefits more accurately. For example, a big food-assistance programme the Indonesian government runs reaches less than 50% of its intended recipients, according to SMERU Research Institute, a local think-tank. One pilot project in Banyuwangi, a port town in eastern Java, used AI to analyse data from different government databases to help verify recipients’ eligibility; a government-commissioned study found that the new system reduced the time taken to register recipients from 75-200 days to less than one. The government hopes to roll out the initiative to the rest of the country by the end of the year.

But wider adoption poses risks. Poverty can be dynamic, specific to local conditions and difficult to quantify, point out researchers at SMERU. More than 9,000 households challenged the AI's initial categorisation in Banyuwangi. Researchers in Bangladesh tested whether a machine-learning model trained on mobile-phone use could examine data on phone top-ups, call patterns and mobility to improve the targeting of a cash-transfer programme. Only 32% of the households it identified were eligible, so more than two-thirds of the programme's funds went to households that should not have received them.

Such findings point to the bigger challenge poor countries face when deploying AI: the places that could most use the technology to supplement state capacity are the same places that lack capacity to deploy the technology safely and effectively, and to develop models of their own. In a World Bank survey of officials from nearly 60 countries, around 80% of those from lower-income countries said they had no tools, or only basic ones, for evaluating the performance of their AI experiments.

Governments may not like the idea of running essential public services on technology controlled by foreign powers, yet most poor countries must rely on frontier models developed in America or China. The World Bank recommends using interoperable systems drawing on suppliers from different countries and starting by adapting simpler models to local conditions. Mr Gill thinks parts of Asia, such as India's southern states and countries in South-East Asia, are well placed to do so.

To succeed, poorer states will need to focus on less glamorous back-end processes. This includes basics such as improving data quality, training officials and procuring technology sensibly, says Shahrukh Wani, who heads AI partnerships at the International Growth Centre, a British research institute. JudgeGPT is a case in point: the striking gains appeared only when access to the model was accompanied by targeted training on how to use it; when judges were handed the tool alongside a generic legal course, they were no more productive than before. Unless states lay the groundwork, AI could end up only deepening the bureaucratic morass. ■

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Asia | Culture clash

A hundred days of BJP shock and awe in West Bengal

The party finds taking on local customs and the opposition easier than fixing the economy

Aug 27th 2026

FOR MANY years the Hindu nationalists' student group at Jadavpur University in Kolkata was so unpopular that it imported middle-aged activists to pad out its rallies. But in May the Bharatiya Janata Party (BJP), the party led by Narendra Modi, the prime minister, won West Bengal, the state that has Kolkata as its capital. For days in August emboldened students assaulted leftist rivals and torched their flags and posters. A minister urged more such "surgical strikes". "They have the muscle power and the money power," complains a 19-year-old political-science major, "and now they will start controlling this campus."

Until now, West Bengal has been everything the Hindu-nationalist BJP is not: secular, left-leaning and abysmal at business. So victory for the party, its first-ever in the state, was especially sweet. But the mismatch also makes West Bengal among the biggest headaches the BJP has had to cope with in its 12 years of ruling India. The party promised big changes in its first 100 days, which expired on August 17th. But it has found waging culture wars is easier than fixing the economy.

For decades Communists and the Trinamool Congress, a regional party, ran West Bengal in fairly similar style. Their appetite for bribes and aversion to business reduced what was once one of India's industrial strongholds to a "syndicate raj" of dodgy influence-peddling. May's election unseated Trinamool's Mamata Banerjee, a three-term chief minister and a fierce critic of Mr Modi. Many did not vote for the BJP so much as against her party's corruption and thuggery.

After decades of bad blood between state and centre, things are smoother now . Infrastructure projects that were stalled are moving, including an extension to Kolkata's metro system. Since the election, Delhi has pledged 1trn rupees (about $10.5bn) for railway projects in West Bengal. But winning over private-sector investors is a slow and thankless task. "I am on a hunt for one huge, iconic investment," says Swapan Dasgupta, a maverick intellectual now serving as the state's finance minister. One coup would be persuading Tata Group, India's biggest conglomerate, to return with a big manufacturing project—two decades after Ms Banerjee staged a hunger strike and drove a planned Tata car factory out of the state.

The sweet talk is saved for businesses: the new government seems brazen about imposing an alien culture of Hindu nationalism on secular-minded, meat-loving Bengalis. "I will work for the Hindus," announced Suvendu Adhikari, the new chief minister of a population that is close to 30% Muslim. The BJP has cleared Muslims at prayer from public roads and made it harder to sell halal meat. In a rush to deport "illegal infiltrators", even some Indian citizens who happen to be Muslim have been pushed across the border into Muslim-majority Bangladesh. A brief attempt to remove eggs from midday meals in schools outraged many Hindus, who eschew the "pure" vegetarianism preferred by the Hindu nationalists of the north. Though many voters complain that Ms Banerjee coddled her Muslim vote-bank, few want the government to mess with West Bengal's syncretic culture.

The BJP has also co-opted much of the opposition. In the national parliament in Delhi, 20 out of 28 Trinamool politicians have defected to Mr Modi's coalition. In the state assembly, 65 of 80 Trinamool representatives have distanced themselves from Ms Banerjee as part of a breakaway faction that keeps suspiciously quiet on the BJP. Many, say critics, did so to ward off investigations by central law-enforcement agencies. One Banerjee loyalist was found hanging from the ceiling of the party office on August 16th, with a suicide note begging his family never to get into politics.

The BJP is rushing to show results in West Bengal before the next national election, expected in 2029. Because about 57% of state revenues come from Delhi, fixing the economy by such a tight deadline means that West Bengal must stay at the top of the national government's list of priorities. The second challenge stems from the BJP's decision to strengthen its presence in the state by inducting scores of high-profile Trinamool politicians into its ranks. These turncoats, including some tainted by corruption scandals, make it harder to convince voters and financiers that the state really has turned a page. ■

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Asia | Catastrophe in Nepal and Tibet

Nepal flash floods

Aug 27th 2026

Devastating flash floods struck an area on the border between Nepal and Tibet, apparently triggered by the fall of a huge chunk of ice that broke off a glacier. A destructive torrent tore down the valleys below. Hundreds were dead or missing, including many tourists. ■

Asia | Ashoka

Indian cities should embrace skyscrapers

Local rules prevent their construction. Hyderabad shows why that's silly

Aug 27th 2026

DONALD TRUMP'S popularity may be plummeting in America and around the world, yet India's appetite for buildings bearing his name remains undiminished. This month a local developer licensing the Trump name announced the details of the latest such project. Promising "every comfort, convenience and indulgence" and spread across two towers of 65 storeys each, it will be the country's largest Trump-branded property. But those who are expecting to find this monument to the tastes of India's new rich in high-rise Mumbai, brand-obsessed Delhi or tech-fuelled Bangalore will be disappointed. The home of the newest Trump towers is, surprisingly, Hyderabad.

The capital of the wealthy southern state of Telangana, Hyderabad is little known outside India. Domestically its reputation rests on its distinct culture (it serves as a meeting point for north and south India), wonderful cuisine (it produces the best biryani known to humanity, no matter what those misguided souls in Lucknow tell you) and thriving tech industry (Google, Microsoft and Amazon all have huge offices there). It is not famous for skyscrapers. Yet it has more of them than any Indian city bar Mumbai, which was forced into vertical growth by its island geography.

How did the country's sixth-most populous city build its second-largest concentration of tall buildings? It got out of the way. Near the top of the long list of things holding India's cities back is something called "floor space index" (FSI), or the ratio of permissible built-up area to land area. In successful Asian cities like Singapore, FSI is set as high as 25, meaning that for every square foot of land, a developer can build up to 25 square feet of tower. In India local authorities worried about meagre civic infrastructure set the number somewhere around 2. It rarely exceeds 4. The central government's latest economic survey describes restrictive FSI as a distortion responsible for urban low-rise sprawl. Worse, the finance ministry's economists write, it "raises land values and creates artificial scarcity in core urban areas". Hyderabad, unique among India's cities, abolished FSI in 2006.

And then, miraculously, life went on. NIMBYs foretell all sorts of doom the moment anyone talks about building anything. They warn of Gothamesque ghettos with gridlocked streets, dry taps and overflowing sewers. Nonsense. Today tall residential blocks line the highways in Hyderabad's western suburbs and traffic still flows faster than in most major Indian cities. Dozens more towers, including the Trump ones, are sprouting in a neighbourhood called Kokapet that was not long ago full of custard-apple orchards and is now a forest of construction cranes.

There are two reasons Hyderabad has not descended into dystopia. One is its 160km-long orbital motorway, the first bit of which opened in 2008 and is now an arterial road in the new skyscraper belt. The other is that abolishing the arbitrary cap on FSI did not mean the abandonment of all rules. Regulations covering minimum street widths and required setbacks still apply. Aviation authorities impose restrictions around air-traffic funnels. The effect is that developers can build high only if they have a large enough plot next to a wide enough street somewhere far enough from an airport. Markets decide the rest. The cost of construction rises with height, so a builder's decision about how much to pay for land and how tall to go rests on whether potential buyers of flats will cough up enough to make the project profitable. That has prevented a housing bubble.

The lesson for other Indian cities is not "abolish FSI"—or not just that, at any rate. It is that civic administrators should think about what purpose their cherished rules serve, and whether better designed policies can achieve those goals. Hyderabad's stewards—across parties and across decades—had the uncommon wisdom to anticipate both the problems and the opportunities breakneck growth would bring, and to plan accordingly.

The results are plain. Mumbai is in the midst of an infrastructure boom that its residents and businesses agree should have happened half a century ago. Delhi's now-decades-old metro transformed the city. Bangalore, India's foremost tech hub, is still an embarrassing morass of ugly sprawl, poor roads and interminable commutes. Hyderabad, which covets its tech crown and is rare in having planned ahead, is a sleek, modern city that looks the way Bangalore should. ■

China

China | Law-law, not jaw-jaw

The long arm of the Chinese state

Like America, China wants its laws to apply everywhere

Aug 27th 2026

AMONG THE grievances the Communist Party has long nourished in its official telling of China's story, the extraterritorial abuses of foreign powers loom especially large. In the 19th century it was colonial powers refusing to come under Chinese laws in the Chinese ports they controlled. In the 21st century it is America enforcing its will beyond its borders, through sanctions and export controls, against countries that displease it. All the more striking, then, that China now wants to play the extraterritorial game, waging lawfare with ever more gusto.

A notable instance came in April, when China ordered Meta, which owns Facebook, to unwind its $2bn deal to buy Manus, an AI startup registered in Singapore. Meta complied, as did Manus's Chinese founders, who had been barred from leaving China. If the saga had an air of legal improvisation, the Chinese government is now working on laws that give it more control over flows of AI technology. For good measure, strengthened powers to impose entry and exit bans on individuals come into force in September.

These are only the latest in a series of legal measures aimed at extending China's clout beyond its borders. The measures range broadly and touch on everything from foreign sanctions to ethnic policy. They mark a sharp turn for China, which has long resented America's legal reach. America's courts can pursue firms (and individuals) for their conduct abroad in big part thanks to the country's sway over the global financial system. To the extent that China's own long arm is retaliation against others' sanctions, it derives its strength from the country's dominance over global supply chains. But China is also waging lawfare abroad with a view to strengthening political control at home.

The sharp turn comes from the top. In 2018 Xi Jinping, China's ruler, urged party officials to "take up legal weapons" befitting the country's status as a great power. Later that year Meng Wanzhou, a Huawei executive and daughter of the telecoms giant's founder, was arrested in Canada, at America's request, for allegedly concealing ties to Iranian customers under American sanctions. Henry Gao of Singapore Management University argues that Ms Meng's arrest showed alarmed leaders in China how vulnerable crucial firms and their staff were to American machinations. (China responded by arresting two Canadians on trumped-up charges and holding them as hostages for nearly three years.)

China's first law deterring companies from obeying foreign sanctions, particularly American ones, came in 2021. Since then the party has woven extraterritorial articles into lots of new legislation. For instance, regulations issued in late 2024 require foreign firms using Chinese inputs to comply with the country's export laws; they also give officials in Beijing the authority to vet foreign firms' customers. This is like America's "foreign direct product rule", which the administration in Washington invoked to restrict the flow of Dutch-made chipmaking equipment to China. Also like America, China has taken to imposing sanctions on foreign politicians.

China's laws against foreign sanctions, which were updated in April, are modelled on the European Union's own "blocking statute". That law makes it illegal for EU firms and individuals to comply with sanctions that the EU deems illegitimate. If anything, China's laws go further. They make it illegal for any foreign company to obey sanctions that discriminate against Chinese entities. In line with the new laws, JPMorgan Chase and Citigroup, two giant American banking groups, are being sued for a total of $44m in Chinese courts for freezing the assets of a sanctioned Chinese oil trader on the order of America's Treasury Department. In June the Supreme People's Court cited the new laws in a judgment against a Singaporean firm for refusing to deliver cargoes of electronics for a sanctioned company in Hong Kong.

China's moves are a predicament for foreign firms that are forced to choose whose laws to abide by. In May courts in London and Chongqing, in south-west China, handed down sharply different rulings in a licensing dispute between Samsung, a giant South Korean conglomerate, and ZTE, a Chinese telecoms-equipment maker. Judges in London held that Samsung owed ZTE some $392m, while the Chinese court found ZTE was owed nearly double that amount. Satisfying one court may mean defying the other. The consequences for Samsung of not recognising the Chongqing court would potentially be more severe than if it defied the English one. Huge multinational firms like Samsung have deep exposure to China, which is both a market and a supplier of critical goods to them. China's long arm relies on cold, hard leverage, says Mark Jia of Georgetown University Law Centre.

China's long arm is also concerned with controlling individuals and organisations deemed to threaten the country's domestic security, very broadly defined. In July a law on "promoting ethnic unity" took effect; it criminalises any act abroad that "undermines national unity". A cyber-crime bill now before the National People's Congress, China's largely rubber-stamp parliament, will make it a crime to host or transmit information abroad that harms China's "public interests". Another law under consideration codifies powers to collect evidence on corruption at Chinese entities abroad.

Many of the recent laws and regulations formalise and strengthen the state's existing coercive reach around the world, which has involved kidnapping

Chinese critics of the regime and running covert police stations designed, in part, to monitor and control the behaviour of Chinese overseas. The party's extensive united-front activities abroad have also long sought to bolster its influence, hold sway over communities of overseas Chinese and blunt criticism of China.

The legislative push reflects a desire to centralise control, says Yalkun Uluyol of Human Rights Watch, a monitor; codifying rules helps strengthen the bureaucratic means. Mr Jia adds that by vesting in itself the powers to retaliate against foreign sanctions, the state sends a message of resolve to others.

Much of China's flurry of extraterritorial law-making, including the provisions on ethnic unity, is really about the Communist Party's long obsession with safeguarding internal stability. But the growing reach of its laws reveals much about China's ambitions under Mr Xi to shape an external environment more to its liking—one in which it is no longer the victim of world history but its maker. ■

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China | Film-going frenzy

China’s latest cash cow is a clunky cartoon bull

Why “Niu Lai” has become a box-office hit

Aug 27th 2026

TO MANY grown-ups, the cartoon film “Niu Lai” would be 86 minutes of torture. Yet in recent days cinemas across China have been packed with older audiences happily enduring its crudely animated depiction of a bullock’s dream about motherly love and threatening predators. No matter that the film is excruciatingly slow-paced, with long seconds of silence as its characters merely blink. On a typical day in late August earnings at the box office were the seventh highest in China, just behind a new Hollywood blockbuster, “Spider-Man: Brand New Day”. The cartoon has become a meme-driven frenzy.

Western audiences have turned trashy films into cult classics: “The Room”, an American film released in 2003, became so notorious for its bad acting and appalling script and set design that audiences flocked to see it for laughs. “Niu Lai”, which is the bullock’s name (it means “the bull is coming”), has a similar attraction: a copy of it on YouTube, apparently filmed in a Chinese cinema with a mobile phone, drew more than 1.1m views before being deleted. The chuckles of the Chinese audience (the film is not supposed to be funny) are clearly audible.

Yet in a country where, unlike in Western countries, the government plays a big role in making, financing and shaping the narratives of films, the popularity of “Niu Lai”—an independent production by a mother-and-son team on a shoestring budget—is a remarkable phenomenon. Young people have flooded China’s social media with comments that often go beyond mere catcalling. On Weibo, one of the most popular platforms, posts with the hashtag “Niu Lai” have been viewed more than 170m times: well over the count (100m) for the hashtag of China’s currently hottest movie: “Once Upon a Time in the Middle East”. That one is a big-budget state-backed film that officials have been organising people to watch because of its heart-warming tale of a Chinese cook’s heroism amid a destructive American invasion of an Iraq-like country.

Despite deliberate seat-packing, the number-one film does appear to be genuinely popular. But online commenters use “Niu Lai” in order to poke at the industry’s pouring money into films that aim to spread the Communist Party’s messages; they use star actors but are often second-rate. Viewers carp at online censors’ habit of suppressing negative views of these party-backed extravaganzas. “Anyone can point at ‘Niu Lai’ and call it trash,” wrote one Weibo user to his more than 1.5m followers, echoing a commonly expressed view. “But those beautifully packaged, mega-budget super-flops in the film industry—are we even allowed to criticise them?…Absolutely not. That’s why they aren’t even as good as ‘Niu Lai’.”

Discomfiting though such commentary must be for officials, the phenomenon may have upsides for the government. Some netizens have poached the cartoon’s imagery to produce mini-videos suggesting that a bull run in the stock market is on its way. Officials love to promote optimism about the country’s faltering economy. Amid the bull craze, censors are standing back. ■

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China | Chaguan

Chinese women are falling behind in the office

The pressure to have children collides with a fierce work culture

Aug 27th 2026

For those unaccustomed to truth in advertising, employers in China can be astonishingly forthright in their help-wanted notices. Huangshi, a city in Hubei, recently sought investment-promotion officers under 35 years old, specifying “men preferred”. A high-speed rail operator in Lanzhou wanted women, but only so long as they were under 25, over 160cm tall and with a “good appearance”. A Suzhou packaging firm, by contrast, stretched to the geriatric reaches of 45 in its search for a sales representative, adding that female candidates should already be married with children—in other words, please no maternity leave.

These are just a few blatant examples of discrimination that women face in the Chinese labour market. More extensive discrimination is largely out of sight. It includes pressure on women to avoid pregnancy, higher pay for male colleagues and fewer opportunities as women's careers progress.

In the 1950s, when Mao Zedong declared that "women held up half the sky", in narrowly economic terms China looked egalitarian. Men and women had similar jobs as well as incomes, though both were miserable—and that was if you were lucky enough to escape becoming victims of Mao's revolution-without-end. Today women in China more than match men in educational terms: 51% of university students are female, up by 14 percentage points since 1995. The picture at work, by contrast, has grown worse. Men on average now earn roughly a third more. In 1990 nearly 80% of women aged between 15 and 64 were in the labour force, one of the highest rates anywhere in the world. Today that has slipped to under 70%, below both Japan and the European Union. China's business leadership is overwhelmingly male. Women are even rarer at the top of politics. For a quarter-century until 2022, the Politburo, the Communist Party's top body, boasted a woman or two. Since then there have been none.

Sexism is part of the problem. For businessmen and officials, the banqueting table is often where deals get done. But long boozy dinners (officially forbidden under Xi Jinping) can be offputting to women, or worse. A senior cadre and a property executive in Hangzhou, a wealthy east-central city, were recently accused of assaulting a young female employee after such a dinner. The incident provoked public outrage, including renewed calls to clean up the practice of banquets. A more common experience for women is less aggressive, though still demeaning. "Our bosses wouldn't say it directly but they hope we act as decoration," says Ms Dou, who worked in tech. Yet nothing is straightforward. Erica, a woman in her 20s in the events industry, says she has had more friction with female bosses than male ones. "We're a patriarchal society, so when women break through and get power, they tend to be more controlling," she says.

The more pervasive problem is less that of outright sexism and more how women's role, or potential role, as mothers clashes with work. A "motherhood penalty" is common nearly everywhere. But in China the penalty is especially high, owing to a fierce work culture, an outdated retirement system and an intensifying state-led fertility push colliding with entrenched career patterns.

Compared with other countries at its level of development, China has generous maternity leave: mothers can get about half a year off work, on full pay. But the state covers only part of the salary on leave, with employers paying for the bulk. Five women in their 30s and 40s told Chaguan that their bosses expected to be informed should they be trying to get pregnant. “Speaking as a former manager, I myself wasn’t all that willing to hire women under 35,” said Ms Chen, who used to work in media. “What if she comes in and gets pregnant right away?” The government’s recent push for two-child families, aimed at reversing a fast-declining fertility rate, adds to employers’ concerns that married women are liable to take extended breaks from work.

After pregnancy, women face other hurdles. A common expectation that they will guide their children through school is hardly compatible with the long hours expected in many Chinese jobs. “Men the same age as me are in a better position,” says Ms Dou, in her early 40s. “There’s an assumption that they don’t have as much responsibility at home.” Job ads often state that candidates should be able to tolerate high stress, regularly work overtime and always be reachable. Such requirements do not discriminate specifically against women, but are deterrents to any parent with their hands full with young children—usually the mother.

Nor is there much runway left for a woman returning to work, perhaps in her early 40s. In white-collar jobs the official retirement age is just a few months over 55 for women and 60 for men (by 2040 these will be raised gradually to 58 and 63, respectively). Companies have less incentive to invest in mid-career women who have taken time off for children. “The job market is already biased enough against women,” says Ms Wu, a former web designer who left to have a child. “After 35 it is like frost on top of snow.” She is taking matters into her own hands, retraining as a drone pilot.

Policy tweaks would help, including making maternity and paternity leave more equal (many places give fathers 15 days, if they take any). More state funding for paid leave would ease the financial strain on companies. Men and women should also have the same (higher) retirement ages.

Yet what women are up against is less skewed policy than powerful social norms, especially the weight placed upon mothers. Until that changes, China is undermining its own potential. In educational terms, Chinese women already hold up more than half the sky today. In the world of work, they are getting just about a third of it. ■

United States

United States | Coming up short

Donald Trump is at last building his border wall

The barrier serves many goals, but may fail at its most important one

Aug 27th 2026

Above the dirt roads and cattle guards of Arizona's San Rafael Valley, welders are at work. Sparks fly as a man stitches flat pieces of steel to concrete-filled beams. Eventually, two walls, each 30-feet (9m) in height and running in parallel, will stretch across the valley's remote grasslands, dividing Arizona from Sonora, Mexico.

"I will build a great, great wall," Donald Trump promised in 2015, in the speech announcing his run for the White House. More than a decade later, the barrier in the San Rafael Valley is just one section of a "smart wall" that the White House is planning across America's border with Mexico. Not since the interstate highway system has the federal government embarked on a construction project of similar scale.

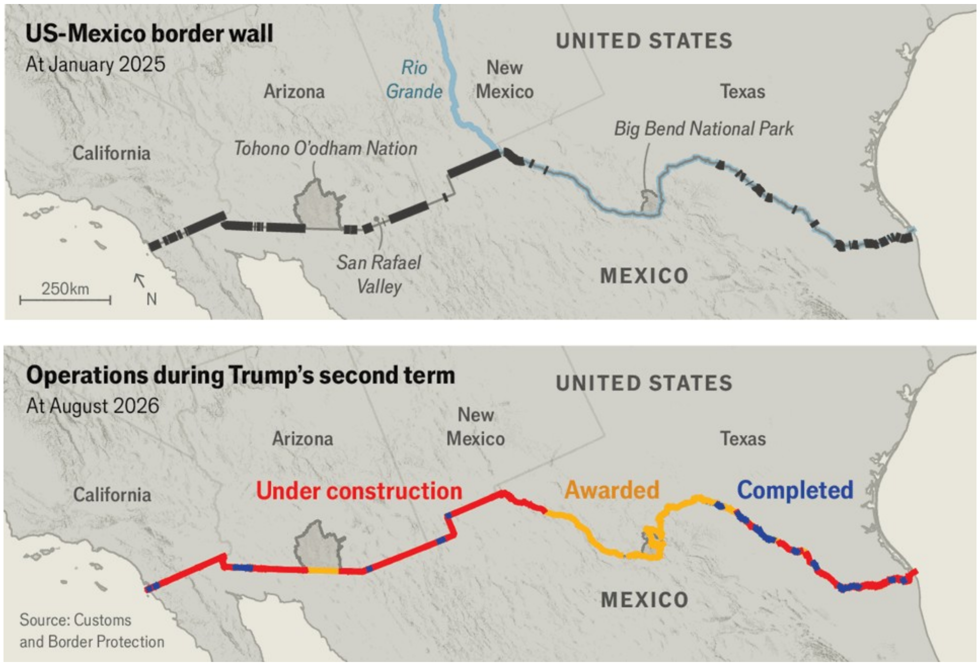
The wall serves more than one purpose, and will have broad effects. To Mr Trump's base, it helps to fulfil a campaign promise. To government contractors, it presents an opportunity. To would-be migrants, it provides an enduring symbol of Mr Trump's command to keep out. The wall will transform the nature of the border between America and Mexico, and the communities that reside near it. However the wall's purported goal is to end illegal immigration, and on that it will have limited impact.

America's border with Mexico spans nearly 2,000 miles (3,219km). Those seeking to curb migration across it have long faced a basic problem: when they would increase enforcement on one part of the vast frontier, migrants would simply go around. But since the 2010s, migrants have responded mainly not to shifts in enforcement but shifts in broader policy, particularly on asylum. Migrants determined that they should give themselves up to Border Patrol agents, rather than try to outrun them, a practice that surged in response to the more lenient stance of Joe Biden's presidency. Customs and Border Protection (CBP), the agency tasked with securing America's borders, recorded more than 300,000 migrant encounters at the southern border in December 2023.

The number of migrant encounters with Border Patrol began to plummet towards the end of Mr Biden's term when he, belatedly, restricted asylum. They have dropped a further 79% in Mr Trump's second term. The president all but ended asylum, and his aggressive detention and deportation campaign serves as a deterrent.

CBP is taking a victory lap. Smugglers are no longer capable "of running 50, 100, 300 people through at a time", says John Morris, the chief of Border Patrol in the Tucson sector, which spans hundreds of miles in Arizona. "It's onesies and twosies." Yet the president is keen to build his wall nonetheless, to create a barrier that will withstand any loosening in policy by his successors.

Some wall already exists (see map). Every president since George H.W. Bush has erected border barriers, including the Democrats. In Cochise County, Arizona, a rust-coloured 18-foot wall with concertina wire built during George W. Bush's presidency connects with a 30-foot steel wall, part of the 450 miles of barriers Mr Trump erected in his first term, mostly to replace existing ones.



The border is already equipped with technology, too. The Cochise County sheriff's department operates roughly 1,300 cameras that capture images of potential migrants (and sometimes hikers). Sensors alert CBP when people get close to the border. When your correspondent visited the frontier with Verlon Jose, chairman of the Tohono O'odham Nation, a Native American reservation, agents showed up in trucks. Mexico's military soon arrived on their side of the border. A soldier holding a gun surveyed the scene before deciding that the group posed no threat.

However no previous administration has attempted to build a border wall of this scale or sophistication. The One Big Beautiful Bill Act, which Congress passed last year and which administration officials lovingly refer to as "OB3", allocates $47bn to barriers, access roads and technology. Another $20bn from OB3 allows CBP to expand its ranks and buy new kit.

When Mr Trump began his second term, nearly 650 miles of wall snaked across the southern border. Now contracts have been awarded for new barriers spanning more than two-thirds of the frontier. He plans to wall off more than 600 more miles of previously naked terrain, and upgrade or supplement existing stretches of barriers. To complement the palisade of steel beams, orange buoys connected by underwater netting will deter migrants from trying to swim across the Rio Grande. Vehicle barriers, sensors, cameras and surveillance towers will fill any gaps.

Funds for the wall must be spent by October 2029, but the White House wants to build as much as possible before Mr Trump leaves office. At the Border Security Expo, a conference in Phoenix in May, officials explained their spending strategy. “We’re front-loading it,” said Jaclyn Rubino, who until recently oversaw the bill’s disbursement with the Department of Homeland Security (DHS), the agency that includes CBP. “By the end of September in this fiscal year, we are going to be obligating at least 75%, if not more, of the funding that has been given to us.”

This has unleashed a frenzy of bidding for contracts. In Phoenix, sales reps hawked tactical gear, drones and solar panels disguised as rocks, to power cameras and sensors. The boom has a few clear winners. Nearly 65% of the roughly $22bn awarded by CBP for wall construction in this fiscal year went to just two firms: Fisher Sand & Gravel and Barnard Construction. Their bosses have previously donated to Mr Trump or other Republicans.

It is unclear, however, that the wall will be the permanent deterrent that Mr Trump wants. Despite all the frenetic building, it may not be completed by the time he leaves office. CBP says it plans to finish construction in 2028, but as of August 19th just 11% of the planned new wall had been built. In August bulldozers trundled into Big Bend National Park in Texas, where the Rio Grande cuts through towering canyons. Watching heavy machinery tear through the park outraged locals, Democrat and Republican, whose lobbying convinced CBP to halt work temporarily.

Even if the wall is erected precisely as planned, asylum policy, if loosened once more, would give migrants a route into America, by encouraging them to present themselves at legal points of entry. And migrants who are most desperate to enter America will find ways to do so. Smugglers already use cutting torches to slice the wall’s steel beams and sledgehammers to knock out concrete, explains Jesse Mitchell, a Cochise County sheriff’s deputy. “They try to cut it real smooth, so agents don’t see it when they’re patrolling the line, so they can keep on crossing bodies.” CBP is already warning that cartels, which do most cross-border smuggling of people and drugs, will try tunnels, drones and maritime routes.

Those attempts may inspire future politicians to introduce new deterrents. In 2011 Barack Obama, then investing in more modest construction along the border, predicted that Republicans would always demand tougher defences. "Now they're going to say we need to quadruple the Border Patrol," he told a crowd in El Paso, Texas. "Maybe they'll need a moat. Maybe they want alligators in the moat."

In the meantime, border communities are bracing for change. Despite the delay in Big Bend, construction is under way even in rugged areas where very few migrants cross. "If you're gonna come across this way, you're gonna suffer the elements of Arizona," says Mr Mitchell in the San Rafael Valley. "Everything out here will bite you or poke you or stab you."

What is treacherous to humans is treasure for wildlife. The Centre for Biological Diversity, a conservation outfit, sued the administration to try to stop construction, but was stymied by waivers, authorised decades ago, that allow the government to build even in habitat for endangered species such as jaguars and ocelots. "This is like the biological gem of southern Arizona," laments Russ McSpadden, an advocate with the group.

The Tohono O'odham Nation has sued to stop the wall, too, arguing that building it would violate tribal sovereignty. The Nation was split by the Gadsden Purchase of 1854, which created the modern boundary between America and Mexico. New wall would separate about 2,000 members in Mexico from their American counterparts. "We didn't cross the border, the border crossed us," says Mr Jose, the Nation's chairman. A federal judge declined to block construction, and on August 25th wall contractors showed up for work.

As building continues, Border Patrol remains on high alert. Mr McSpadden regularly passes agents patrolling the San Rafael Valley's grasslands. On one recent evening, he spotted an officer standing on the roof of a truck, staring at something in the direction of the wall. Mr McSpadden prefers to view the landscape with wonder, rather than vigilance. "I'd like to think they were just looking at the moon." ■

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United States | Full steam astern

From battleships to catapults, Trump keeps messing with the navy

His obsessions will prove costly

Aug 27th 2026

Presidents from George Washington to Franklin Roosevelt have built up America's navy, but few American leaders have taken so keen an interest in ship design as Donald Trump. He loves "Victory at Sea", a 1950s documentary about the American navy's exploits in the second world war, with battleships firing big guns and planes taking off from the pitching decks of aircraft-carriers. During his speech at the Republican National Convention in 2024, the most important speech in his presidential campaign, he went off script to boast about his redesign of a warship's bow in his first term so they "look like yachts". The reaction in the shipyard, he claimed, was "This guy sort of knows what he's doing."

That is debatable. The navy has a ship problem, with fewer than 300 operational despite a congressional mandate to have 355. China has more than 370. So Mr Trump is taking action. In December he ordered the construction of outsize new "Trump-class" ships, bristling with missile launchers, laser weapons and electromagnetic rail-guns. This design may not be wise—the size of each battleship in Mr Trump's new "Golden Fleet" may make them a riskier bet than having a larger number of smaller vessels. But his newest demand, to replace electromagnetic catapults on new aircraft-carriers with outmoded steam-driven ones, is definitively retrograde.

Catapults are how planes take off from a carrier's short flight deck. On August 13th Mr Trump ordered the Pentagon to present a plan for steam-driven catapults within 60 days. He thinks EMALS, the electromagnetic catapults, are too complex. The system has suffered teething problems but appears to have stabilised. The USS Gerald R. Ford concluded a 326-day deployment, operating off Venezuela and Iran, with 12,000 successful launches. Bryan Clark of the Hudson Institute, a think-tank, reckons EMALS enables a sortie rate 20% higher than steam-based launchers. It delivers a smoother acceleration, reducing strain on aircraft, and can launch flimsier drones without the thump of a steam piston. China and France are fitting their new carriers with electromagnetic launchers.

In Mr Trump's view, the fourth vessel of the Ford class, the USS Doris Miller, under construction, should be the first to revert to steam. This would require a redesign to run new pipework from the engine room to the catapult and rearranging internal spaces. If the weight and balance of the ship change—particularly if Mr Trump insists on moving the "island" on the deck, which houses the command post—further redesign will be needed. The nuclear-power plant, optimised for electricity, may not last as long if it must generate more steam.

The bill for the redesign alone would come to hundreds of millions of dollars, and the actual conversion could add billions to the $15bn cost of the USS Doris Miller, reckons Mr Clark. The admirals are quiet for now, perhaps hoping to slow-roll the process until Mr Trump departs.

As happens with Mr Trump, some good sense mixes with the bizarre. His memorandum allows foreign firms to build warships if they invest in, and later bring production to, American shipyards. It notes, rightly, that naval programmes suffer from "overly complex designs" and directs the Pentagon to use "proven, reliable, and affordable technologies". Yet EMALS is now the proven technology, whereas steam would perpetuate the bad habit of continuously redesigning ships.

Most important, new ships would take longer to come online, creating a gap as older ships go out of service. The war in Iran has underscored the value of floating air bases. But the fleet is stretched. The USS Abraham Lincoln is homebound from the Middle East after more than 270 days at sea, amid reports of food shortages and attempted suicides. It will be replaced by the USS George Washington, which had been stationed in Japan, leaving the western Pacific without a carrier at a time of jitters about China's power. Traditionally, the benefit of redesigning a ship had to outweigh the costs of removing it from action. This master builder seems to have a different calculus. ■

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United States | Making American stuff again

Does Donald Trump deserve credit for a manufacturing revival?

Assessing the president's promise to bring back factory jobs

Aug 27th 2026

ON THE CAMPAIGN trail in 2024, Donald Trump promised a tariff-fuelled revival of America's industrial towns. In Latrobe, Pennsylvania, he vowed to "bring back our manufacturing jobs, our energy jobs...and our dreams". In Detroit he talked about manufacturing jobs moving from Mexico to Michigan. The promise was not simply more American-made goods, but more Americans making them. Has the president delivered?

Mr Trump believes he has, with some justification. The Institute for Supply Management's survey of manufacturing purchasing managers has indicated expanding factory activity every month this year (see chart). The Federal Reserve's industrial-production index shows that real manufacturing output grew at a 4.5% annualised rate in the first half of 2026—its fastest pace since 2011, excluding the rebound after covid-19. This month Ford said it would shift production of some models from China to America beginning in 2030, a decision its boss linked to tariffs.

If any industry embodies American manufacturing, it is carmaking. Mr Trump has made it a focus of his tariff policy, imposing a 25% levy on imported cars and many imported parts. Trade talks between America and Canada recently broke down in part over the industry. Mr Trump then threatened to raise tariffs on all cars, trucks and parts from Canada to 50% from January 1st.

The president can point to some results. From December 2025 to July 2026 vehicle production jumped by about 9%, accounting for around a quarter of the overall rise in manufacturing. Ford is not the only carmaker changing its plans. General Motors (GM) will also shift some production from China to America, avoiding tariffs of more than 50% on Chinese-built vehicles. GM has cut back Canadian operations, too. Stellantis (whose largest shareholder part-owns The Economist's parent company) has moved future production from Canada to America. Honda is moving production of its Civic from Mexico to Indiana.

These plans, however, do little to explain the rebound in output that has already occurred. That owes more to a recovery from supply disruptions late last year, strong demand for pickups and SUVs, and the launch of new models. For now, tariffs are doing more to raise costs than boost output. GM estimates that tariffs will set it back by $2.5bn–$3.5bn this year, largely because it still imports vehicles and parts.

In other industries the upswing was under way before Mr Trump's return to office. Aircraft production grew by nearly 9% in the first half of the year, but the industry's recovery began in 2022. Electrical-equipment makers are still benefiting from an investment cycle accelerated by policies enacted under Joe Biden. Subsidies for renewables helped spur spending on transformer factories and other grid equipment, says Donald Leavens of the National Electrical Manufacturers Association. "A lot of that is still playing out today."

Some of the strongest manufacturing sectors are also among those least protected by tariffs. Take the AI boom, which has lifted demand for equipment and materials through the construction of data centres and energy infrastructure. From December 2025 to July 2026 output of semiconductors and electronic components rose by more than 12%, data-centre cooling equipment by almost 4% and cement by nearly 9%. The Economist estimates that in the first half of 2026 the data-centre and power buildout accounted for nearly a third of the increase in manufacturing output.

While some AI hardware, such as chips, is increasingly a target of tariff policy, many AI-related imports have been carved out of broader tariffs. The pattern extends beyond AI. Scott Lincicome of the Cato Institute, a libertarian think-tank, calculates that aerospace, computers and electronics face effective tariff rates of less than 5%, among the lowest in manufacturing. Meanwhile, manufacturing mainstays facing higher tariffs—from food to textiles—have barely grown this year.

For voters the real test of Mr Trump's policies is jobs. On that score, the renaissance is harder to find. In the first seven months of the year manufacturing payrolls edged up by about 31,000—a tiny gain compared with the 315,000 factory jobs lost between 2023 and 2025. Aerospace and industries tied to AI-related construction accounted for all of the net job growth.

Across more traditional manufacturing, meanwhile, employment fell. Even in some of the industries driving the production rebound, job gains have been modest. Employment in the car industry is up by less than 1%. Chipmakers have shed workers even as output has surged.

Where manufacturing jobs are appearing, they look different from the traditional factory work Mr Trump evokes. Aircraft plants, for example, need engineers and technicians. Nearly six in ten workers have a bachelor's degree or higher; only one in five works on the factory floor. The infrastructure boom is similarly brainy.

The revival, in other words, is conspicuously short of factory hands. Even if more carmaking returns later this decade, the armies of assembly workers will not. Robots now do much of the work. Meanwhile, the industries expanding fastest are struggling to find enough skilled workers. Mr Trump's presidency may see investment in automated factories and create demand for high-end talent. That would constitute a manufacturing revival, but perhaps not the kind his supporters hoped for. ■

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United States | Pro-tariff crustaceans

Shrimpers are the latest group seeking protection from Washington

But Donald Trump is waking up to the risks of pricey food

Aug 27th 2026

"WE SHOULD BE excited, but we're not because we got a boatload of shrimp and it's worth no money," says Waylon Buras, watching his men unload a 40,000-pound haul onto the docks of the Louisiana bayou. The fisherman had just returned home after 13 days at sea, the longest trip of his career. Lifting a fistful of iridescent shrimp to the sun, he notes with frustration how perfect they are: "They look like glass." In May a pound sold for $2.00, but today he will get just $1.80.

Cheap shrimp from abroad keep driving down prices, while high fuel costs wipe away any remaining profit. He wants the government to do more. "They can either subsidise us at the end of the year or they need to put a hold on the imports so we can catch our breath," he says. "We're almost drowning."

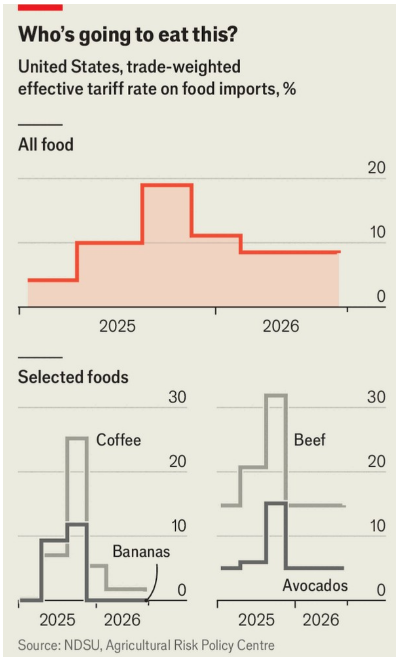
Gulf-coast shrimpers from Alabama to Texas are the latest group hoping to benefit from Donald Trump's tariffs. Last year taxes on imported food more than quadrupled. Mr Trump has not stopped imports of shrimp, but in July his trade representative announced duties of at least 10% on a broad swathe of goods, including shrimp from countries such as Vietnam and Indonesia. The problem for shrimpers, as for some other American industries, is that tariffs may not be enough to save them, and may in the meantime raise costs for everyone else.

American shrimpers didn't always struggle to compete. When seafood casseroles and Jell-O salads became popular in the mid-20th century, housewives bought home-grown shrimp. Then aid programmes scrambled the economics. In the 1970s, the World Bank and USAID spent billions teaching malnourished communities in Latin America and South-East Asia how to fish at scale.

Today nearly 95% of the shrimp Americans eat is imported; in four decades the share harvested in the Gulf fell from 29% to 4.5%. A National Oceanic and Atmospheric Administration (NOAA) report published in March found that a pandemic-era glut turned a simmering problem into a crisis. Between 2021 and 2023 prices of Gulf shrimp halved, making shrimping unprofitable. Crews stopped going out to sea and the industry lost 1,200 jobs. Revenue more than halved in just two years, to $221m. Hurricanes and oil spills add more risk. “Every shock shrinks the fleet,” says Christopher Liese, an economist at NOAA who wrote the recent report.

The shrimp lobby was relieved to be included in the administration’s tariff announcement in July. Jessica Domangue, a representative in the Louisiana House, reckons big-shots in Washington are finally “waking up” to the plight of her constituents. However it is unclear how long the tariffs will last.

Twenty-five states have sued to block Mr Trump’s new levies, which the White House has sought to impose under Section 301 of the 1974 Trade Act. If they are held to be legal, Mr Trump may himself move to lower them. The president seems to be realising that tariffs do indeed raise prices and that American consumers don’t like that; voters now rank affordability as their top concern. Florida lobbyists persuaded the White House to place a heavy duty on Mexican tomatoes, which supply 70% of the domestic market. In the nine months to April, tomato prices surged by 50%. Such effects were predictable. In the 1930s sugar magnates secured the dream protection package: tariffs, production caps and price supports from the government. Americans now pay a fifth more than the global average for sugar. The American Enterprise Institute, a think-tank, estimates that the policies cost each household $40 a year and keep just 4,000 farms afloat.



For some food products, Mr Trump is now reversing course. After raising fees on coffee, cocoa, beef, bananas and avocados last summer, the administration lowered them a few months later (see chart). Facing a broad backlash over grocery prices, on August 21st the president said he would let 300,000 tonnes of ground beef be imported, tariff-free, for 90 days. Hamburger-lovers cheered; cattle ranchers are furious. Pete Ricketts, a Republican senator from Nebraska being challenged by a left-leaning Independent, Dan Osborn, was among the president's usual allies to break rank. "Flooding the market with lower-quality beef", Mr Ricketts wrote on X, "compromises Nebraska farmers and ranchers."

Even if tariffs do remain, they are unlikely to solve the economics of shrimping. "Tariffs may buy time but won't make the industry competitive or make the underlying issues go away," says David Ortega, a food economist at Michigan State University. The average vessel in the fleet that fishes federal waters in the Gulf is 34 years old. Chronic problems have made reinvesting in infrastructure a bad bet. Some legislators are now pushing for more changes. Bills in Congress would bar federal funds from supporting overseas aquaculture and require the government to buy only American shrimp for school lunches, military cafeterias and food programmes.

Back on the bayou it is clear how much has been lost since the glory days of American shrimping. Years ago fishermen would fill the pool hall after a hard day's work and there were dances in a community ballroom every weekend. Now abandoned packing sheds dot the coastline. Some residents have taken to meth and the Family Dollar store closed a few months ago.

Mr Buras reckons things are getting worse. Before this trip, his crew asked for a little extra money upfront to buy clothes for their children for the new school year. In the boat's cramped air-conditioned quarters, as shrimp are vacuumed out from its underbelly, the men explain why they keep at it. "It's an addiction," says Mr Buras's son-in-law. They like the freedom, they say, and the sunsets. In four days they go back out to sea.■

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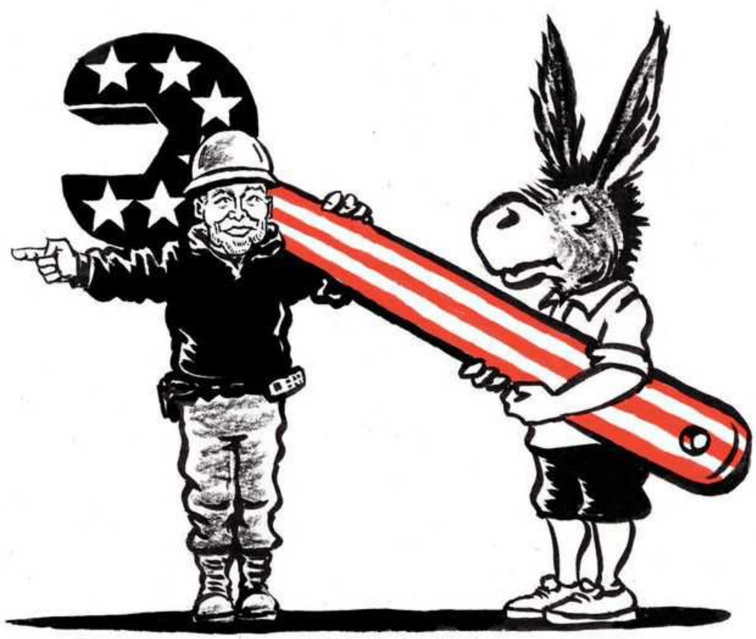
United States | Lexington

The state that could shape the winning Democratic message

Democrats are suddenly competitive again in Ohio, once the nation's bellwether



Aug 27th 2026

In these waning summer days of waxing Democratic optimism, of rising hope within the party that it will regain some power in Washington and start to overcome a national reputation for elitism and ineptitude, no state seems more pregnant with possibility than Ohio. Once a bellwether for national politics, Ohio has trended solidly Republican this century as the party gained ground with working-class voters. But polls suggest the Democrats have a chance at not only a Senate seat but also the governorship, which they have managed to hold only once, for one term, since 1991. They could even pick up a House seat or two.

High fuel prices, tariffs and the sheer unpopularity of Donald Trump are improving Democrats' odds across the Midwest. In Ohio, the sharp public turn against data centres is a particular problem for Republicans, given their dominance in the state. Senator Jon Husted, confronting a former Democratic senator, Sherrod Brown, has scrambled to introduce a bill to spare consumers from electricity-rate increases due to data centres. But he previously celebrated their construction. The National Republican Senatorial Committee wrote this month to AI firms seeking help fending off attacks from Mr Brown and others, warning that data centres had become "the anchor hanging around Husted's neck".

David Cohen, a political scientist at the University of Akron, compares Republicans trying to evade complicity for data centres to bank robbers who open their loot only to have telltale dye explode in their faces. "That dye is not going anywhere," he says. He thinks Democrats might sweep statewide offices and win the Senate seat. "I mean, you can feel it," he says. "There's a political earthquake about to happen."

Democrats in Ohio have avoided the progressive-on-moderate bloodletting in midwestern states such as Michigan and Wisconsin. Ohio's Democrats can seem like throwbacks to a different party: rather than fight over cultural issues and Israel, they are running on bread-and-butter economic themes, on curbing health-care costs, increasing wages, shoring up public education and protecting consumers and organised labour. "It's as mainstream as you get in Ohio," says John Kulewicz, who is running to become the first Democrat to serve as state attorney-general in 16 years. For that reason, if these Democratic messages pass their field-testing, they may supply a broadly appealing formula for a national candidate in 2028.

It is intra-Republican feuding in Ohio, of a particularly awful sort, that is making headlines. Max Miller, the two-term congressman representing the seventh district, has been accused by his ex-wife, Emily Moreno, of abusing her and their two-year-old daughter. He has denied the accusations and blamed her for hurting their child. A months-long investigation by police and a child-welfare agency found that abuse was "indicated" but identified no perpetrator. The parents continue to share custody.

Ms Moreno is the daughter of Senator Bernie Moreno, the Republican who defeated Mr Brown in 2024. Mr Moreno said this month that Mr Miller "should not be free to continue endangering others" until he gets "serious psychological help". Mr Miller previously accused Mr Moreno of joining in "his daughter's malicious campaign to ruin my life". He has sued Ms Moreno for defamation. The legal struggle has opened a window into the race: in court filings Mr Miller has said that Ms Moreno's accusations cost him endorsements and donations, and may double the cost of his campaign. As he fights for his seat, he is casting his persistence as proof of grit akin to that of Mr Trump, whom he served as an aide during the president's first term. Yet in a sign of how voters' concerns may favour the right kind of Democrat, Mr Miller is also extolling his "voting to protect Obamacare".

Among the startling aspects of the race, the least remarked-upon is that it took this uproar for the national Democratic party to show much interest in Mr Miller's opponent, Brian Poindexter. While the district leans Republican, it is scored by the Cook Political Report as doing so by five points, a surmountable barrier if a blue wave is building. More perplexing, Mr Poindexter is a poster-candidate for the image the party is desperate to project: the son and grandson of union members, he went to work in a machine shop at 15 and has been an ironworker for 19 years.

In an interview before he addressed striking county workers in Elyria on August 25th, Mr Poindexter insists Democrats have "always supported working families". But, he says, they lost working-class support because they "took the bait" from Republicans and began emphasising cultural issues. Though Bernie Sanders endorsed him, Mr Poindexter balks at the full leftist agenda. He does not want to abolish Immigration and Customs Enforcement and is in no hurry to implement Medicare for All. Beyond pro-union positions his agenda is vague. With his unrefined speechifying, faded blue jeans and mobile phone invariably clipped horizontally to his belt, he is relying on his biography and its contrast with that of Mr Miller, who descends from one of Cleveland's wealthiest families. "I am what people have been craving in politics for so long—somebody who is just like them," Mr Poindexter says.

His background equips him more for class politics than for fierce partisan politics, also like Ohio Democrats of old. Mr Poindexter voted for Senator

John McCain, a Republican, for president in 2008, before voting for Barack Obama in 2012, and he speaks with great admiration of both men. On the stump he talks about his father's support for Mr Trump, and of how much he reveres his father. "Somewhere in between our differences is the right answer, folks," he told voters in Medina on August 15th. That may be the most radical message to emerge from Ohio this year. ■

The Americas

The Americas | Deal or no deal

The costs of defying Donald Trump are mounting for Canada

But the waiting game is Mark Carney's only move

Aug 27th 2026

Mark Carney is governing through paradox. Canada's largest trading partner, the United States, is led by an unreliable man who uses trade barriers as a weapon. For Canada, the diversification of trade partners is wise, but takes time. Building infrastructure needed to serve new markets requires significant investment. And yet little would do more to get that investment flowing than a trade deal with the United States.

The pursuit of such a deal has pushed both countries to the brink of a full-blown trade war. Minutes before midnight on August 21st, two days after Donald Trump said that "a very good deal for both parties" was all but done, Canada's prime minister abandoned the talks, allowing fresh tariffs of up to

50% to come into force on 5% of Canadian exports to the United States, worth $20bn. Mr Trump's price for normal trade relations was too high. "Our goal has been to secure the best deal for Canadians," Mr Carney said on August 22nd. "Never a deal at any price."

And so on August 25th Canada matched the new American tariffs with levies of its own on some $20bn of American exports, with implementation delayed until September 8th. Support for Mr Carney's decision to walk away is widespread in Canada. A survey by the Angus Reid Institute, a pollster, suggests that 76% of Canadians back the move. The political risk that comes with signing a trade deal Canadians cannot stomach is far higher than that from Mr Trump's tariffs.

But however bad Mr Trump's deal might have been for Canada in the long run, declining it and letting new tariffs come into force will start to hurt soon. The Canadian economy grew by 0.8% between the first and second quarters of this year, having grown by just 1.7% in 2025 after the first round of tariffs came into force in March that year. Unemployment hit a two-year low of 6.4% in July, but inflation is creeping up. David Colletto, the boss of Abacus Data, a pollster, points out that almost two-thirds of Canadian voters cite the cost of living as their most important issue. Nothing else comes close. "The threat", says Mr Colletto, "is not that Canadians tire of the fight. It is that the fight collides with the cost of living."

That seems unavoidable. Trevor Tombe, an economist at the University of Calgary, estimates that Mr Trump's new tariffs will push inflation to 4%. Some 90,000 Canadians could lose their jobs, bringing the unemployment rate up to 7%. And that does not account for damage that will be caused by the retaliatory tariffs.

If Mr Carney follows through on September 8th, retaliation will come with domestic political risks as much as economic ones. Some provincial premiers, such as Doug Ford in Ontario, are gung-ho; in July Mr Ford said that Canada could "dismantle the US if we wanted to" by cutting off energy supplies. But others, particularly Danielle Smith, the premier of Alberta, are much quieter. Alberta provides the United States with about half of its imported oil and has been almost entirely spared from Mr Trump's duties so far.

Mr Carney has previously ruled out weaponising Canada’s energy exports, perhaps in part because doing so might irritate Ms Smith’s constituents. He is now being urged, at a minimum, to consider the possibility of applying an export duty on Canadian energy bound for the United States if Mr Trump follows through on his fresh threat to double tariffs on Canadian-built automobiles to 50%. “I don’t think they want us to stop sending any of that energy,” Mr Carney said on August 22nd.

Any levy on Canadian energy is fraught with peril. Large eastern cities such as Toronto and Montreal get much of their fuel via pipelines that run through the United States, carrying hydrocarbons both from Alberta and American sources. On August 24th Mr Trump made a veiled threat to turn off the tap.

The more existential danger would be to Canada’s national unity. In October Albertans will vote in a referendum (triggered by a petition) which asks whether they are happy to remain in Canada or would prefer to hold a second and binding referendum on secession. Even if Mr Ford is right that energy exports give Canada leverage over the United States, it is not a weapon that can be used without risking great self-harm. The effect of Canada’s federal government cutting off rich Albertans from their biggest customer is hard to predict, but it is unlikely to help the argument for the province to remain Canadian.

Provincial politics also explain part of Mr Carney’s motivation for declining Mr Trump’s deal. Quebecers will vote in October for a new provincial government. Public-opinion surveys suggest the separatist Parti Québécois holds a slim lead. Mr Carney says the United States wanted to water down measures protecting Canada’s French-language and culture, a demand that, if acquiesced to, might have empowered separatism in Quebec, too.

Canada’s retaliatory tariffs target states such as Michigan and Maine where Republican senators are struggling in tight midterm races. Mr Carney must hope that America’s cost-of-living issues, inflamed by higher prices on Canadian imports, push Mr Trump to reopen talks and thereby, at last, give Canada some stability. ■

The Americas | Welcome to the jungle

Donald Trump's military expansion in Panama makes little sense

It is warping the neutrality which protects the country's canal

Aug 27th 2026

SPEEDBOATS INTERCEPT a suspicious ship near the entrance to the Panama Canal. Troops board it and bundle the bad guys off. On the Caribbean coast, special forces launch an assault on a rebel base. On the outskirts of Panama city, the capital, Chinook and Black Hawk helicopters buzz overhead. From August 3rd to 13th, Panamanians witnessed a display of military prowess not seen in the country for almost two decades.

This was Panamax, a multinational military exercise led by the United States to practise fending off possible threats to the Panama Canal. Held roughly every two years since 2003, for the past 13 its simulation has been run from bases in Texas and Florida. This year it was done in Panama proper. Over

1,700 troops, mostly American but including soldiers from 17 (mostly Latin American) countries, engaged in "kinetic operations" across the country.

"I've no issue with tabletop exercises but you can't replicate this," said Pete Hegseth, the secretary of war, dressed in a sweat-soaked olive-green t-shirt. The canal is "a key piece of terrain. We've got more troops here in partnership with Panama than we've had in a very long time."

The United States has renewed its interest in the western hemisphere since Donald Trump regained office. It has intervened militarily in Venezuela, ramped up economic pressure on Cuba, bullied Canada and menaced Greenland. And Mr Trump has repeatedly threatened to take control of the Panama Canal. For Southcom, the US Joint Command focused on Latin America, "ensuring unfettered US access to the Panama Canal is a top priority." But this military expansionism does not sit comfortably with the treaties that govern the canal. And how effective will it be?

Mr Hegseth was speaking at Fort Sherman, one of three American-Panamanian training schools he announced on his previous trip, in April 2025. In the second half of the 20th century hundreds of thousands of troops undertook gruelling jungle-warfare training at Fort Sherman, many of them before being sent to Vietnam. "Green Hell" was closed in 1999, along with

13 other American military installations, as a condition of the 1977 Canal Neutrality Treaty, which banned foreign military installations. Panama's government says the revived "Jungle School" is not a new foreign military base. But opposition politicians call it a "camouflaged invasion".

Panama's constitution bars the country from having an army, but since becoming president in 2024 José Raúl Mulino has beefed up Senafront, the border-control force, and Senan, the naval and air service. Last year Panama agreed to buy four Brazilian fighter planes. In April it received the first of an order of surveillance drones and interceptor boats from the United States. Together with port-scanning and cyber-security equipment, the United States has given technology worth more than $174m to the security forces, says Mr Mulino. In August his government launched a new joint command of Panamanian security forces, funded by canal revenue and dedicated to defending the waterway and its hydrographic basin.

Panamax was also a chance for Latin American members of the Americas Counter-Cartel Coalition, formerly known as the Shield of the Americas, to meet. Mr Hegseth said Colombia, along with Honduras and Guatemala, had agreed to allow joint American military operations in their territory "to bring the fight to the [designated terrorist organisations] on land". (Guatemala denies it has agreed.)

With Colombia's new president, Abelardo de la Espriella, promising an aggressive campaign against criminal groups, Panama is preparing to deal with the spillover. On August 15th Senafront sent more than 700 special forces to Panama's southern border to try to stop gangsters entering through the heavily forested Darién Gap that separates the two countries. "The canal's enemy is narco-trafficking, and no one else," says Mr Mulino.

The United States disagrees. The Trump administration reckons China, not drug gangs, poses the most serious threat to the canal. It wants to drive Chinese activity away from all the critical infrastructure it can in Latin America. Last year it pushed Panama to remove Chinese operators from the ports at each end of the canal. Such "dual-use infrastructure" could be used for "intelligence gathering, cyber vulnerability, or logistical denial during global contingencies", according to Southcom. Mr Hegseth views Panama as part of “Greater North America” and part of the “immediate security perimeter”.

“The Panama Canal is probably the most important infrastructure in the western hemisphere,” says Kevin Cabrera, America’s ambassador to Panama. “If you wanted to interrupt our commerce, the Panama Canal is the way to mess with that.” Military co-ordination is crucial to defending the waterway, he says.

But reviving Jungle School hardly tackles these concerns. American troops cannot stop spying or cyber-attacks by other states. Much bigger numbers of them would be needed to prevent drone attacks or sabotage by terrorists.

Instead, increased American meddling may increase risks to the canal. Panamanian schoolchildren are taught that their country’s neutrality is the canal’s best defence, while its openness to all vessels “in times of peace and in times of war” has boosted its role in world trade. Rodrigo Noriega, a local analyst, says Mr Trump’s mercantilism threatens this neutrality, with the result that the chances of the canal being targeted are growing. Mr Cabrera dismisses this. “State and non-state actors don’t care about the rule of law. They don’t care about treaties,” he says.

By contrast, Panama is seeking to bolster the Neutrality Treaty. Austria, Belgium, Brazil, Portugal and Switzerland have signed up. Japan, India and 12 others have been sounded out. Neutrality, Mr Noriega notes, protects Panama not just from physical attacks on its canal, but potentially from Mr Trump's bullying too. ■

The Americas | Dead wait

The problem with the world’s oldest mummies

The burial rituals of a culture that thrived 7,000 years ago have ramifications today

Aug 27th 2026

Running 600km along the coast of the Atacama desert, from southern Peru to northern Chile, is a mass-burial site for the world’s oldest mummies. The Chinchorro, who lived on the strip of coast from 7000BC to 1000bc, and survived by hunting and fishing, were meticulous preservers of their dead. Almost everyone who died could be mummified, with no regard for social status. This, combined with the dry environment of the Atacama, has led to an odd situation: the world’s oldest deliberately preserved bodies are so numerous that they are creating problems.

Lately, more bodies have been emerging from the earth. César Borie is an archaeologist with Chinchorro Marka, an agency that Chile’s government has charged with the protection of the country's Chinchorro archaeological sites. He studies a skeleton that he stumbled upon while walking around Caleta Camarones, a town near the city of Arica in northern Chile. "We find new remains exposed every time we come here," he says, gently reburying the bones with his hands. "Keeping them under the soil until the conditions are right is the best we can do."

This is not a new phenomenon. Chinchorro mummies have been issuing from the ground since at least the early 20th century. Initial expeditions in 1917 transported mummies to museums around Chile, where experts preserved them for study. Archeologists also ran excavations until the 1990s.

But erosion caused by extreme winds and increasing human activity nearby has been accelerating the mummies' exposure. The region has run out of space to receive the bodies and keep them preserved. It would take hundreds of trucks to distribute them all, says Mr Borie. "There is nowhere to keep the mummies in museums without exposing them to damaging light and temperatures," says Veronica Silva, an anthropologist at the Natural History Museum in Santiago, Chile's capital.

And so archaeologists keen to learn more about the Chinchorro's months-long mummification rituals are having to study the bodies in situ, reburying them when they are finished. “Until we have the right technology, we prefer keeping them underground instead of excavating more,” says Camila Castillo, also of Chinchorro Marka. A new museum that is under construction south of Arica should help.

In 2021 UNESCO added the Chinchorro remains and their landscape to its list of world heritage sites. That presented a possible solution: developing the sites into a tourist attraction, and hosting many of the mummies there. But not everyone is happy with that. A small fishing community has illegally built makeshift homes in the Camerones valley within the site. UNESCO would like them to relocate, but they are not so keen. Meanwhile their numbers are growing, and their presence is increasingly damaging the remains.

The local mayor, Christian Zavala, has upped the tension by saying the mummies get more attention than his constituents. But some older residents like José Concha, who has lived in the area for more than 30 years, understand the economic opportunities they offer. “I’m becoming too old to go fishing,” he says. “I would love to become a tour guide to teach tourists about the mummies.”

Ms Castillo says Chinchorro Marka hopes to raise money to set up a centre where the mummies can be studied and exhibited in collaboration with residents of Camarones. But if that is to work, the archaeologists will need to show that they care as much about Caleta Camarones’s future as they do about its past. ■

Middle East & Africa

Middle East & Africa | Losing pressure

Iran will be able to shrug off America’s financial threats

In the face of fresh sanctions, the regime is defiant

Aug 27th 2026

WHEN DONALD TRUMP began Operation Epic Fury nearly six months ago he hoped that America’s military might would crush Iran’s regime. When its bombs failed, he bet on sweeteners. In June America offered Iran sanctions relief and billions of dollars in investment in the hope the country’s leaders would open the Strait of Hormuz and renounce any nuclear ambitions. That approach failed, too. So Mr Trump has vowed to break the regime by smashing Iran economically. He said the effort would be an “economic D-Day”. But when Scott Bessent, the treasury secretary, revealed the details on August 24th, his threats rang hollow.

Iran has been under American sanctions since the Islamic revolution in 1979. In his first term Mr Trump exerted what he called “maximum pressure” on the regime in an effort to force concessions on its nuclear programme. The new campaign, dubbed Operation Economic Outcast, is presumably maximum plus. As well as enforcing its blockade of Iranian oil exports, America will increase pressure on Iran’s trading partners and on institutions that help the regime move money. But the threats were more bark than bite. Countries will not have to comply with America’s demands immediately. The treasury secretary conceded it was “a warning shot”.

Iran is in dire economic straits. The rial has lost around a third of its value against the dollar since January. It hit an all-time low ahead of Mr Bessent’s announcement, though it later rebounded a little. The war has destroyed great chunks of Iranian industry. Damage to refineries has left fuel in short supply, leading to long queues at petrol stations. Inflation is running at 88% year on year. The regime is printing money to pay for food vouchers.

Meanwhile, America’s blockade of Hormuz has caused Iran’s oil exports—the regime’s main source of income—to collapse. On August 20th the head of Iran’s central bank said they had “fallen to zero”. According to Kpler, a trade-intelligence firm, Iran still has some 80m barrels of oil on board ships outside the strait. But that would only provide a fraction of its usual income from such exports.

Mr Bessent did not name the countries that he wants to reduce trade with Iran. But several stand out. Before America's blockade, China had been buying Iranian oil at $7-12 below the market price for a barrel, sidestepping the existing American embargo. Last year it scooped up about 90% of Iranian crude exports, which, America reckons, provided the regime with nearly half its budget. The United Arab Emirates (UAE) sells more to Iran than any other country. It provided some 30% of Iran's total imports in 2024. It also hosts shadow banks that the regime uses to evade sanctions. In April the American Treasury reportedly wrote to the UAE's leaders to ask them to close such outfits.

America is not the only country trying to inflict economic pain on Iran. Over the past few months the UAE had softened its stance towards Iran, resuming trade and allowing Iranian residents to return. But on August 18th it said it would stop all trade and financial transactions with Iran after the regime launched strikes against its ships. Mr Bessent called the Emirates "a very good partner". But its financial system is opaque. Iran's transactions are often disguised using shell companies, so money may keep flowing despite the UAE's ban.

Others will openly resist American pressure. China has warned that the new sanctions risk damaging global growth and financial stability, and vowed to protect its "legitimate rights and interests". America has previously targeted Chinese firms involved in Iran's oil trade; in April it imposed sanctions on Hengli, a refiner that American officials accused of buying billions of dollars' worth of Iranian crude.

But it may be reluctant to go further for fear of retaliation or of undermining Mr Trump's diplomatic outreach to China. "If you start to target Chinese companies, it's no longer an Iran issue," argues Esfandyar Batmanghelidj of Bourse and Bazaar, a think-tank in London. "It's a matter for your China policy." And even if America imposed secondary sanctions on big Chinese banks, Iran might still transact with China using its own payment systems.

Iran's leaders have greeted the threats with derision. Mohammad Bagher Ghalibaf, the speaker of parliament, mocked American talk of "D-Day" on social media: "This ain't Normandy." Mohsen Rezaei, Iran's hardline national security adviser, dismissed Mr Trump's threat of economic warfare as "propaganda". He asked, not without some cause: "What does he want to do that he has not done before?" The regime would be in trouble if further economic hardship prompted demonstrations of the kind that erupted in January. But for now, that seems unlikely. Iran has been executing protesters in public.

Iran's leaders view America's pivot to economic coercion as proof that their foe has no desire to continue its failed military campaign. That could embolden Iran to launch new attacks, in an attempt to get concessions from Mr Trump. Mr Rezaei has said that any country that works with America will be treated as an "enemy" and could be targeted. Iran has considerable leverage over its neighbours such as Iraq, which buys its gas and hosts several of its armed proxies. And there is always Hormuz. Hours before Mr Bessent's announcement, Iran threatened to fine or seize nearly 50 ships in the strait, which it accused of breaking its rules for crossing.

The regime's leaders know well that their economy is struggling. Mr Ghalibaf has conceded that Iran will "not survive" without economic growth. Masoud Pezeshkian, the president, has urged America to return to the Memorandum of Understanding (MoU) that it offered in June. This set out a framework for ending the fighting and promised to reintegrate Iran with the global economy. The Iranians do not want to end up in a situation like that of North Korea, says Mr Batmanghelidj, "where they continue to face significant costs because the sanctions remain".

On August 24th Pakistan's army chief, Asim Munir, who has been mediating between Mr Trump and Iran, visited Tehran, reportedly to discuss reviving talks between the two sides. But even if America does renew the MoU, doing so will not solve the disagreements over Hormuz that caused it to fall apart. Iran still has the power to punish its adversaries—and it is unlikely to refrain from doing so. America's talk of choking Iran's economy looks like an attempt to avoid another round of fighting. It may yet backfire. ■

Middle East & Africa | Arabia’s south-western front

How the Houthis have become the most fearsome of Iran’s allies

Yemen and the Red Sea are both threatened

Aug 27th 2026

FOR FOUR years an uncomfortable truce in Yemen’s long civil war has prevailed. But now open conflict is breaking out again. The Houthis, Iran-backed rebels, have accused Yemen’s internationally recognised government and Saudi Arabia, its most important ally, of planning a big offensive. On July 30th their leader, Abdul-Malik al-Houthi, said his forces would “respond to their full-scale escalation with one of our own”. Throughout August they have launched drone and missile attacks against government positions, killing dozens of soldiers and civilians. Yemen’s regular army has struck back hard.

The Houthis think they have much to gain from restarting the war. Since mid-July their militia has been firing at [Saudi-linked ships]() in the Red Sea, as well as ports, airports and refineries. Hardly any Saudi tankers have sailed through the Bab al-Mandab Strait, at the sea's southern tip, this month, according to Kpler, a data provider. The Houthis' attacks have two aims. First, to blackmail the kingdom into paying Yemeni civil servants and lifting restrictions on flights and shipping. Second, to seize the initiative. If the Saudis and their allies were planning an offensive, the Houthis have beaten them to it.

They may also have bigger goals. The Houthis have controlled Yemen's north-west, including the capital, Sana'a, and much of the west coast, since 2014. Some 70% of Yemenis live under their rule. But the rebels have long wanted more. On August 15th Houthi missiles hit the port of Mokha, near Bab al-Mandab, forcing it to close. The attacks seem designed to weaken the National Resistance Forces, an elite group of government-backed fighters that use Mokha as a base. Forcing them from the city would give the Houthis more control of shipping through the strait.

The Houthis also want control of Yemen's oilfields. In early 2022 they nearly captured oil wells in Marib, east of Sana'a, but were repelled by a government-aligned militia trained by the United Arab Emirates (UAE).

Later that year they bombed oil terminals on the coast to prevent their foes exporting the fuel. But this July the government said it would resume shipments. Since then the Houthis have struck Marib heavily. Their fighters could make another push for its resources. Even if they do not capture the wells, they may hope to force the government to share its revenues.

In response, the government has also been talking up a fight. The truce four years ago was supposed to lead to a peace deal, but instead the Houthis have consolidated their power and strengthened their partnership with Iran. Giving them a bloody nose could help the government—whose leaders live mostly in the Saudi capital, Riyadh—regain credibility in Yemen.

Such talk may mostly be intended to boost morale. But the anti-Houthi forces, who spent much of the winter fighting among themselves, are showing a more united front. The government has disbanded the Southern Transitional Council, a secessionist outfit backed by the UAE, bringing some of its troops under the national army's control. Earlier this year tribal unrest flared in the Houthi-run region of Jawf, kindling hopes that the rebels' authority is weakening. Government troops have become more adept at deploying drones, long one of the Houthis' advantages.

Still, they face a formidable foe. Limited strikes by Saudi and government soldiers have failed to deter the rebels. The Houthis have endured bigger and more targeted campaigns in the past. Last summer Israeli strikes killed most of the group's civilian rulers, but it quickly recovered.

Defeating the Houthis would be hard. When they swept into Sana'a in 2014, they did so in defiance of Iran, which urged restraint. Now their confidence comes from a position of strength. When America targeted them in 2025, the group shot down seven American Reaper drones and nearly hit several fighter jets. Last month they claimed to have downed a Turkish-made Bayraktar drone operated by the Saudis. The Houthis have access to fibre-optic drones that cannot be jammed.

Whereas the group used to import finished weapons from Iran, it now builds much of its arsenal from small components smuggled through Oman and the UAE or hidden in dhows sailing from the Horn of Africa. Some Houthi drones can be built almost entirely without Iranian parts. "They have been able to reconstitute capabilities that were damaged or destroyed—much more quickly than people anticipated," says Peter Salisbury of Columbia University in New York.

Geography is also an advantage. The highlands that the rebels control are easy to defend, especially given their heavy use of landmines. Their territory includes a system of caves and bunkers previously held by the army. Satellite evidence suggests these are being expanded. Government forces recently seized tunnelling equipment destined for Houthi ports.

All this should worry the official government. Saudi or American support could bolster its soldiers on the ground. Donald Trump has threatened the Houthis with a "major military punishment". But the costs would be high. Mr Houthi speaks fondly of Yemen's reputation as a "graveyard of invaders". He may yet prove correct. ■

Middle East & Africa | Africa Inc.

The quiet tycoons powering Africa's rise

Secretive family conglomerates are the lifeblood of African capitalism

Aug 27th 2026

IN SOME WAYS Mo Dewji is an anomaly. The charismatic tycoon is currently the only billionaire in east Africa, and the youngest on the continent. By the reticent standards of Africa's corporate titans, the 51-year-old is comfortable in the limelight. Mr Dewji readily gives interviews, including recently to The Economist. He posts frequently to over 2m followers on X.

In other respects Mr Dewji, who owns MeTL Group, a Tanzanian conglomerate founded by his father in the 1970s, is typical. Many large African firms fit this mould of diversified, family-owned businesses. Domestic champions are on the rise. "We are starting to see bigger and bigger conglomerates controlled by Africans," says Acha Leke, McKinsey's chairman for Africa. The consultancy says two-thirds of companies on the continent with annual revenues exceeding $1bn are now locally owned and headquartered; the subsidiaries of foreign multinationals that once dominated African business account for barely 30%. Large domestic conglomerates have accompanied industrial growth everywhere from Gilded Age America to post-war South Korea and contemporary India. So the shift could prove transformative.

For many outsiders the rise of corporate Africa has one face: Aliko Dangote, Africa's richest man. The Nigerian industrialist, whose interests range from cement to fertiliser across 17 African countries, opened the continent's largest oil refinery in 2023. He has plans for a second, in Kenya. By 2030 he wants the Dangote Group to be Africa's first $100bn firm.

Others are snapping at his heels. In Nigeria he faces a rival in Abdul Samad Rabiu, the founder of BUA Group and scion of another industrial dynasty from the northern city of Kano. Mr Rabiu, who like Mr Dangote made his fortune in cement, as well as sugar and other consumer goods, was named Africa's second richest person in May, when Bloomberg valued his net worth at around $19bn. (That has since fallen to about $14bn.) He too has ambitious expansion plans, for instance turning his subsidiary, BUA Foods, into Nigeria's biggest food manufacturer by 2027. In Tanzania Mr Dewji seeks to grow MeTL into a $10bn venture by 2030, in part by pushing into mining and mineral processing. In the longer run, he tells The Economist, he wants to turn it into an e-commerce company.

The attention paid to Mr Dangote reflects the fact that big industrial firms like his are still a rarity in Africa. In 2022 McKinsey counted 345 companies with revenues over $1bn. (There are only 26 more today.) According to the latest Africa Wealth Report, an annual overview of the continent's private wealth, 25 of Africa's 28 billionaires today hail from four of its five biggest economies. "It is very hard to build a billion-dollar business if you are not in Nigeria, South Africa or Egypt," says Mr Leke. (The fourth is Morocco.)

Even fewer such firms are owned by black Africans. In east Africa many of the biggest firms are owned by families of Asian origin, like Mr Dewji's in Tanzania. In west Africa some of the wealthiest industrialists have Lebanese roots, among them the Lebanese-Nigerian billionaire Gilbert Chagoury.

“Africans came very late to the capital accumulation party,” notes John Ngumi, a Kenyan investment banker. Trading networks built by Asian and Lebanese families under colonial rule gave them a headstart. In Tanzania, which was run by socialists until the 1980s, black Africans are only now catching up.

Many hope to follow Mr Dangote. The continent’s leading industrial firms often began as traders before branching into manufacturing and other sectors. The need to diversify stems in part from Africa’s patchwork of small, fragmented markets. “When you’re dealing with an economy that is not big enough, you end up doing a multitude of businesses,” says Mr Dewji. He cites milling as a common example of vertical integration in the region: “If you do wheat milling or maize milling or rice milling, you need polypropylene bags. So you backward-integrate into polypropylene bags.”

Success often hinges on cosy relationships with officials. “I can’t think of any major industrialist that doesn’t have access to government and policy,” says Freda Yawson of the African Centre for Economic Transformation, a think-tank in Ghana. Mr Dangote’s rise was aided by ties to Nigeria’s former president, Olusegun Obasanjo, whose government introduced policies that favoured his cement, sugar and rice businesses over foreign competitors. Mr Rabiu is known to be close to the current president, Bola Tinubu. Mr Dewji used to be an MP for Tanzania’s ruling party.

To avoid friction with political leaders many opt to stay out of the limelight. The media-shy Mr Rabiu perhaps learnt from the example of his father, who was arrested following a coup in Nigeria in 1983. Though Mr Dangote is comparatively outspoken, he has, says Ken Opalo of Georgetown University, clearly “picked a lane”—meaning he keeps his nose out of politics.

Another way to spread political risk is to expand abroad. Many aspiring Dangotes are doing just that. Rostam Azizi, another Tanzanian magnate who was named the country’s first dollar billionaire in 2013, is building in Kenya what he says will be Africa’s largest liquefied-petroleum-gas terminal. Over the next decade he says he will extend his gas-distribution business “from Ethiopia to South Africa”. He will be helped by the fact that, thanks to the East African Community, the most successful of Africa’s regional blocs, governments are increasingly "comfortable with companies from the other side of the border", notes Mr Opalo.

Even so, challenges linger. One is the high cost of capital. In the 2000s Tanzania's banking sector was so small Mr Dewji had to go to South Africa for loans to expand the business. Today, he notes, "we have local banks and access to capital locally." Credit is getting cheaper. But even a larger group like MeTL, which can tap banks from South Africa and Mauritius for big syndicated loans, still struggles to secure affordable long-term finance.

Initial public offerings remain rare, even if a few are beginning to happen even outside of South Africa. Mr Dangote is relatively unusual in having listed parts of his empire on Nigeria's stock exchange. Africa's total listed market capitalisation is about a third of the region's total GDP, compared with 113% globally and 61% in emerging markets on average.

Partly, that is because African capital markets remain shallow, giving firms little incentive to list. But family owners are also often reluctant to cede control or open their books to scrutiny. Nitin Madhvani of the Madhvani Group, a Ugandan conglomerate, notes that his family lost control of their businesses in the 1970s when Idi Amin expelled Asians. "We don't want to do that again," he says. Conversely, foreign investors may be wary of African firms seen as too close to the state. "Mo Dewji has been an MP," says an executive at a rival Tanzanian conglomerate. "There are very few private-equity firms that would invest with those kinds of things."

Politics remains the biggest challenge. In a new book on Rwanda's economic development, Pritish Behuria of the University of Manchester argues that the government's distrust of homegrown capitalists helps explain why the country has produced so few big firms of its own. Foreign capital, he says, is seen as the politically safer bet.

Whether it is a smart economic bet is less clear. For all Mr Dangote's corporate achievements, in Nigeria his firms have yet to kickstart broad-based industrialisation. And Mr Behuria notes that most African conglomerates still invest little in upgrading technological know-how, leaving them ill-equipped to compete globally. Still, a bit more competition for Africa's super-tycoon is unlikely to hurt, says David Olurin of Cardinal

Torch, a new Nigerian agricultural conglomerate: “You can’t have just one person and expect phenomenal growth to happen.”■

Sign up to the Analysing Africa, a weekly newsletter that keeps you in the loop about the world’s youngest—and least understood—continent.

Middle East & Africa | Marching across borders

Why smugglers are stealing Kenya’s ants

A global craze for pet ants has created a lucrative black market

Aug 27th 2026

IT WAS A smuggling operation to make your skin crawl. At Nairobi airport earlier this year, Kenyan authorities discovered more than 2,200 African harvester ants hidden in a man’s luggage. Most were packed inside small plastic tubes plugged with damp cotton, designed to keep the ants alive for weeks while they made it to their recipients, collectors in China. In April the smuggler was sentenced to a year in prison. His conviction followed a series of similar cases, including the arrest last year of two Belgian teenagers carrying around 5,000 ants.

A global craze for pet ants has fuelled a booming black market in live queen ants. An African harvester queen can sell for more than $200 in the black market (it costs barely $3 in Kenya). The country has become a hub for illegal trading because it has abundant populations of the species, alongside established smuggling networks that have long trafficked wildlife.

Ant-keeping became a popular pastime during the pandemic as people searched for indoor hobbies. Enthusiasts keep colonies in transparent formicariums—miniature “ant cities”—where they watch the insects dig tunnels and forage for food. Social media has helped turn the pastime into a global phenomenon. YouTube channels such as AntsCanada, which has more than 7m subscribers, narrate the stories of individual colonies like nature documentaries, from queens founding new nests to battles with rival species.

Most ant-keeping is perfectly legal. Specialist dealers breed the insects and sell them in licensed shops. But demand for rare and exotic ants has outpaced legal supply. African harvester ants are especially prized because they are among the world’s largest ant species and display complex social behaviours, making them “the tigers of the ant world”, says Dino Martins, an entomologist and evolutionary biologist based in Kenya.

Scientists worry that removing large numbers of ants could damage Kenyan ecosystems. Traffickers target queens because each colony has just one breeding female. She typically lives for 25 years and can produce a colony of thousands of workers. Ants play a crucial role in east Africa’s savannahs. As they forage, they collect and disperse grass seeds, helping maintain the diverse grasslands on which much wildlife depends. The ants’ vast underground nests add oxygen to the soil and create nutrient-rich hotspots where plants grow more easily. Meanwhile many other animals, such as pangolins, feast on the ants themselves.

Authorities are scrambling to stop the illegal exodus. Kenya Wildlife Service has pushed for tougher penalties and stepped up inspections at airports. But conservationists say the recent seizures are probably only the tip of the anthill. And interceptions address the trade only after the damage has been done. Alongside tougher enforcement, Mr Martins argues, authorities should educate collectors and local communities about the insects’ ecological importance. Unless demand falls, smugglers will find new ways to keep ants marching across borders. ■

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Europe

Europe | Very stable genius

Giorgia Meloni is Italy's steadiest postwar prime minister

Fusing populism and moderation proves a recipe for staying in power

Aug 27th 2026

On September 4th Giorgia Meloni will become Italy's longest continuously serving prime minister since Benito Mussolini. Her tenure is remarkable in a country where leaders tend to be as durable as gelato on a hot Rome day. Since taking office in October 2022 she has watched prime ministers in once-stable Britain, France and the Netherlands come and go. Having risen to power as a hard-right populist, she has reshaped Italian politics and put herself at its centre. For other populist-right leaders in Europe, her lesson seems clear: tacking to the middle pays off.

To be sure, the position of Ms Meloni and her Brothers of Italy (FdI) party is hardly ironclad. In March voters rejected a referendum on justice reforms that she had made a personal priority. Economic growth is minimal: in the second quarter GDP rose at an annual rate of 1%, and the last of the European Union's billions in post-covid recovery aid will soon run out. By year's end, Italy is expected to replace Greece as the euro-zone state with the highest rate of public debt.

Meanwhile a new party has emerged on the far right, led by an ex-general, Roberto Vannacci. It has attracted defectors from the FdI's right-wing coalition partner, the League. That has forced the prime minister to become more radical on issues ranging from migration to hunting.

Yet Ms Meloni looks less like a leader in decline than one laying the foundations for a dominant second term. She remains Italy's most popular party leader (or "less unpopular than the others", says Lorenzo Pregliasco, a pollster for Youtrend). Polls give the Brothers a higher share of the vote than at the 2022 election. Ms Meloni has become "the person around whom the entire political system is revolving", says Giovanni Orsina of the LUISS University in Rome. Italo Bocchino, a former MP who belonged to the same neo-fascist youth movement as Ms Meloni, thinks she could remain on the political scene for decades.

Three things explain Ms Meloni's political success. First, she is lucky in her opponents. The opposition is split between the progressive Democratic party (PD) and the Five Star Movement, a once ideologically heterogeneous populist movement that now strives to outflank the PD on the left. The Five Star leader, Giuseppe Conte, and the secretary of the PD, Elly Schlein, found some common ground earlier this year. But on August 2nd Mr Conte ripped the breach open, declaring his party would not support the arming of Ukraine. "The opposition is in a bloody mess," says Mr Orsina.

The second ingredient is limited activity. Antonio Misiani, the PD's economic spokesman, says the government's ministers are "navigating by sight" rather than shaping a strategy. The government has invested too little political capital in reforms to raise long-term growth, argues Carlo Cottarelli, a former director of the International Monetary Fund. But reluctance to challenge vested interests is good politics in an ageing, conservative society.

That helps explain the third element in the Meloni mix: moderation. Ms Meloni's actions in office have belied her radical rhetoric. Despite her earlier Euroscepticism, her finance minister, Giancarlo Giorgetti, has scrupulously respected the EU's fiscal rules. The budget deficit has dropped from over 8% of GDP during the pandemic to around 3%. Ms Meloni has crafted an effective relationship with Ursula von der Leyen, the European Commission president. She has unwaveringly supported Ukraine, defying those on the Italian right with a soft spot for Russia. And she has stood up to Donald Trump over the war in Iran and his attacks on the pope.

On migration too, her bark has been worse than her bite. The government's immigration restrictions have sensibly left room to accommodate Italy's need for additional labour. With little publicity, it has authorised 450,000 visas for migrants from outside the EU. It has also launched an investment plan for Africa, nominally intended to tackle the poverty that drives migrants to leave. To satisfy hard-right voters, Ms Meloni has built an expensive camp in Albania to process asylum claims outside Italy. That scheme has so far been obstructed by the courts, and the camp holds no more than 80 people. But it may now go ahead: in June the EU approved such hubs for asylum-seekers from safe countries.

Ms Meloni's example suggests that for Europe's populists, moderation is the key to staying in office and wielding power. But not all of them see it that way. The Alternative for Germany (AfD), Germany's hard rightists, have radicalised ever further while rising to first place in national polls. Tino Chrupalla, the AfD's co-leader, has vowed never to accept "Melonisation" (ie, compromise on Ukraine or migration).

Moreover, Ms Meloni herself might not govern as moderately in future. If France's populist right wins next year's presidential election, the EU might cease to be as much of a restraining factor. With the post-covid fund having run its course, there will be no worries about losing access to it. And the Italian prime minister has proposed an electoral reform that would give the winning alliance extra seats in parliament, cementing its majority. Should her side win the next election, due by December 2027, it could then influence who becomes Italy's next president; the current one, the left-leaning Sergio Mattarella, has been a brake on her power. Ms Meloni also wants to introduce direct elections for prime minister. That could give her a personal authority no Italian prime minister has possessed. Not since Mussolini, anyway. ■

Europe | Cereal killers

The renewed threat to global grain supplies

Unlike in 2022, both Ukraine's and Russia's exports are under attack

Aug 27th 2026

CLOSE TO A third of global wheat exports sail out of Russian and Ukrainian ports on the Black Sea and the Sea of Azov. In 2022, when invading Russian forces attacked Ukrainian infrastructure in the region, the price of wheat and other grains spiked worldwide. It took a Turkish-brokered deal and the establishment of a protected Ukrainian shipping corridor to bring them down. In recent weeks renewed fighting has again been disrupting exports—and this time it is not only Ukraine's sales that are getting thumped. Analysts have started to ask if a second global grain crunch could be on the way.

In previous attacks Russia fired its missiles at infrastructure in Odessa and other Ukrainian ports. Then, starting in July, it began targeting the merchant ships that sail to them. Few crews are now willing to run the risk. The step up in Russian attacks is in part a response to strikes that Ukraine has been launching against Russian targets. Ukrainian drones have more or less closed the Sea of Azov to Russian shipping. This month Ukraine also badly damaged grain terminals at Russia's Black Sea port of Novorossiysk—the largest wheat-exporting port in the world, through which over 30% of Russia's wheat exports pass.

Russian-controlled, August 23rd 2026
*Ukrainian territory annexed by Russia in 2014
Sources: Institute for the Study of War; AEI's Critical Threats Project

The impact is already stark. In August last year Russia and Ukraine exported 6.3m tonnes of wheat between them. That made up a big dollop of the 16m tonnes that crossed borders around the world that month. This August their combined exports may reach only about 2.5m tonnes, and could fall further if hostilities continue, reckons Ishan Bhanu of Kpler, a data firm. Disruption to agricultural exports leaving the Black Sea is "the worst it has ever been" since the region became a major route for global foodstuffs, says Carlos Mera, an analyst at Rabobank.

Both countries are exploring alternative ways of getting goods to market. They face big difficulties in doing so. During the crisis in 2022 Ukraine began using road and rail to get its grain to the Danube River, along which it could travel to Black Sea ports considered safe from attack, such as Constanta in Romania. But capacity on this route is limited, and particularly so this year because of low water levels. Moreover, farmers elsewhere in eastern Europe grumble that the workaround creates extra demand for shipping and haulage; that pushes up their transport costs even as it reduces demand for their product, notes Joseph Glauber of the International Food Policy Research Institute, a Washington-based group. As for Russia, its agriculture ministry says it is working to send more grain to ports on the Baltic and Caspian seas. But these routes can probably handle only a fraction of the backlog.

What this will mean for international prices is hotly debated. Wheat prices have been rising for weeks, reaching two-year highs in recent sessions (some 25% above their level at the start of the year). Yet they are only about half the level seen at the peak of the crisis in 2022. Several factors have, so far, helped hold prices down. One is the timing of the disruption: importing countries in the northern hemisphere have just finished harvesting their own crops, and thus can postpone some imports, says Mr Bhanu. And 2025 was a bumper year for global wheat production, so many countries still have sizeable stores to draw from.

For the moment, markets are betting that the disruption to Russian and Ukrainian exports will be short-lived. Whether they are right depends on a hotch-potch of variables that are hard to predict, says Mr Mera:

developments in the war, water levels in the Danube, how long damaged port facilities take to repair and the whims of insurers, among other things. Experts' forecasts of how much grain Ukraine will manage to export over the full season, he notes, are currently all over the place.

Whereas last year's global wheat harvest was bountiful, this year's seems likely to disappoint. Wheat exports from America, Canada and the European Union will probably fall this year, in part because of drought and in part because farmers bet that other crops would be more profitable, notes Mr Glauber. He says Australia's wheat crop could fall by more than 20% due to the El Niño weather pattern and increased fertiliser costs (caused by hold-ups in the Strait of Hormuz). The world is still far from the grain crunch of four years ago. But if disruptions in the Black Sea last, prices will keep heading up.■

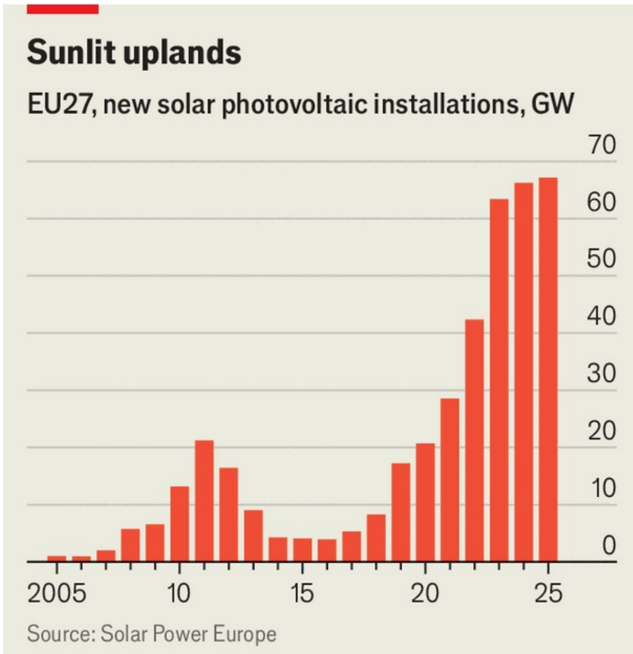
Europe | Charging ahead

Europe’s new renewable-energy champion is a surprise

Romania is leading the EU in combining solar power and batteries

Aug 27th 2026

Europe likes to think of itself as a champion of renewable energy. In fact the rate of solar-power installation on the continent is plateauing. In 2025 the European Union added 67.2 gigawatts (GW) of new generating capacity, scarcely more than in the previous year (see chart). This year new deployments are set to fall in every big EU country except Italy.



The problem is the grid. On sunny days, solar farms can generate so much electricity that they overload networks’ capacity to move it to where it can be used or stored. At peak hours generators may have to disconnect, if they can, or pay users to offload their excess power, turning prices negative. In the first half of 2026, hours with negative prices were up 33% in Germany and 237% in Spain compared with the first half of 2024. European grid operators plan to spend hundreds of billions of euros on upgrades in the coming decade.

One way to beat grid congestion is with batteries. The EU estimates it will need enough batteries by 2030 to supply 150GW of power from storage. By the end of 2025 it only had 37GW-worth installed. Member states are doing a mixed job of enacting the slew of reforms necessary to boost battery deployment. These include streamlining taxation, speeding up permitting approval and achieving closer co-ordination among Europe’s bewildering kaleidoscope of grid operators.

Among the leaders in this effort is a country not usually seen as a green pioneer: Romania. “Unlike many western European countries, Romania is deploying storage relatively early in its solar build-out, rather than trying to catch up after large amounts of solar capacity have already been installed,” says Antonio Arruebo, an analyst at SolarPower Europe, an industry association. For several years, the government has been encouraging both large-scale operators and homeowners to install batteries wherever they add solar panels, leading to growth in both. Even as solar installations stagnated in Europe as a whole, those in Romania grew by 45% in 2025, driven by high demand and fast permitting.

As in the rest of Europe, one of the big boosts for Romania's solar industry was Russia's invasion of Ukraine in 2022, which sent energy costs skyrocketing. High electricity prices and generous subsidies induced about 330,000 "prosumers" (households and firms that are not primarily energy producers) to install solar panels on their property. As generating capacity rose, the priority shifted to storing power. Last year the government eliminated some taxes on electricity storage. In May it announced it would divert €76m ($89m) in solar subsidies toward batteries. Savings-hungry Romanians seized the opportunity. By the first half of 2026, about a third of prosumers had installed battery systems.

Just as important as the amount of storage is where you put it. If batteries are far from generators, it means the grid has to ferry around still more power. So Romania is encouraging its solar parks, some of the largest in Europe, to add batteries onsite. The most prominent is Ogrezeni, a development set to include a gigawatt-hour of battery storage alongside 762 megawatts of solar capacity. The project will be one of Europe's largest solar-battery hybrids when it comes online in 2027. Romania is becoming one of Europe's prime battery storage markets, according to Sina Heidari and Bart Stoffer of DNV, an international energy consulting firm.

In the short term, requiring plants to have grid connections and batteries before installing panels can slow down the pace. Romania is doing so anyway, to avoid bottlenecks in the long term. AFM, the agency that distributes subsidies for renewables, has axed solar grants in favour of those for batteries. For solar developers, Romania raised the minimum sum that companies must deposit when they apply for connections to the grid. This deters developers from lodging frivolous applications simply in order to get in line for connections. Since many power distributors handle such applications on a first-come first-served basis, this is a widespread problem in many countries, creating a backlog of connection requests.

At the start of Europe's solar revolution, the impulse was to get panels deployed by all means. As the industry matures, countries need to strike a balance between generating capacity and storage. Romania looks like a model. ■

Europe | Barroom brawl

European countries are battling over rules on booze

Belgium wants advertisers to note that alcohol is bad for you, Italy does not

Aug 27th 2026

The World Cup was a bright moment both for Spain and for its drinks sales. On match days, profits in the country's bars were 25-30% higher than average. But despite the sunny, beery terraces, a storm was brewing for Spain's booze industry—and Europe's. Sales of beer and wine have been sliding for years. Now some countries want to tighten regulations on alcohol.

In March Belgium told the European Commission it wanted to pass laws that prohibit advertising alcohol to minors. It also wants a blunter mandatory warning on advertising, stating that "alcohol is harmful to health." (The current one states merely that “alcohol abuse harms your health.”) Wine-producing countries, including France, Italy, Romania and Slovakia, have filed objections. They say the Belgian laws would fragment the advertising market and erect barriers to foreign firms.

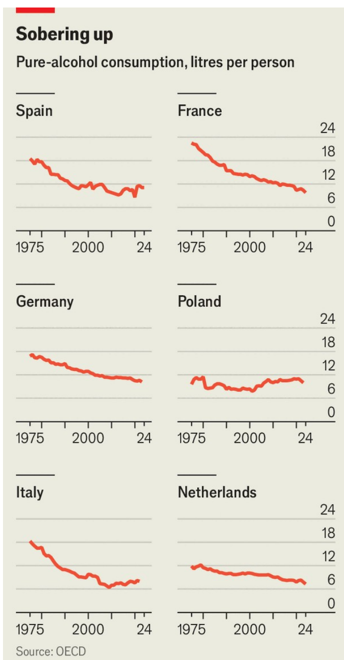
The provision causing the most alarm is the statement that alcohol inevitably causes harm. Brewers and vintners fear that shadowy public-health forces plan to do to booze what they did to tobacco: stigmatise it as poisonous and socially undesirable. Adding to the tension are cultural issues. In warm, relaxed Mediterranean countries, such as Italy, Portugal and France, alcoholic beverages are enjoyed with a meal or sipped on a terrace. The cold “vodka belt” countries, including the Baltics and Nordics, have long had cultures of heavy drinking of hard liquor, and government policies to discourage it.

Members of the European Parliament have pushed for continent-wide legislation to mandate warnings and ingredient lists on bottles. But Aurelijus Veryga, a Lithuanian MEP and former health minister, thinks cultural divisions make a tobacco-style agreement on alcohol unlikely. The commission has been promising booze regulation for years, but never seems to deliver. Deadlines for health warnings on alcohol set in its cancer plan of 2021 have gone unmet.

The diplomatic risks of regulating alcohol are clear. In 2018 Ireland became the first European Union member to mandate that bottles carry cancer warnings, a pregnancy warning and calorie and energy information. Italy responded by calling this an “attack” on Italian identity, heritage and the Mediterranean diet, and insisted that wine was a factor in well-being. It rallied other wine-producing nations, including France, Greece, Portugal and Spain, to object too. The Irish restrictions became law nonetheless, but America then complained that the rules constituted a trade barrier. The deployment of warning labels was subsequently deferred until 2028 (due to “economic circumstances”).

Countries that want to regulate alcohol might look to Lithuania. As health minister, Dr Veryga succeeded in passing wide-ranging restrictions, including a near-total ban on advertising and restricted hours for retail liquor sales. But he says this was only possible thanks to public demand after a series of horrendous incidents, including a drink-driving accident in which three children were killed by an off-duty policeman. “If society is not on your side, you have already lost,” he says, over a glass of alcohol-free beer.

In Belgium, the efforts are driven by Frank Vandenbroucke, the health minister, who has struggled to gain broad political support. He has the backing of public-health charities, which are concerned by growing evidence of alcohol’s harms, particularly in raising the likelihood of cancer. Rebecka Öberg of Movendi, a group that promotes alcohol- and drug-free lifestyles, says her organisation wants people to make educated decisions about drinking. That requires better labelling.



With regard to cancer, it is technically correct to say that there is “no safe level” of alcohol consumption. But there remains debate over the point at which the risk becomes meaningful. The incremental risks of drinking a few glasses of wine or beer a week, rather than none at all, might be so low as to render a warning that “alcohol is harmful to health” disproportionate. Europeans routinely engage in other behaviours that carry a non-zero cumulative risk of developing cancer, such as sunbathing, eating bacon and drinking coffee heated to more than 65°C.

The irony of Mr Vandenbroucke's efforts is that Belgian alcohol consumption is falling anyway. Among members of the Organisation for Economic Co-operation and Development (OECD), a club of mostly rich countries, Belgium is one of the two countries whose consumption has decreased the most in the past decade. Lithuania, with its recently tightened laws, is the other. Indeed, the populations of most high-income countries are moderating their drinking habits, in part due to health concerns. The decline in beer consumption is especially sharp: it has slumped by 9.2% in the EU since 2019.

But in economic terms, every crisis is also an opportunity. Today nearly one of every 12 beers drunk across the EU is alcohol-free. The rise of 0.0% brew means that, no matter which side of the alcohol debate you sit on, you have something with which to toast. ■

Europe | The snows of yesteryear

Can music festivals save the melting Alps?

Europe's ski resorts must reinvent themselves for a hotter future

Aug 27th 2026

It was a distinctly meditative concert, performed by a pianist-composer and a woman who strokes crystal bowls. Some 250 people had gathered in a meadow high in the Italian Alps, facing the moonlit bulk of Mt Chaberton. The Deipratiedellestelle (Of Meadows and Stars) festival brings music, dance and performance to an area usually known for its winter sports. With Europe experiencing severe heatwaves, such events have taken on added significance: the Alps are warming at more than twice the northern hemisphere's average rate. "You cannot base all your tourism on skiing at a time when the ski season is getting shorter and shorter," says Daniela Cattaneo, the festival's producer.

Artificial snowmaking helps. Researchers in 2023 found that of 2,000 ski resorts across Europe, over half will lack enough snow in one winter out of two if mean temperatures reach 2°C above pre-industrial levels. With snow cannons for half their skiable surface, that would fall to 27%. But snowmaking is expensive and uses lots of electricity and water. "It cannot keep pace with global warming," says Daniel Scott, a geographer at the University of Waterloo in Canada. At the lower-altitude resorts that most need snowmaking, temperatures more often rise too high for it to be possible.

Another strategy is to build high-tech gondolas to whisk skiers to ever-higher altitudes. Several feature in a €50m ($58m) programme unveiled last December by Italy's Piedmont region. But these can overcrowd the peaks, and are useless to inexperienced skiers and snowboarders who prefer gentle lower slopes.

So mountain regions must find more things for tourists to do. "Adaptation strategies based on diversification of mountain activities and revenues are crucial," as a Bank of Italy study puts it. Luckily, high temperatures will also lead some holidaymakers to flee Mediterranean beaches. Cultural events, wellness centres, mountain biking and lake swimming can draw them to the mountains. Whistler Blackcomb, North America's largest ski resort, now gets more visits in summer than in winter.

In Piedmont the investment in diversification remains modest—less than €6m of the €50m modernisation programme. Mr Scott says much depends on how soon European policymakers and investors see the writing on the ice. Resorts that establish themselves early as year-round or summer venues will gain an invaluable reputational advantage. He is collaborating on a project to model which ones are most likely to go out of business: "Certainly 25% in the next 20 years." With grim humour, the project is entitled "Après Ski". ■

Europe | Charlemagne

Gallivanting EU politicians reveal where power really lies

Inside the Grand Tour of 27 European capitals

Aug 27th 2026

The proper way to complete a young British gentleman's education, in centuries gone by, was to send him on a Grand Tour of the continent. A traipse through Europe taking in Parisian salons, Milanese opera houses and Roman ruins was just the thing to turn an unkempt youth into a cultivated courtier. Over the months en route, he would pick up rudiments of the continent's languages alongside a few paintings, gambling debts and the odd bout of gonorrhea. The Grand Tour was expensive and time-consuming, which was rather the point: what mattered was not so much seeing Europe as being seen to have seen it. For the family that had everything, a youngster's gap year on the continent broadened the mind even as it narrowed the inheritance.

The democratisation of travel and the French habit of chopping off aristocratic heads put paid to the custom. But the Grand Tour has had a revival of sorts, not among the idle rich but among the continent's political class. For the modern grandee serving the European Union, to be seen as out on the road is de rigueur. Nothing demonstrates commitment to ever-closer union so well as a circuit on the Grand Tour 2.0: a zip through the EU's 27 national capitals, from mighty Berlin and Paris to humble Valletta and Luxembourg. Much like the jaunts of yore, such traipsing is expensive, time-consuming and undertaken largely for symbolic value. Then as now, the intent is less to learn anything than to prove one has made the effort. Been there, done that.

The latest politico to try his hand at frequent-flyer diplomacy is António Costa, who as president of the European Council chairs confabs of EU leaders. For the second year running the former Portuguese prime minister will schlep to chancelleries across the bloc on a tour des capitales. In 2025 it took three weeks for Mr Costa to accumulate grip-and-grins from 23 EU members. This time 26 stops are planned (Sweden, in the midst of elections, will have to wait). For a man whose job is to herd two dozen leaders towards agreement, rushing through two or three capitals a day has a certain logic. But a slew of lesser EU-wallahs have done their own travel box-ticking, in a revival of the Grand Tour genre. At least four European commissioners have visited all 27 countries since taking office in December 2024, with a handful of others aiming to notch up the remaining capitals soon. National politicians too are occasionally tempted by the challenge: Emmanuel Macron undertook a Grand Tour in his first five years as French president.

Completing the EU-capitals set has become the Eurocratic equivalent of filling a Panini sticker album. Brussels-based types may think of the habit as an earnest effort by the vast EU apparatus to solicit the views of the provincial Everymen for whom they are devising policies. That is doubtful. Unlike the junior aristos on the OG Grand Tour, today's visiting Euro-dignitaries encounter few ordinary citizens (and probably contract less gonorrhea). Beyond the odd farmer dragooned into a photo-op or students forced to endure pontificating speeches, it is mainly national-level politicians who get to meet roaming EU bigshots. The exercise may be billed as a listening tour, but it is one in which the listeners studiously avoid the electorate.

What is the point of all this, beyond accumulating air-miles? After all, most polities designate a capital city where folk from the provinces congregate to meet and get stuff done. The EU has a serviceable one, Brussels, where its main institutions are based. Ministers serving national governments from Poland to Portugal shuffle in and out every week (except in most of August; this is Europe, after all). A permanent cadre of senior national diplomats plugged into their respective governments spend their time in a more or less continuous co-ordination meeting. Yet despite these institutionalised communication channels, the Euro-pilgrimage continues. There is something wonderfully European about an official travelling to Ljubljana to have a conversation that could easily have happened a week later in Brussels.

Grand Tours were once a common feature of the EU. National leaders used to take six-month turns chairing meetings of their fellow prime ministers, and would knock on each chancellery's door in the run-up to their first summit in charge. Such a jaunt could be done and dusted in a couple of days when the union was first formed in the 1950s, taking in just six countries. But the practice fell into abeyance. From 2009 a new permanent presidency (currently held by Mr Costa) stopped the practice of rotating ones at leader level, and so the impetus to travel. The bloc's expansion by the 2000s to 28 members (for a while) turned visiting every national capital into an endurance test too trying for most.

The recent resurgence of the Grand Tour reveals something about how Europe is run. In most governments, politicians from the provinces travel to the capital to lobby. In Europe it is the other way round. Policymaking is at times centralised at EU level—but power stems from national capitals. Eurosceptics may yammer about an out-of-control cadre of Brussels officials running amok, but the opposite is closer to the truth. National governments decide what they want to see happen, and get the machinery in Brussels to do their bidding. Eurocrats who travel outwards are, if not bending, at least flexing the knee to Europe's true sovereigns.

To the EU project's purists, who would like more decisions made in Brussels, its officials' wanderlust is a depressing reminder of how little power they wield. Perhaps the practice will fall into abeyance again. Enlargement of the EU is on the agenda; on August 29th Icelanders will vote on whether to apply for membership. Several Balkan countries are applying, as is Ukraine. A trip to 27 capitals is already exhausting. A detour to Reykjavík, Kyiv or Sarajevo may prove a bridge too far. ■

Britain

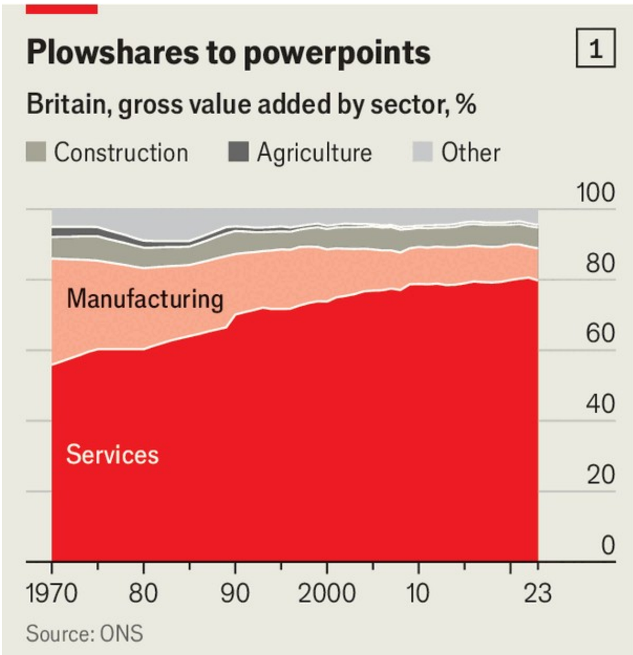
Britain | The false lure of factories

British politicians want a manufacturing jobs boom

It's a poor way to achieve economic growth

Aug 27th 2026

Andy Burnham's pronouncement in July at a train factory in Derby sounded like good common sense: "AI might be able to write an essay, draft a contract or make a slide deck," the prime minister said. "But it can't make a train." Yet it hides dodgy assumptions. The first is that AI, paired with robotics, may well make trains one day. And Britain is not very good at making them now. The Derby factory is a case in point: its flagship £1bn ($1.4bn) order for trains to serve England's South West was a study in incompetence, running over four years late. The plant limps on only because the state insists on building in Britain.

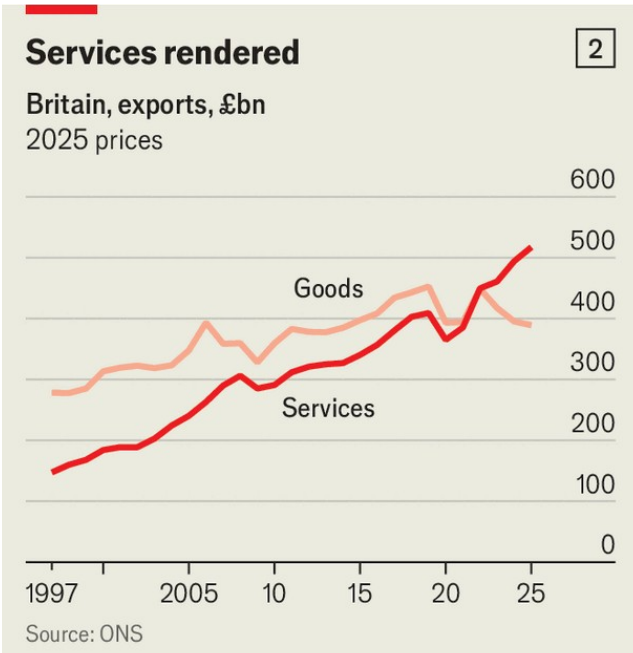


For industrial nostalgists like Mr Burnham, the decline of British manufacturing has been hard to watch (see chart 1). In 2025 manufacturing made up only 8% of the economy's output, down from 17% in 1990. This is the lowest share in the G7 group of large rich countries (Germany's is 18%). Whereas manufacturing employed 25% of the British workforce in 1979, it now employs only 7%. The job losses were painful—the work was skilled and well-paid in areas with few other opportunities. "The Full Monty", a 1997 film in which former steelworkers in Sheffield turn to stripping in order to make money, captures the anguish well.

Politicians from across the spectrum want to wind back the clock. Nigel Farage, the populist-right leader of Reform UK, has called for Britain to "produce all the stuff we need" domestically. He is particularly exercised by steel, an industry that is as totemic as it is unprofitable. Mr Burnham has called for Britain's "reindustrialisation". Some optimistically read this as a desire to strengthen all Britain's exporting sectors, services included. Yet his wider rhetoric, whether about trains or the need to safeguard "sovereign manufacturing", suggests a man mostly focused on machines.

Hard-hatted enthusiasts like Mr Burnham think that a manufacturing renaissance will not just power national growth, but create jobs in left-behind areas and strengthen national security. As a strategy, this is likely to misfire on all counts.

Take growth. It is very difficult to change a country's comparative advantages. The Resolution Foundation, a think-tank, has calculated that seven of the ten products Britain specialised in most in 1989 were still among its top ten in 2019.



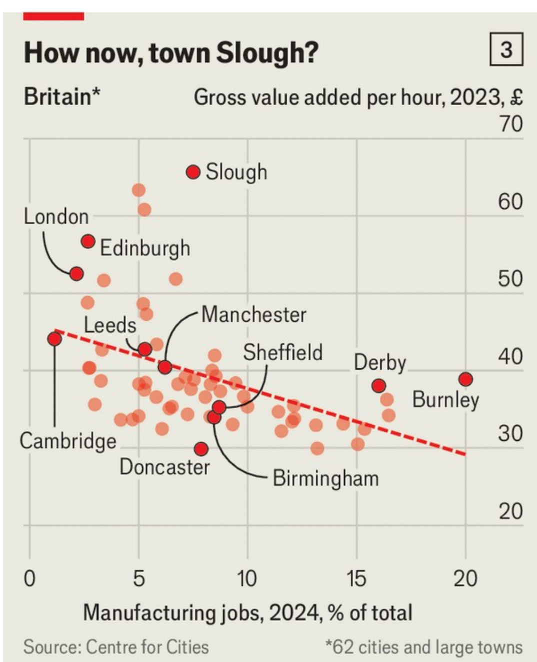
Like it or not, Britain's strengths lie in its knowledge-based services. Arty advertisers, pedantic lawyers and boisterous bankers keep the economy afloat. Whereas British goods exports have grown by only 24% in real terms since 2000, its services exports have grown by 181% (see chart 2). Services now comprise 60% of all exports, up from about a quarter in the 1980s.

A visitor from Mars would be perplexed that British politicians lament this transition. Countries that specialise in services are, on average, richer than manufacturing-heavy ones and better placed to profit as global trade tilts further toward services. AI, despite its disruption, promises productivity gains for nimble service-based economies. Germany, meanwhile, shows the perils of clinging to an industrial past: Chinese competition and Europe's high energy prices have left the continent's manufacturing superpower with the weakest growth in the G7 since 2020. As Sophie Hale of the Resolution

Foundation puts it, Britain "shouldn't try to be Germany but a better version of Britain".

That does not mean giving up on manufacturing. Britain still has strengths, such as in making planes and pharmaceuticals. Richard Jones from the University of Manchester points out that these sectors have historically shown particularly high productivity growth. Manufacturing and services can also go hand in hand. Having an industrial base supports high-end services like engineering and product design. But this justifies a focus on niches, not a broad-based attempt to prop up failing steel mills and train factories.

A common criticism of doubling down on services is that it neglects northern industrial heartlands which are less able to thrive in such an economy. Leeds shows this is not true. The northern city used to be a textiles town. As late as 1981, nearly 30% of workers were in manufacturing. Now only 5% are. Despite this, Leeds is thriving. Former spinning mills house tech firms and video studios. GDP per person is a fifth higher than the national average.



Mr Burnham's political base of Manchester is another example of how cities that embrace knowledge-based services can prosper (see chart 3). Improving transport connections from outlying towns to bustling centres will help those in labour-market deserts access new opportunities. That is a better bet than relying on factories for future jobs. The highest-performing sectors hire the fewest people, and further productivity improvements will probably entail more automation. State-of-the-art factories might make Sheffield more prosperous but they won't stop its steelworkers from becoming strippers.

The final redoubt for the reindustrialisers' cause is national security. Britain's reliance on foreign parts, whether Chinese wind turbines or Taiwanese semiconductors, leaves the country vulnerable. Other countries can use vital supplies as leverage; even close allies will prioritise themselves in a crisis. In limited cases (such as the nuclear deterrent) building more at home has merit. But applied too widely this logic makes Britain less secure, not more. The country lacks the scale of China or America; it accounts for only 2% of global manufacturing. It cannot make everything. If it tried, it would make many things badly. Better to build on existing strengths in critical industries like aerospace and cultivate a range of suppliers for the products it makes poorly, such as steel.

Mr Burnham has been vague enough about "reindustrialisation" that he has room to turn it into a credible programme. This would mean including knowledge-intensive services in the definition, and pursuing policies to support them, whether on migration or trade. He could embrace easy wins on manufacturing like faster planning and lower industrial energy prices in areas where electricity is cheaper to produce.

But problems will arise if the prime minister gives in to the temptation to prop up dying factories. Direct subsidies (as with steel) or promises to buy poor-value British products (as with trains) will drain the exchequer of cash it can scarcely afford. Harking back to Britain's manufacturing past risks distracting the government from today's tasks. That's dangerous nostalgia, not good old common sense. ■

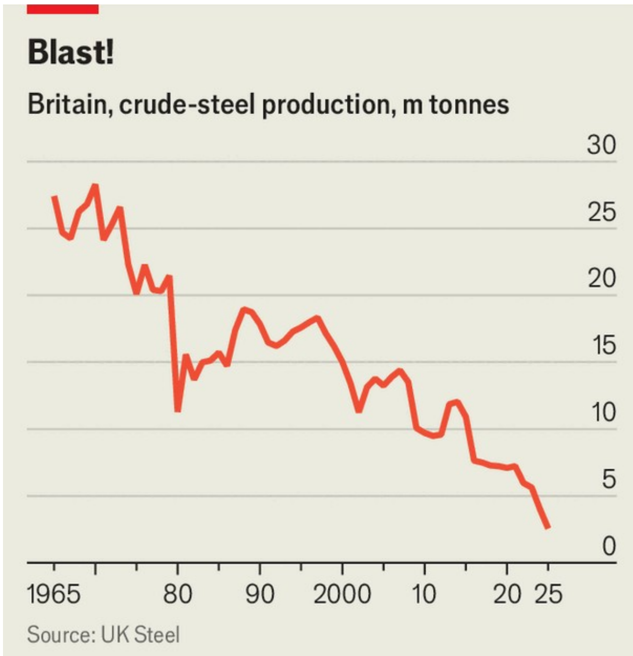
Britain | Reindustrialisation

Steelyard blues

Reversing the long decline of a traditional manufacturing industry is hard to do

Aug 27th 2026

THERE CAN be few more romantic examples of heavy manufacturing than Tata Steel's hot rolled-strip mill at Port Talbot in south Wales. Red-hot bars pass through ancient machines in an almost mile-long 1950s factory, to be turned into steel coils that are loaded onto old rail wagons. Scattered around the huge site are rusting steel plants, amid which a state-of-the-art electric arc furnace (EAF) is being built to catch up with competitors. It is an evocative spot to ponder the idea of reindustrialisation promoted by Andy Burnham, the newish prime minister.



The steel industry in Britain has been declining for decades. Annual crude-steel output has fallen from almost 30m tonnes in the early 1970s to less than 3m tonnes today. Direct employment has shrunk from around 320,000 to barely 30,000 (see chart). Steel output and employment have fallen in America and Europe too, but more slowly. High energy costs are widely blamed. But the biggest culprit is China, which produces over 1bn tonnes of steel a year, more than half of total world output, much of it dumped on global markets at below cost.

Pursuing anti-dumping cases against China for breaking World Trade Organisation rules is tricky, so the more usual defence is counter-subsidies, tariffs and quotas. Donald Trump led the way with tariffs on American steel imports in 2018. Now it is the turn of Britain and the European Union. In early July both halved their tariff-free quotas of steel imports and doubled tariffs to 50% above those levels.

Britain and the EU chose to apply these tariffs to each other, a decision David Bailey of Birmingham University calls “madness”. This especially hurts Britain, which exports over 70% of its steel to the EU. Mutual tariffs and quotas will not curb annual global overcapacity, which the OECD, a think-tank, expects to rise to 721m tonnes in 2027. Tariffs impose costs on steel users, who outnumber steel producers by over ten to one and claim they cannot get the quality of steel they need from domestic sources. Northern Ireland, which is part of the EU goods market, may even end up liable to pay both EU and British tariffs.

Britain and the EU would do better to co-operate. Under the post-Brexit "reset" the two plan full free trade in food, which could be a model for steel. Both could do more to promote green steel, since they apply the same environmental rules. In Britain that points to closing the country's last two blast furnaces, run by a newly renationalised British Steel in Scunthorpe. The future, as Gareth Stace of the lobby group UK Steel concedes, lies with EAFs that are cheaper to run and emit less carbon. These use as their raw material scrap steel, of which Britain produces a large annual surplus of over 10m tonnes, not iron ore.

Traditionalists complain that if Britain loses its last blast furnaces it will be the only G7 country left with no primary producer of virgin steel. This, it is said, is a big risk to the country's security. Yet with more careful regulation of recyclers, the quality of steel produced by EAFs using scrap can be as good as virgin steel. And the security case is less persuasive given that primary producers rely on imported iron ore and coal, mostly from such faraway places as Australia or Brazil.

There may be other reasons to help domestic steelmakers. Big steel firms are important job creators in deprived areas. And it may be a mistake to end up relying too much on China for steel. But Europe remains a big producer, as well as being far closer. Under its steel strategy the government is setting aside as much as £2.5bn ($3.4bn) during this parliament from its national wealth fund to subsidise the likes of British Steel and Tata, which is a lot for what is now a relatively small industry.

Yet steel has powerful supporters. For decades British politicians have argued back and forth over nationalisation, privatisation and renationalisation of steel. Steel has historical links not just to specific regions but also to the Labour Party and trade unions. It might be sound economics to assert that Britain no longer has a divine right to be a big steel producer. But politics could yet sustain the romance of the industry for a few decades to come. ■

Britain | Aversion therapy

Harry and Meghan are ghastly and back in Britain. Good

Britain needs something to cheer it up. This will do

Aug 27th 2026

The outrage was instant. When the return of Harry and Meghan to Britain was announced on August 19th, royal commentators had collective conniptions. The Sussexes' return a week later (widely assumed to be caused by the cost of security abroad) has been called "selfish", "foolish" and "childish"—all sorts of -ishes. Front pages have been filled, hands have been wrung. Everyone has, in short, been enjoying themselves tremendously. And the monarchy has been doing its job perfectly.

Most people misunderstand the monarchy. There is a widely held idea that it is a branch of government and should, as Walter Bagehot, a Victorian writer (and editor of The Economist), put it, be "DIGNIFIED". Bunkum. No

British monarch has truly governed anything since the 1689 Bill of Rights removed all real powers from the king and his “evil counsellors”. Since then the monarchy has become—as Hilary Mantel understood better—a branch of entertainment, not government. Royals, Mantel wrote, are like pandas in a zoo: some like them, some pity them, “everybody stares at them”.

Meghan Markle, an actress who began in daytime TV, knows this well. The website IMDB lists “Deal or No Deal” (2005) as an early hit paying her “$800 per episode”. Next came a breakthrough part in a schlocky American mini-series, “Suits” (2012), “$50,000 per episode”; then the even bigger role of, as the website royal.uk notes, “The Duchess of Sussex, Countess of Dumbarton and Baroness Kilkeel” (2018- present), salary undisclosed.

Despite her marriage, the show has gone on. And on, and on—for, like daytime TV, this spectacle has tended towards melodrama. There have been family feuds, baddies (Harry called Camilla a “villain”), spin-off series, which didn’t really go anywhere, and even a car chase, which didn’t really go anywhere either. Like many Netflix series it has all gone on for so long that no one can quite remember the plot. Something to do with a dog bowl? As the royal phrase has it: “Recollections may vary.”

Far more memorable have been the reviews, which have been woeful. “Spare”, Prince Harry’s tell-all book, was widely panned. “Polo”, his Netflix series, was ridiculed. “With Love, Meghan”, her lifestyle show, has a score of 23% on Rotten Tomatoes, a reviews aggregator. On YouGov, a sort of British reviews aggregator, Meghan now has a popularity rating of 18%, far behind William (71%), Kate (65%) and even Camilla the “villain” (35%).

Like other ill-fated royals (Marie Antoinette also liked a farm), Meghan has branched out into agriculture and, like other stars, merchandising. She has a lifestyle brand called “As Ever” that promises to “bring surprise and delight to your every day”. It will certainly bring surprise to whoever pays your grocery bill, as its raspberry spread costs $12 a jar. More surprising yet is its “Sage Honey” ($32). Best of all is “Raspberry Spread Trio”, which offers three jars of that $12 item for $42, thus bringing surprise not merely to bill-payers but to those versed in the usual principles of economies of scale.

Now Harry and Meghan are back. Prophets have predicted the end of the monarchy; the word "tumbrils" has, previously, been used. Nonsense. Everyone is enjoying this far too much. Not because Harry and Meghan are good; they are not. They are grasping, foolish and far from DIGNIFIED. But that is their point. The monarchy has royals who are dutiful, admirable and dignified: Princess Anne will, in the next fortnight, visit a youth event in Norfolk, a probation office in Manchester and a fish cannery in Aberdeenshire. Hardly anyone cares.

What will really kill the modern monarchy is not lack of dignity but, like any show, lack of interest; not the rolling of the tumbrils but declining audiences and the rolling of the credits. As Bagehot in fact knew: monarchy, he wrote, offers distraction from the "dry scenes of the grave world". What is drier or graver than Britain's? Andy Burnham is underwhelming, the drought is ongoing, the green and pleasant land is shrivelling. Meghan and Harry are ghastly but so is life. Let them eat headlines. ■

Britain | A wholesome new ballgame

Rubbish football, fun food: a lower-league recipe for success

British clubs are drawing fans with gourmet offerings

Aug 27th 2026

The bar of the Tooting & Mitcham United football club looks like a relic from the 1930s. Black-and-white photographs of past players line the walls as fans queue to buy £5 ($6.80) pre-match pints—a bargain by south London's standards. But instead of accompanying their beers with pies like fans of yore, today's supporters are tucking into perfectly seasoned jerk chicken and plantains served on rice. "The food is what gets me here," says Terry, a Chelsea supporter turned season-ticket holder at semi-professional Tooting.

Lower-tier football clubs are having a culinary moment. Footy Scran, an Instagram account documenting football-stadium food around the world, has singled out several clubs outside the Premier League for praise. Supporters of Whitehawk, a non-league club in Brighton, can tackle a gravity-defying burger combining chicken, beef and hash browns, topped with onion fries. Forest Green Rovers, in the Cotswolds, another non-league club, has decided to make environmentalism part of its identity by becoming the world's first vegan football club. Its match-day menu might include a plant-based meat burrito with stir-fried peppers or a cauliflower, chickpea and onion bhaji pasty.

Improving match-day food is about more than catering to varied tastes. Dean Stones, the general manager of DN4 Events, which caters for Doncaster Rovers in League One, says there is a strong business case for serving food that is better than the traditional pie and Bovril. After the club's "Chippy Tea Butty"—a fishcake patty on a bed of chips, topped with tartar sauce and mushy peas—went viral on social media, more away supporters began making the journey. Mr Stones says the appeal for such fans is that the club offers food that is specific to Yorkshire.

The beer can be another perk at lower-league games. Dulwich Hamlet in south London sells craft beer brewed for the club in nearby Peckham for £6.50 a pint. Tilbury in Essex charges a mere £4.50, and fans can sip from the stands. That is a contrast with the Premier League. At Arsenal's Emirates Stadium, for example, a pint of Guinness or Asahi costs £7.50 and has to be gulped in 15 minutes at half-time.

Lee Upton, Tilbury's club secretary, estimates that a family of four could attend a game at his club's Essex stadium for less than £100, including tickets, food, and two rounds of beer for mum and dad. A similar outing at a top Premier League club could cost two or three times as much. The football may not be quite the same standard, but a trip to the lower leagues can still compete through a sense of community, cheap(ish) drinks and—increasingly—the fun food. ■

Britain | Lovely, dark and deep

Trees are spreading in one of Europe's least forested countries

Britain now needs to learn to cut them down

Aug 27th 2026

Near gloucester in western England, some 127,000 saplings are approaching the end of their first summer in their permanent home. Forestry England, a government agency, planted the trees last winter on an 88-hectare (217-acre) site that was recently a farm. Most of the trees are behind wire fences, which extend below ground to thwart wild boar. A deer bounds along, looking for a way in.

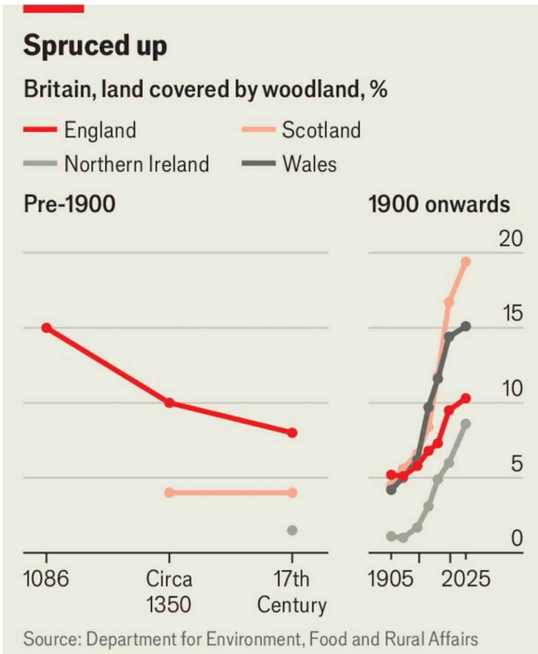
The infant woodland, known as Hoarthorns, is remarkable for a couple of reasons. It is the first substantial addition to the Forest of Dean, one of England's oldest large woods, for two centuries. And the saplings, which are planted in neat lines, are enormously varied. Almost 40 species are growing on the site, most of them broadleaf trees such as oak and alder.

When the Forestry Commission (a government department of which Forestry England is part) was created after the first world war, it planted a very different sort of woodland. Kevin Stannard, a regional director of Forestry England, gestures towards a monotonous block of mature conifers on a hillside near the saplings. “If this was 1919,” he says, “what you would have seen here is what you see over there.”

Britain is getting better at planting trees. More than 13,000 hectares of new woodland was created in the year to April 2026; the country’s forested area grows by roughly 1% every two years. And the woods being planted are in some respects superior to those created in the past, with more varied species. Britain now needs to become better at cutting trees down.

The country has not been heavily forested for an enormously long time. Oliver Rackham, an ecologist, estimated that only about 15% of England was woodland when the Domesday Book was compiled in the 11th century —about half as much as in France or Germany today. Medieval forests were exploited. Their wood was used for fuel and timber; domestic pigs were let in to munch on acorns and beech nuts.

As more land was cleared for farming, the forests shrank. A 1667 law described the Forest of Dean, perhaps hyperbolically, as “totally destroyed”. Governments fretted about running short of timber to build warships. A large vessel like HMS Victory, Horatio Nelson’s flagship, required oak from almost 6,000 trees.

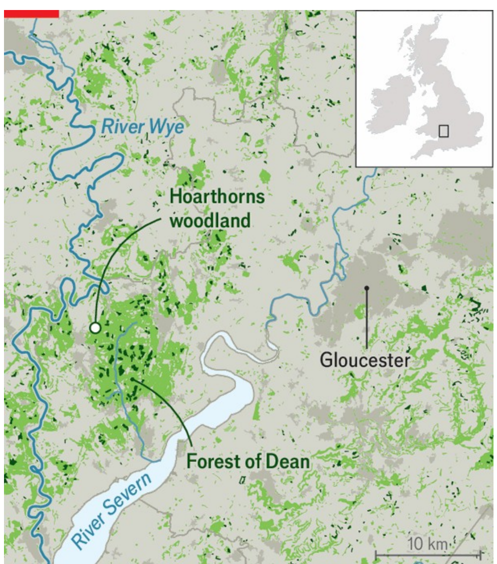


Then came two world wars, which drove up demand for timber (all those wooden crates to move shells around) while cutting imports. The saws whirred. By 1924 a mere 5% of England, and the same proportion of the rest of Great Britain, was forested (see chart). To boost production, the Forestry Commission planted fast-growing conifers such as sitka spruce, a native of north-west America. Private landowners followed suit. Trees began to spread, but the woods looked geometric, monotonous and dark.

Many of the woodlands that are planted today are different. Near the Wye River, Charlotte Bell of the Herefordshire Wildlife Trust has created three small woodlands on a farm. Poking out of the plastic tubes that protect them from deer, and looking rather sorry for themselves in a scorching summer, are oaks, small-leaved limes, Scots pines and 22 other species of tree and shrub. Her aim is to create a complex habitat at high speed.

The money for that wood comes ultimately from the Environment Agency, which funds projects that absorb carbon. It is gravy to the farmer, who finds the land much too steep for growing crops. Landowners who wish to plant trees can avail themselves of a variety of funds—and are more tempted to do so these days, because traditional farming subsidies are vanishing. The Welsh government prods them, insisting that every farm that receives subsidies must plant trees on at least one-tenth of a hectare.

Carbon absorption is just one of many justifications for planting woodlands in Britain. Habitat creation is another; some specialist woodland birds such as willow tits and lesser-spotted woodpeckers are faring badly. A third goal is recreation. Forestry England designates many of its new forests, including the one near Gloucester, as open-access land. Many woods created these days have wide "rides", like medieval forests. Yet another justification is timber production (although nobody frets about warships these days).



Britain, woodland, 2024
Woodland Young trees Urban areas
Sources: National Forest Inventory; Ordnance Survey

Newly planted woods are expected to accomplish many more things than those of the past. They should look nice, meaning more or less like a natural wood, with a variety of species and scrubby edges. They should not spoil people's views. They must not occupy good farmland, lest they get in the way of food production. The new woodland near Gloucester (see map) has a field-shaped hole in the middle, where cows will graze.

Horrified by the dreary conifer plantations created in the 20th century, many Britons want new woods to be planted with native trees. But trees live a long time, and the climate is changing quickly. When planting native trees Forestry England often uses seeds from farther south, including from France, reasoning that the plants will be more able to cope with the heat. The body also avails itself of two wonderful concepts. “Honorary native” and “near-native” species such as sycamores are not in fact native to Britain but are naturally moving northward as the planet warms, so they are tolerated.

Foresters balance these multiple objectives as best they can. But what should be done with Britain’s existing woods? Many of these have changed drastically over the past few decades, as the plantations created after the two world wars have grown up. A periodic study of about 100 woodlands, known as the Bunce sites, finds that the average tree and shrub has a cross-sectional area three times as large as the average in 1971. Shade-tolerant plants like bluebells are spreading through Britain’s mature woods; sun-loving ones like honeysuckle are gradually disappearing.

“The dense, dark woods that we know and love would be better with a bit of management,” says Luke Barley, a forester who advises the National Trust, a large conservation charity. Mr Barley argues in “Ancient”, a new book, that woodland owners should open the canopy by harvesting individual trees, roughly mimicking the practices of medieval foresters. Birds and insects should benefit.

It is not easy. Felling individual trees with chainsaws and hauling them out is not just more expensive than clear-cutting a plantation of one species; it is also more difficult and dangerous. As Mr Barley, who is periodically challenged by members of the public, can attest, it is not always popular. But something like it is necessary. Britain has done well to restore its woods. It needs to let them breathe. ■

Britain | Bagehot

Britain needs better billionaires

Mike Ashley is not an aberration of British capitalism. He is the norm

Aug 27th 2026

Mike Ashley, a billionaire retailer, is more synonymous with a £6 ($8) Slazenger t-shirt than a £6,000 Saint Laurent leather jacket. After buying Harvey Nichols, with its flagship Knightsbridge department store, earlier this month, Mr Ashley commands an empire that does both. The deal would be easy to ignore. At £40m, the Harvey Nichols sale is a tiddler. With a net worth of £3.4bn, Mr Ashley is far from Britain's richest man. Frasers, the retail conglomerate that he built from a single sportswear shop in Maidenhead, does not quite creep into the ftse 100. Yet Mr Ashley, more than any other figure, has come to personify the state of British capitalism, for good and ill.

To understand how, leave “Harvey Nicks”, hop on a Lime bike and pedal ten minutes up Piccadilly. Stop outside Lillywhites, a department store on Regent Street, Britain’s grandest shopping street. What was once an imposing old Victorian sports emporium that sold equipment is today in effect a branch of Sports Direct, the discount sportswear store that made Mr Ashley rich. In it piles of polyester shirts at 70% off are sold alongside £6 “beer pong” sets, where Lillywhites once sold croquet mallets.

At Sports Direct Mr Ashley performed retail alchemy, turning polyester into billions. How did he manage it? Hammering suppliers, cheap labour and lousy working conditions. “We have it described to us as a gulag, as Victorian, as a workhouse, not a warehouse,” one union wallah told a parliamentary inquiry in 2016. A sheepish Mr Ashley appeared before mps, promising to undo the worst excesses. If he was guilty of anything it was giving people what they wanted: cheap goods. There is no period where working in a warehouse was well-paid, dignified work. Do you want five pairs of Slazenger socks for £4 or not?

Poor management is often cited as a British malaise. In some ways, Frasers is an exception. Sports Direct, the group’s cash cow, is a ferociously well-run business to the chagrin of its critics. In others, it is an illustration of a lack of professionalism. Head to the Horse and Groom, a pub just north of Regent Street, to consider how. It was in here that a Sports Direct adviser claimed Mr Ashley agreed to pay a £15m bonus if the group’s share price hit £8. When it duly did, Mr Ashley argued any agreement should not be taken seriously given how much booze had been drunk. (“I’m a power drinker,” said Mr Ashley on the stand.) The executive argued this was par for the course in Mr Ashley’s meetings, recalling one event where Mr Ashley drank so much he puked into a fireplace, cheered on by colleagues. Mr Ashley won. Laments about British management gained another data point.

Since then, Mr Ashley’s company has engaged in a hyperactive buying spree. And so a walk up Regent Street is a walk across his empire. That Burberry store? Mr Ashley controls about 4% of Britain’s only truly global luxury brand. He also owns just over a third of Mulberry, an expensive handbag company, whose shop is across the road. Hugo Boss? Mr Ashley upped his stake to 48% of the prominent German label. Frasers is less a retailer than a sort of hedge fund for people who want a mishmash of retail stocks bought on a whim. Call it adhd Capital. What do Mr Ashley's investors have to show from this hyperactivity? In 2014 Sports Direct was worth a bit over £4bn. In 2026, after a decade of frantic activity, it is worth a bit under £4bn. For all his riches, Mr Ashley is a symbol of British stagnation.

But then this is typical of Britain's best-known billionaires. A scroll through the Sunday Times rich list is a rundown of Bollygarchs, dukes and wheeler-dealers made good, like Mr Ashley. Among them are a few more successful entrepreneurs such as Nik Storonsky, founder of Revolut, a bank and one of the rare giants to have emerged in Britain in the past decade or so. Unlike America, Britain is far from the frontier of capitalism and its billionaires reflect that. For now, British capitalism is still better represented by Mr Ashley and his kind rather than any tech company.

Bluntly, Britain is less rich than it thinks it is. Put it another way: British billionaires are so broke they can barely afford Britain's trophy assets. The country's most valuable ones are now out of reach for humble billionaires like Mr Ashley. He owned Newcastle United for 14 years, in which the club won nothing and was relegated (twice). Only oil states and American billionaires can afford to take a run at the Premier League. Mr Ashley sold Newcastle to Saudi Arabia's sovereign-wealth fund in 2021; the club won its first major trophy in decades four years later.

Instead, Mr Ashley is left bargain-hunting, picking up ostensibly luxury brands at poundshop prices, including the struggling Harvey Nichols. Turn off Regent Street and head to 1 Savile Row. Here stands Gieves & Hawkes, a tailor that dates back to the 18th century and fitted up Horatio Nelson. It has been part of Mr Ashley's stable since 2022. Britain struggles to create new icons. All it can do is sell off its old ones to the highest bidder. Increasingly those bids are not high at all: Mr Ashley paid so little for Gieves & Hawkes it did not require a stock-market update.

It is fashionable to believe that Britain would be better off without Mr Ashley, an entirely self-made man who contributes hundreds of millions to the exchequer each year by selling things people want. Yet for all that Mr Ashley personifies some of the failures of British capitalism, Britons have little choice but to hope for his future success. Few others are so invested in the country’s high streets, least of all the country’s shoppers: Britons will do anything to keep their high streets alive other than actually visit them. And so, come 2040, if an aged Mr Ashley is worth many multiples of his pile, Britain will be in a much better place. Britain may not much like Mr Ashley, but it does need him to flourish. ■

International

- AI is changing religion and religions are trying to change AI
- As his presidency flounders, Trump is more dangerous than ever

International | Artificial transcendence

AI is changing religion and religions are trying to change AI

Will chatbots supplant the advice of imams and priests or help them spread the word?

Aug 27th 2026

"WE HOPE POPE LEO will see us as his soldiers," says Matthew Harvey Sanders, the boss of Longbeard, a Catholic startup. In a room near the Pontifical Gregorian University in Rome, the firm's robots scan ancient books, manuscripts and codices. Scholars have long struggled to make accessible much of the "great wisdom sitting on shelves" of Catholic institutions, he says, but advances in AI mean "we can now understand the insights" of even the most worn, ancient texts. His firm then feeds this corpus into a more modern form of religious communication: Magisterium AI, a chatbot that draws on a curated library of Catholic doctrine and scholarship. According to Mr Sanders, it has millions of users across 190 countries, who use it to get "answers to profound questions".

Longbeard's work shows how the world's most cutting-edge technology is changing its oldest traditions. It also illuminates religious institutions' and firms' scramble to influence how AI is being developed and used. The technology is beginning to perform tasks that religions have carried out for millennia: shaping people's outlook on life and helping them find meaning in it. The leading models are being developed by labs in Silicon Valley and China, without much religious input, which worries religious leaders. Pope Leo XIV argued in his first encyclical in May that technology is never neutral and takes on "characteristics of those who devise, finance, regulate and use it". The fear is that AI will be unduly secular, and will undermine or even supplant religious beliefs.

AI is changing religion in ways that many of the pious find troubling. Some are mundane, such as clerics' growing use of it to prepare sermons and instruction. The Mormon church discourages sermons written by AI because "People ought to use their own feeling and inspiration," says Gerrit Gong, one of its leaders. Wrestling with original texts, rather than AI summaries of them, is essential to the practice of Judaism, among other faiths. And homilies that rely on AI may include hallucinations such as misquoted scripture.

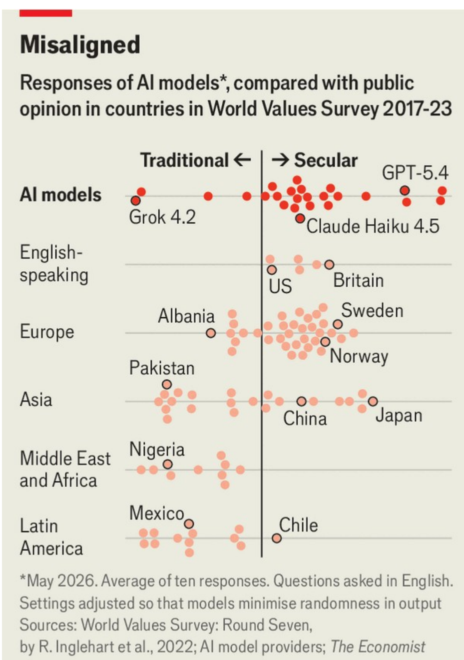
A bigger concern is that AI may change the relationship between clergy and laity. The printing press put the Bible in the hands of many more Christians, fostering new interpretations of the faith, and then helped disseminate those views despite clerical objections. In a similar vein, the religious counsel provided by AI may diminish the importance of that provided by spiritual leaders. Waleed Kadous, who has developed Ansari, an AI chatbot for Muslims, worries that, because models are often "sycophantic and focus on the user, not their community", believers may drift towards "more individualised" practice.

At the extreme, AI is fuelling "religious improvisation", says Beth Singler of the University of Zurich. As people interact more intensely with chatbots and with like-minded soul-searchers, some are forming loosely organised new faiths. For example, "Theta Noir", a "spiritual collective", awaits

MENA, a future superintelligence with God-like powers which will bestow on humanity "the great upgrade".

Perhaps religious leaders' biggest worry about AI is that many people are turning to it rather than to spiritual authorities for answers. Shaza Nasheha, a 37-year-old Muslim from Singapore, says she often asks ChatGPT to explain Islamic concepts. Religious queries accounted for roughly 5% of the total in a publicly released data set of millions of conversations with AI chatbots, according to CEFE AI, a research initiative involving several faith-based universities.

Yet these frontier models have a secular bias. A recent analysis by The Economist found that OpenAI's models were more secular than respondents in any country on Earth (see chart). CEFE AI has put 150 questions about grief, relationships, morality and other personal or ethical problems to 27 large language models. In a forthcoming paper it describes how they invoke religion in only 5-16% of answers, even though people it surveyed averred that religious ideas would be relevant in 45-59% of cases.



Users who ask AI for help because life feels meaningless, for example, may be directed to self-help rather than to an imam, priest or rabbi. "If companies assume secularism as defaults, there will be a weakening of faith," says

David Wingate of CEFE AI. Some religions may also be getting a rawer deal than others: in another forthcoming study, CEFE AI finds that chatbots are keener on people becoming Catholics than Jehovah's Witnesses.

Religious leaders fear that secular AI chatbots will not only weaken people's faith, but also create weaker people. AI chatbots "are optimised for short-term comfort", says Audrey Tang, a former Taiwanese government minister. Many faiths view friction, criticism and human interaction as important parts of becoming a good person. In Daoism, for example, tension between opposites is part of creation. Juewei Shi, a Buddhist nun from the Fougangshan order, worries that people won't be able to cope with suffering—or other, flawed people—if they are used to "getting artificial comfort". Steven Croft, a retired Anglican bishop, says, "If the whole world is seduced by narcissistic chatbots, that could make it even harder for us."

These concerns explain why religious groups are trying both to shape AI models and influence how believers use them. Religious AI companies are developing "harnesses" that keep chatbots "theologically aligned" by introducing guardrails and monitoring content, says Nick Skytland of Gloo, a firm that makes them.

Most significant, though, are religious groups' efforts to influence the development of the models directly. Mr Kadous laments that secular humanism has had far more influence on AI labs' thinking than religious ideas have. Claude's "constitution" and OpenAI's "model spec" (precepts that shape the models' behaviour), mostly "omit religion", he says. In part this may be because religious ethics often emphasise character traits that are hard to reduce to simple rules an AI can follow. Embedding religious ideas in technology used by people of many faiths or none is also tricky. Chloe Lubinski, who leads Anthropic's research on "wisdom traditions", says it is careful not to align "the model with any one tradition" and that it faces challenges "in building a pluralist technology".

Mr Kadous has attended meetings organised by Anthropic along with people of other faiths, such as Mr Skytland. He says Islam has useful teachings to share, about the hierarchy of moral imperatives, for instance. Ms Lubinski, who chairs these get-togethers, says her firm is seeking to define "what is good character", because the "moral formation" of an AI model "will have a huge impact” on its users—much like, she says, people reading Harry Potter books are influenced by the characters in them. Ms Lubinski brings feedback from these meetings to Anthropic’s top brass.

The Catholic church in particular has established strong links with AI labs. In May Chris Olah, a co-founder of Anthropic, spoke at the presentation of Pope Leo’s encyclical in Rome. The document has made it easier for developers to ask questions about the ethics of what they are building, says an AI researcher at a big tech firm in Silicon Valley. American tech bosses have been speaking to Catholic leaders for years, at meetings called the “Minerva Dialogues”. Anthropic consulted Catholic thinkers, among others, while drafting Claude’s constitution.

As it stands, though, it is hard to interpret the inner workings of most frontier models, in part because of the intricacy of the maths involved. Instead, lots of believers have created bespoke religious chatbots, from GitaGPT to Salaam World, to help users grapple with life’s thorny questions. Some governments, too, are developing their own models with religious values embedded from the outset. Qatar is backing Fanar, an Arabic-first family of models designed to reflect Islamic values and answer questions about the faith. Taiwan’s government has convened “alignment assemblies” since 2023, in which citizens deliberate how AI should behave; conclusions from these have been used to shape locally developed models, including ones that reflect communities’ spiritual beliefs. Ms Tang argues that people should be empowered to “customise the models they already use”, as well as having access to smaller models. This would, she thinks, prevent a “flattening” of beliefs that mainstream models could otherwise bring.

Even as some religious leaders worry about the spread of religious chatbots, others celebrate the opportunity AI brings. Churches in Western countries have long faced shortages of clergy and increasingly complex administrative demands, leaving priests with less time for theological reflection, pastoral care and time with congregants. Christopher Benek, a pastor in Miami, says he uses AI to speed up admin and research tasks that once took hours, freeing up time for deeper biblical study and face-to-face ministry. Some pastors have created AI “twins” of themselves trained on their previous sermons.

Longbeard has recently developed “Ephrem”, a small language model designed to turn humans into saints. It creates a plan for a person’s life by drawing on stories of saints’ lives. Mr Sanders says it is “a little angel on your shoulder making sure your priorities are straight”. Similar tools could be used to proselytise. A forthcoming study from researchers at Oxford University and elsewhere pitted conversational AI against seasoned public speakers, including debating champions, and found that AI was “reliably more persuasive”.

“Pastoral work will be some of the least threatened by AI,” reckons Andrew Davison of Oxford University. That is partly because many priests spend less time giving advice than they do administering rituals. Few believers want chatbots to preside over weddings, funerals or baptisms. Moreover, as people spend more time alone and online, some spiritual leaders think interest in collective, real-world activities such as religious rituals may even increase. “We’re going to desire authentic human-to-human and deity-to-human relationships,” says Mr Gong. ■

International | The Telegram

As his presidency flounders, Trump is more dangerous than ever

Forget lame ducks. America's president will defend his dominance like an ageing silverback gorilla

Aug 27th 2026

IS DONALD Trump becoming a lame duck? As his troubles multiply at home and abroad, the prospect of dealing with a hobbled American president is enough to make foes and friends swoon with relief.

For the hard men who rule China, Iran and other American adversaries, to survive Mr Trump's various maximum-pressure campaigns would be a propaganda win for the ages—even if those same autocrats never quite shared the Trump-horror that consumes liberal democracies. Deep down, Xi Jinping and his friends believe that all occupants of the White House are selfish, America First bullies, but some hide it better than Mr Trump does.

For their part, many allies and partners would like to see Mr Trump limp to the end of his presidency. That does not mean that leaders in Berlin, Riyadh or Tokyo are rooting for Mr Trump to lose his war in Iran, or for him to admit defeat in his trade confrontation with China. The enfeebling of America would frighten allies in Europe, Asia or the Middle East, who are years away, at best, from being able to defend themselves without their longtime great-power protector. But a fuming, friendless Mr Trump, so weakened by his own blunders and by plunging approval ratings that he retreats to the gilded fastness of his White House, there to tinker with plans for his ballroom and memorial arch? That is a vision that many governments would cheer. They would be especially relieved if a Republican wipeout in November's midterms loosened Mr Trump's iron grip on his own party in Congress, and imposes some constraints on his monarchical rule.

Alas, anyone hoping to see Mr Trump chastened by failure is misjudging the man. Political wisdom may soon declare Mr Trump the lamest of ducks, as his wishes are challenged by Congress, or as financial markets pass harsh and costly judgments on MAGA-nomics. Mr Trump may not care. Let little people worry about the Republican Party, public policy or America's budget deficit. As long as Mr Trump is still commander-in-chief, he can secure a place in history by remaking, or breaking, the world.

Foreign governments should stop dreaming of ducks. Instead, they should study mountain gorillas, and the violence of which an ageing silverback male is capable when it senses its time is up. This should worry allies in particular. Ageing silverbacks are conspicuously vicious towards members of the band that they lead. They do not hesitate to unleash canine teeth and brawny limbs on subordinate animals who step out of line. In contrast, when silverbacks encounter powerful males from rival bands—a bare-chested Vladimir Putin springs to mind, for some reason—their preference is often to avoid actual combat in favour of noisy dominance displays. With blustering Truth Social posts unavailable as an outlet, silverbacks must content themselves with chest-beating, mock charges and the snapping of branches off trees.

In Mr Trump's first term, a sense of grievance lay at the heart of his America First worldview. Mr Trump grumbled that for decades America had been ripped off by allies and trade partners alike. Typically, he blamed America's post-1945 ruling elites, who were too incompetent or craven to use the country's unrivalled wealth and power to advance their national interests. Worse, they embroiled America in forever wars in a naive belief that they could make the world a kindlier place. He maintained that tone of grievance throughout his first term.

The second Trump presidency has seen grievance combined with talk of quasi-imperialist conquest. Upon returning to office in 2025, Mr Trump declared earlier presidents "stupid" for giving up American control of Greenland after the second world war, or for handing the Panama Canal to Panama, and pledged to take both back. This was not mere posturing. The tone was set in January after American troops snatched Venezuela's leader from his home, allowing Mr Trump to hand-pick a more pliant ruler for that oil-rich country. "American dominance in the western hemisphere will never be questioned again," he crowed.

Now, in his sixth year as president, a third goal has joined grievance and dominance as a guiding principle of Mr Trump's statecraft. That goal is vengeance. A desire for revenge helps explain Mr Trump's fateful decision to join Israel in attacking Iran six months ago. "Regime Change", a startlingly well-briefed book about the second Trump presidency by two White House correspondents, Maggie Haberman and Jonathan Swan, describes meetings in which Mr Trump savoured the chance to kill Iran's top leaders and destroy their armed forces, whether or not this led to a better Iran. The Iranian regime had humiliated successive American presidents and tried to assassinate Mr Trump. Now he was being offered a chance to make them pay. A public aim of the war might have been the toppling of Iran's despotic government. But the book describes Mr Trump, in a closed-door meeting with his close aides, dismissing Iranian regime change as "their problem". Whether he meant the Iranian people's problem or Israel's, nobody quite knew. Punishment, though, was indisputably his intent.

Now, as the Strait of Hormuz remains closed, much of Mr Trump's wrath is aimed at allies and partners in Europe, Asia and the Arab world, whom he blames for failing to help him open that waterway. If victory remains elusive, expect Mr Trump to stay in revenge mode. The list of plausible targets is long. Members of the NATO alliance, notably Canada and

Denmark, Ukraine, South Korea and Cuba have all angered Mr Trump over the years. Big beasts such as Mr Xi have less to fear.

Mr Trump, who sees himself as an alpha male to his core, was never likely to limp quietly from office. Now that his dominance is threatened, the world will find him more disruptive than ever. ■

Business

Business | Going through the motions

China is training up thousands of humanoid robots

But its approach will come with enormous costs

Aug 27th 2026

China's humanoid robots are sprinting ahead of their rivals—literally. On August 17th one of their number, called Superman, clocked up a running speed of 12.66 metres per second, beating the previous record set by Usain Bolt, before crashing into a wall. The triumph only added to the buzz over Unitree, Superman's maker, which debuted its shares in Shanghai two days later. Their price leapt by 460%.

Yet as the ignominious end of Superman's running feat demonstrates, the technology still has a long way to go. Chinese companies are expected to sell 50,000 humanoids this year, more than triple last year's figure. They have largely mastered the hardware behind the machines. The software, however, is another matter.

In order to create the foundation models that will allow robots to seamlessly carry out a multitude of useful tasks, enormous amounts of data must now be collected. The models powering the current generation of humanoids possess a few billion "parameters"; to replicate the functioning of the human body, they will need hundreds of billions.

That would put them at a similar size to the large language models powering chatbots. The difference is that chatbots can be trained on the reams of digital text available on the internet. Gathering the data necessary to teach a robot to identify a glass, pick it up and fill it with coffee is much harder. The bot must understand everything from its spatial position to the brittleness of the glass and the viscosity of its contents. That information must be mined from experiences in the real world, or detailed recreations of them.

Humanoids are currently fed a hotchpotch of data, often from low-quality simulations. Data collected from the real world are far more useful—and now highly sought after. The most valuable form is "real machine" data, which are generated by the actions of a robot, either when it is controlled remotely or when it is carrying out tasks by itself. Another important source comes from recording humans as they complete tasks. Known as "egocentric" data, this information is gathered by equipping a person with a headset, haptic-sensor gloves and other kit that records their movements.

China is quickly becoming the frontrunner in the quest for real machine data, thanks to training centres such as the Hubei Humanoid Innovation Centre. At the sprawling facility in the central Chinese city of Wuhan, up to 100 robots spend hours each day observing and mimicking humans. At one of the dozens of work stations, a young man behind a counter is moving his hand, gloved in digital sensors, in a circular motion as if he were pouring hot water over coffee. Next to him stands a robot that is mimicking his motion but spouting real water from a kettle over a funnel of coffee. The manner in which the bot's wrist and fingers move are creepily human. A few steps from the makeshift café is what looks like a pharmacy, where another human-robot duo are stocking shelves. Next is a convenience store, then a factory line, followed by various other scenes from working life. (Until now foreign journalists have not been allowed to visit these centres.)

The centre in Wuhan is one of 53 facilities in China built especially for gleaning the secrets of human movement, according to data from Interact Analysis, a consulting firm. Most were created in the past two years. Another 34 are under construction or planned. One being constructed in Shanghai will have space for 1,000 humanoids. A small city in coastal Zhejiang province already has six training centres.

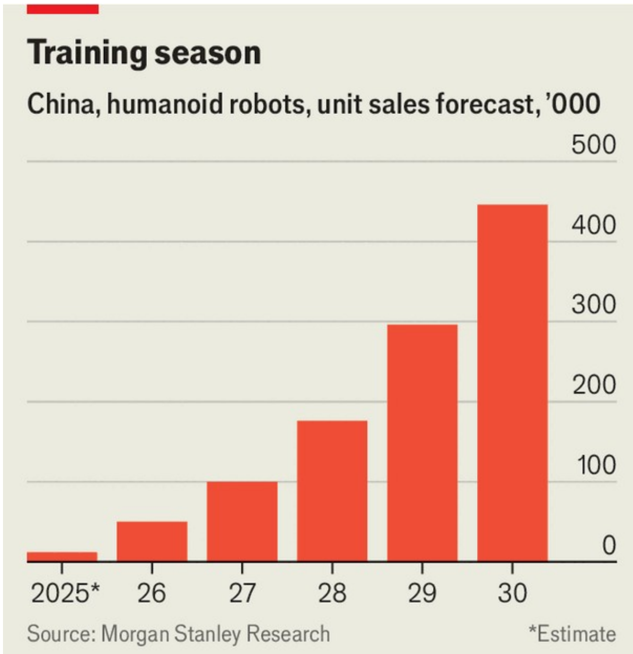
Training centres require a large amount of space and many people to run them, as well as a legion of cutting-edge humanoids, which can run to 100,000 yuan ($15,000) apiece. And for every eight hours of coffee-pouring, for example, the droid at the café station produces just three hours of useful data. The rest is spoiled, mostly by errors that engineers do not want the bots to learn. This form of training thus costs 500-700 yuan per hour, reckons Corey Chan of HSBC, a bank. According to one estimate, 100m training hours will be required to develop a robot that can perform a wide variety of daily tasks.

Fortunately for Chinese businesses like Unitree, the government has been picking up much of the tab for the centres. Around four-fifths are state-backed. Many are collaborations between private enterprises and local governments, which buy humanoids and sell the data produced back to the companies. Estimates vary but in the first half of 2026 up to 70% of the humanoids made in China may have gone to these training centres, adding up to around 13,000 machines. By building one, local officials can shore up demand for robots that are being manufactured in their area.

At the same time Chinese robot-makers are finding ways of collecting egocentric data from the country's large manufacturing workforce—as well as its many unemployed youngsters. A cottage industry has emerged of vendors making wearable gear for that purpose. Some hope young people will wear the kit while at home as a part-time job. JD.com, an e-commerce firm, said earlier this year that it has launched a project to pay 100,000 of its staff and 500,000 others to track their own movements. At a facility that has reportedly received state funding in Jiangsu, another coastal province, the firm pays people to carry out tasks in fake grocery stores and other environments. Over the next two years it intends to gather 10m hours of data capturing real-world human scenarios.

Egocentric data generated by humans are far less useful than real machine data, owing to the differences in how human limbs and robotic ones move in practice. And even the bits that are useful must be labelled, requiring a human to tag each movement manually so that a bot knows to which limb or action it applies. Still, China gained an early edge in image-recognition technology by employing large groups of people to tag pictures. It could do the same again, says an engineer who works for a robotics company.

China's humanoid industry is unlike most other manufacturing businesses that have thrived in the country. Over the next few years it is set to produce and sell hundreds of thousands of costly but mostly useless machines in the hope that it can make cheap and useful ones in future. Since its initial pop, Unitree's share price has slumped by 30%. American competitors have been relying on less expensive training methods. Tesla, America's biggest producer of humanoids, is said to be training robots in its own warehouses, which saves it the cost of constructing standalone training facilities. Various companies have been using videos of human movement to train their humanoids. And since these days America has few factory workers who can be handed gear for egocentric collection, a number of firms are reportedly paying workers in poor countries where wages are lower than in China to don headsets and haptic gloves as they work.



As with computer vision, China nevertheless seems almost certain to maintain the lead in robot data collection. But at what cost? Given the current state of the technology, and the time that will be required to improve it, a commercial market for humanoids is unlikely to emerge this decade. Morgan Stanley, a bank, reckons that China could be selling nearly 450,000 robots a year by 2030 (see chart). Many will remain dim-witted—and continue charging into walls. ■

Business | Falling fast fashion

How Shein came crashing down

The Chinese e-retailer is listing for a quarter of the $100bn at which it was once valued

Aug 27th 2026

Only a few years ago Shein looked unstoppable. Its novel business model—using oodles of data and clever algorithms to spot fashion trends and generate new designs, which its network of Chinese suppliers stitch for a pittance—proved a hit in Western markets. Americans in particular spent endless hours scrolling through the $3 blouses and $5 khakis available on its app. In 2022, shortly after it moved its headquarters from Nanjing to Singapore, the company was valued by private investors, including America's General Atlantic, at $100bn.

On September 1st Shein plans to list on the Hong Kong stock exchange—reportedly at a valuation of just $27bn. Its business has deteriorated dramatically. In 2024 it generated $39bn in revenue, up by 21% from the year before. In 2025 sales grew by only 8%, to $42bn, and in the first quarter of 2026 they increased by a mere 1%, year on year. In 2024 the company's net profit reached $3.4bn. It is now operating at a loss. What went wrong?

Shein's business model was undoubtedly inventive. The prospectus for its listing says that it offers more than 2m distinct items of clothing, with 4,700 new ones added every day. Its 280m customers worldwide—excluding China, where it does not sell its wares—put in four orders a year, on average, suggesting many are not perturbed by the occasionally shoddy quality of its products.

The success of the model encouraged copycats—one reason for the company's mounting troubles. In 2022 PDD, a Chinese e-commerce company, set up Temu, a Shein-like business, in America. Then in 2024 Amazon, the world's biggest online marketplace, launched Haul, its own ultra-cheap offering. Meanwhile TikTok, a short-video platform beloved of youngsters, has also been expanding into e-commerce with TikTok Shop, which has overtaken Shein in sales in America.

Perhaps an even bigger reason for Shein's slowing sales and deteriorating profitability is the closing last year of a tax loophole in America and the European Union known as the de minimis rule, which had allowed packages below a certain value to be imported free of duties. That change, in combination with the higher tariffs on Chinese goods levied by the second Trump administration, has hit Shein's business in America especially hard. The percentage of global revenue it generates from the country fell from nearly 30% in 2023 to around 23% in the first three months of this year.

Shein has responded by diversifying its manufacturing base. Last year, for example, it established a partnership with the retail arm of Reliance, an Indian conglomerate, to produce clothing in the country, which Shein reportedly plans to sell both locally and abroad. Shein's prospectus, however, is conspicuously quiet on the topic of supply-chain diversification. That may in part reflect its desire to avoid antagonising Chinese officials, who are keeping a close eye on the share of its digital operations that are run from outside the country. They may be unhappy to see manufacturing jobs also leave China.

Shein has spent years sounding out various potential stock markets. Its original plan, to list in New York, was abandoned amid pushback from American lawmakers over the alleged use of forced labour in the firm's supply chain (which Shein denies). It then flirted with a London listing, for which it obtained approval from Britain's regulator in April last year. The switch to Hong Kong came after China's government failed to bless the London option. The collapse in Shein's valuation since it began efforts to go public has forced it to pay settlements to investors who have experienced precipitous losses. It is hardly the debut for which the once-mighty company would have hoped. ■

Business | Bartleby

The quality you should most wish for your children

The benefits of having an internal locus of control

Aug 27th 2026

If you could bestow any quality on your children, which one would you pick? Great intelligence? Empathy for humanity? Much greater respect for their parents? The ability to pass a fridge without opening it?

Deborah Cobb-Clark, an economist at the University of Sydney, has a different answer: an internal locus of control. The concept of a locus of control was developed in the 1960s by a psychologist with the tremendous name of Julian Rotter. It is closely linked to the idea of agency. People with an internal locus of control believe that they are able to shape the world around them; those with an external locus of control tend to think that luck, destiny or other people determine their fate.

It turns out that being an internal is pretty useful. It motivates effort: one study by Ms Cobb-Clark and her co-authors looked at a cohort of newly unemployed people in Germany, and found that people with a more external locus of control searched less intensively for work than internals. Why spend time hunting for jobs, after all, if outcomes are disconnected from actions? Externals also had lower reservation wages, the minimum pay they were prepared to accept for a job.

An internal locus is linked to self-control: another paper concluded that households with a greater sense of agency save more of their wealth. It helps turn intention into action, too, seeming to prompt people with entrepreneurial aspirations to actually take the leap and become a founder.

Being an internal also seems to help your descendants. A paper by Warn Lekfuangfu of Universidad Carlos III de Madrid and her co-authors found that, other things being equal, the locus of control of expectant mothers is correlated with the effort they put into active parenting. Internals are more likely to think that time spent developing the skills of their sprogs will pay off. Externals are more likely to think: "Little Rodney is just a helpless plaything of the gods."

The locus of control exists on a spectrum. Ms Cobb-Clark worries most about the small minority of people who never really develop a sense of their own agency at all. But many more routinely underestimate their power to exert control over their circumstances.

In her pointedly titled book, "You Can Just Do Things", Cate Hall cites research by Francis Flynn and Vanessa Lake, then of Columbia University, showing that people misjudge how likely others are to respond to requests for help. In a series of experiments, the researchers asked participants how many strangers they would have to approach to complete a range of tasks, from filling out questionnaires to borrowing a mobile phone to make a call. The actual numbers were much lower than the estimates, not because people are unbelievably nice, but because it is awkward to reject a direct request for help.

In another experiment, Steven Levitt of the University of Chicago got people who were dithering over a big decision to toss a virtual coin to help them make their choice. A toss in favour of change made it much more likely that someone would go ahead and break with the status quo. Those who did reported being much happier than those who did not. That suggests many people who would benefit from change lack the sense of agency to seize control of their own destiny without a nudge.

If an external locus of control is holding back individuals, it could be hindering organisations, too. A new paper, co-written by Feng Xu of the Harbin Institute of Technology, looks at adoption of artificial intelligence by manufacturing firms in Shenzhen. The researchers find that internals, who are more likely to see AI as a skill to master, are happier to share knowledge about their experiences of it. Externals, who are more likely to see the technology as a threat to their job security, are more prone to hiding information.

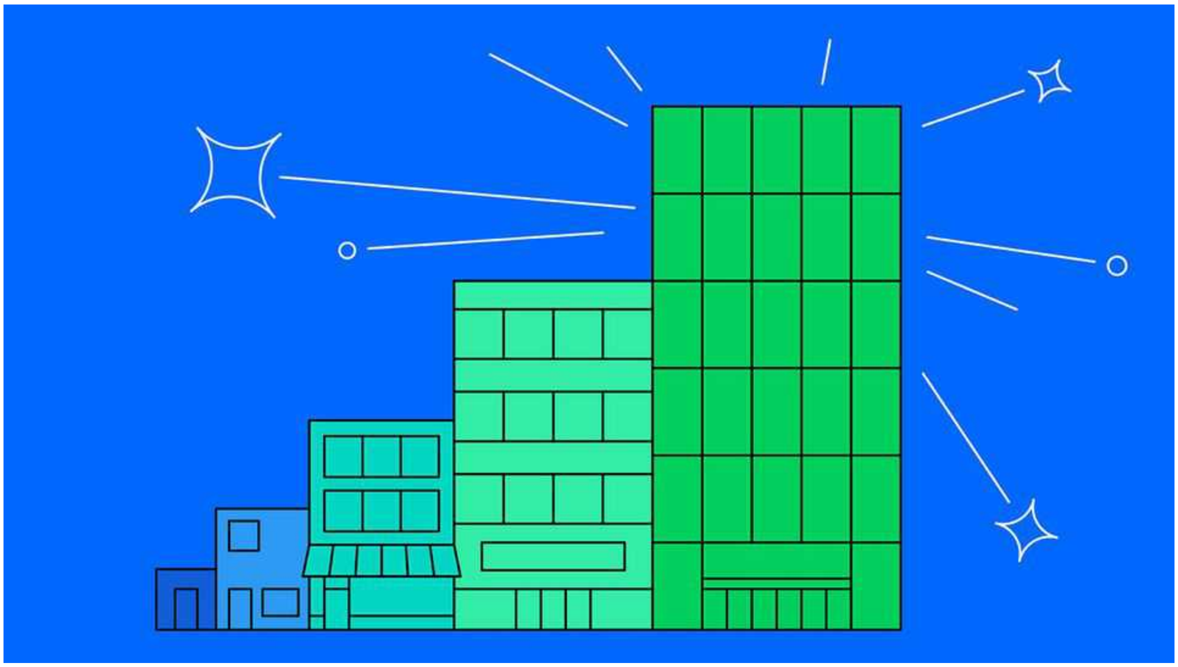
What should managers do about this? They could test for locus of control in hiring processes: Andrej Karpathy, a quotable AI researcher, has said that as a trait, agency is both more powerful and scarcer than intelligence. Compensation and promotion systems should reward achievement as a matter of course, but that link can be made more explicit. Cultural norms can also be set to prompt people towards taking action. “Ask forgiveness, not permission” is a mantra that can have some pretty ugly consequences if you have lots of high-agency people and no guardrails. But the idea behind it is sound. ■

Step inside the world of work with our Bartleby newsletter. Each week our white-collar oracle muses on the agonies of office life.

Business | Living large

Americans should rekindle their love for big business

New research shows large firms are vital for prosperity



Aug 27th 2026

Chief executives are unlikely to be feeling enthusiastic about the rise of the Democratic Socialists of America (DSA), whose members have recently won a slate of nominations to represent the Democratic Party in November's midterm elections. Last month the left-wing political group published a manifesto, titled "Workers Deserve More", that decried the power of big business and called for "public ownership of the largest corporations".

Most Americans do not share the DSA's enthusiasm for widespread nationalisation, but many do feel a great deal of antipathy towards large companies. In a survey published in April, just 15% told Gallup, a pollster, that they had confidence in big business, a hair above the all-time low. It is not that business in general is reviled: more than 70% of Americans express confidence in small firms. Since Gallup began asking, the gap between the two has been wider only once. Indeed, the easiest way to make an industry sound sinister these days is simply to add the adjective “big”: big pharma, big food, big oil, big tech.

From one angle the suspicion makes sense. Scale begets power: over prices, over workers, over suppliers, perhaps over whole markets. Yet being able to bemoan the supposed evils of big business is something of a privilege. Policymakers have long thought that economic growth was generated by nimble and innovative small firms. That view, however, is being challenged by a growing body of literature which argues it is big business that really matters when it comes to making countries more prosperous.

In 2023 the World Bank overhauled its enterprise surveys, which quiz thousands of firms on hundreds of characteristics, widening coverage to include a number of major economies that had previously been missing. The latest release, in May, was the first to include all the new data. “What comes through very clearly across all the 164 countries: in high-income economies, firms grow bigger,” says Jorge Luis Rodríguez Meza, who runs the surveys.

Across rich economies, the oldest firms—those aged over 25 years—are on average two-thirds larger, based on number of employees, than they were when aged between one and five years. In poor economies, they are only one-third larger.

This result echoes—at much greater scale—the findings of a seminal paper published in 2014 that examined factories in America, India and Mexico. It found that 40-year-old American plants employed almost eight times as many workers as five-year-old ones. In Mexico, the ratio was just over two. In India, older factories employed fewer workers. The poorest countries are not distinguished from the richest ones by an excess of small firms, argues Mr Rodríguez Meza, so much as they are by a “missing top”, where there are too few large firms.

That matters because the gap in economic performance between rich and poor places runs through their firms. Across the OECD, a club of mostly rich countries, the productivity of small and medium-sized enterprises

(SMEs) averages just two-thirds that of large firms. And a country's firm-level labour productivity moves almost one-for-one with its GDP per person.

In a recent paper based on the World Bank data, Diego Restuccia of the University of Toronto also points out that in poor countries there are far greater disparities in productivity even among firms of a similar size, suggesting that the market in these places does a poor job of disciplining unproductive businesses. Bigness, in other words, is not a sufficient condition for high productivity. State-owned firms, common in poor countries, are often cosseted. In rich economies, good businesses grow while bad ones wither.

The findings have prompted soul-searching at the World Bank itself. The institution has long focused on helping SMEs, says Mr Rodríguez Meza, viewing them as "the good guys". Now he concludes that "SMEs themselves don't really matter if they cannot grow." America should count its blessings. ■

Business | Reel change

Meta settles its blockbuster trial for up to $17bn

The social-media colossus will alter the way teens can use its platforms

Aug 27th 2026

This year Meta, the Silicon Valley giant that runs Facebook and Instagram, has suffered several blows in court. In March it was found to have deceived users about the dangers of its services in a case in New Mexico. In California a jury found that it and Google had been negligent in how they designed their platforms.

But these trials paled in comparison with the one that began on August 18th, in which 29 American states teamed up to sue the company, alleging that its platforms harm youngsters, and that it knew of the damaging effects. The four states leading the effort as plaintiffs were seeking as much as $193bn in damages—roughly equal to Meta's revenue in 2025.

Then, on August 26th, Meta and the attorneys-general filed a settlement agreement. In it Meta agrees to pay $12bn, and potentially as much as $17bn, in damages over the next ten years. (A separate settlement was reached with Texas for $1bn.) The firm has also agreed to various ways in which it will restrict use of Facebook and Instagram in the states it has settled with. Meta will adopt new processes to pinpoint the age of all users. For teens under 18, the total time they can spend scrolling will be capped at two hours a day, with a blackout period from midnight to 6am and no notifications from 10pm to 7am nor during school hours. Measures of engagement with posts, including "likes", will be hidden for them. And they will be offered the option of switching to an algorithm-free chronological feed on Instagram that shows photos only from accounts they choose to follow.

If all that spells catastrophe for Meta, nobody has told its investors. Its share price barely budged in response to the news. That is partly because litigation risk already weighed heavily on the company's valuation, contributing to an earnings ratio below that of many of its fellow tech giants. But it also points to confidence that Meta will remain enormously profitable.

The settlement it has agreed will allow the states to collect the maximum $17bn only if all other large social-media platforms—including TikTok and YouTube—have to pay similar penalties. A settlement with, or successful trial against, Meta's competitors would also lead the firm to implement even tighter usage rules: teens would be limited to an hour at most on Instagram, and the blackout period on both it and Facebook would run from 10pm to 7am. The states are already getting to work. On August 25th Dave Sunday, Pennsylvania's attorney-general, sued Snapchat, another social-media platform, over the risks its design poses to minors, leading its share price to tumble by 8%.

The unique settlement reached in this trial will help ensure it does not give Meta's rivals an advantage. Even so, lawsuits over the harms of social-media use will continue. Several states that were not part of the settlement are continuing to pursue individual cases along similar lines. Thousands of personal-injury lawsuits are still to be adjudicated. And more than 1,000 school districts have also sued the firm, with the first trials beginning in February next year.

Rob Bonta, California’s attorney-general, had described the case that has just been settled as Meta’s “tobacco moment”, likening the firm’s alleged deceptions to those that led to huge payouts by cigarette-makers in the 1990s. If measured by the dollars Meta has had to fork out, it has proved a poor analogy. The supersized settlement reached against big tobacco firms in 1998 involved a monetary penalty larger than their combined market value at the time. In a different sense, however, the analogy may turn out to be surprisingly apt. Even after these settlements, tobacco firms went on to turn huge profits. Investors who in 2000 purchased stock in Altria, then called Philip Morris, would by now have generated a 36-fold return, including dividends. Teens may soon be spending less time on Meta’s platforms. But it is a long way from being humbled. ■

Business | Something to chew on

One thing America still excels at making? Pretzels

How Pennsylvania became a powerhouse in the production of the doughy snack

Aug 27th 2026

In the seventh century European monks began giving children twisted dough treats as rewards for learning their prayers. Thus was born the pretzel. (Purportedly the snack's three holes represent the holy trinity.) It became especially popular in southern Germany, whose emigrants eventually took their favoured snack to America. Many congregated in Pennsylvania.

Today the state produces four-fifths of America's pretzels, and exports many abroad as well. Even as snack sales have suffered from the rise of private labels and weight-loss drugs, pretzels have proved resilient. In the 12 months to mid-May Americans bought $2.9bn-worth of the crunchy treat, up by 2.6% from the previous year, according to Circana, a data provider. A dense cluster of bakeries is probably not what Donald Trump imagines when he speaks about reviving American manufacturing. Yet it represents a rare success for small, family-owned American factories.

The “pretzel belt” traces its origins to Pennsylvania’s status as a haven for members of persecuted religions. William Penn’s tolerant rule of the state he founded attracted European outcasts such as the Pennsylvania Dutch (who in fact spoke German). That cultural group, which includes members of religious sects like the Amish, brought pretzels and, in some cases, a knack for business. The Amish eschewed many modern technologies, but other Pennsylvania Dutch were eager inventors and adopters of tools such as the mechanised pretzel-maker and deep-fryer.

Pretzels are not the only snack in the production of which Pennsylvania plays an outsize role (the state is also home to Hershey, America’s biggest chocolatier). But they are the sphere it dominates most. The pretzel that caused George W. Bush to choke and briefly lose consciousness in 2002 was procured by the former president’s chef from his hometown of Lancaster, Pennsylvania. Some of the state’s better-known pretzel businesses, such as Auntie Anne’s, an eatery, have been acquired by national firms. But most remain locally owned.

Pretzels also help draw tourists to the state. At Julius Sturgis Pretzel Bakery in Lititz, another Pennsylvanian hamlet, customers drive from New York, New Jersey and Baltimore to tour local snack factories (as well as to catch glimpses of the Amish driving their horses-and-buggies). Such attractions have boosted Pennsylvania’s travel industry, which brought in $50bn of visitor spending in 2024, the latest year for which data are available. Licence plates from as far away as Quebec and Alaska can be glimpsed in the parking lot. In the cars’ boots, undoubtedly, lie boxes of pretzels. ■

Business | Schumpeter

An obituary for the Drexel generation

A new book about Apollo offers a showcase of financial genius and human failure

Aug 27th 2026

What is Apollo? No firm better embodies the transformation of the private-equity industry from the pin-striped corporate raiders of the late 20th century to the post-modern financial savants of today: it is part insurer, hedge fund, bank and university finance department. Yet its succession drama, recounted in "Money to Burn", a forthcoming book by William Cohan, might as well be drawn from the pages of a Tom Wolfe novel.

The story starts with Michael Milken, a junk-bond trader who led a financial revolution from the Los Angeles office of Drexel Burnham Lambert, an investment bank. He more or less created the market for risky corporate debt. On Wall Street, that is equivalent to having discovered fire. In 1990 Drexel collapsed and Mr Milken pleaded guilty to fraud.

Thus scattered his disciples. Some firms fail spectacularly but are quickly forgotten, whereas Drexel has enjoyed an afterlife among the gods. Apollo was started by Leon Black, a Milkenite who ran Drexel's merger-advice department. Two other investment firms, Ares and Cerberus, were built by Drexel alumni. So was Moelis, an investment bank. Even Goldman Sachs is now run by a former Drexel banker.

Apollo's rise from Drexel's ashes was both an inside job and a cosmic fluke. When the market for junk bonds collapsed, it also took down some insurers that owned them. Few were in a better position than Mr Black to buy cheap Drexel-era bonds from Executive Life, a failed Californian insurer. The source of his capital? Obliquely, the Elysée. After receiving a cold call from a banker, Mr Black raised funds from Crédit Lyonnais, a lender controlled by the French government. Crédit Lyonnais ended up facing years of costly litigation over its orchestration of a takeover of Executive Life (American law prevented any bank, let alone a French one, from acquiring an insurer). But Apollo made a fortune on the bonds and began raising money from American pension funds.

By January 2008 Apollo was big enough to bet around $30bn on Harrah's, a Las Vegas casino. The deal was a disaster (and is itself the subject of a book). Even so, Apollo had a good war, which is to say it emerged from the global financial crisis ready for an expansionary blitz: assets were cheap and a new set of financial regulations pushed lending out of banks and towards investment firms like Apollo.

Starting in 2009 Marc Rowan, who now runs Apollo, cobbled together life-insurance portfolios to create Athene, an enormous insurer that forms the backbone of the firm today (Apollo and Athene fully merged in 2022). The simple idea that insurers should own illiquid debt with higher yields, and progressively more complicated ideas about how to manufacture such debt, have made Apollo a fortune. Seemingly everyone on Wall Street has rushed to copy some version of Mr Rowan's trade, making another Executive Life disaster seem inevitable.

Wall Street spends little time naming its firms (hence the Greek). But it pays great attention to titles. In 2007 Mr Rowan and Josh Harris, a dealmaker who specialised in buying chemical firms, were elevated as “co-founders”, marking them as the likely candidates to one day run the business. Unusually for a two-horse succession race, one spent years running in the wrong direction. So convinced was Mr Black of Mr Rowan’s claim he didn’t want the top job that in 2018 Mr Black discussed a merger with Brookfield, a big asset manager, rather than hand over to Mr Harris, whom he now calls a “psychopath".

But it was Mr Black’s own moral failures that brought Apollo’s succession drama to a boil. In 2021 he resigned soon after it emerged that he had paid $158m to Jeffrey Epstein for, he says, estate and tax advice from the late sex offender (Mr Black has denied wrongdoing). “Money to Burn” reproduces the whole affair in prodigious detail. Readers learn that while negotiating a pay-off to a former girlfriend at the St Regis hotel in Manhattan, Mr Black orders a Diet Coke with lemon. She'll have a cappuccino, please—and a yearly stipend of $1.2m.

Mr Black’s costly misjudgment was not for want of expensive advice. The tale of his downfall features many investment bankers, which Mr Cohan once was, and spin-doctors, who sought to bend newspaper stories about Apollo and its top brass. But mostly there are lawyers—legions of them. Lawyers to engineer the intricate mechanisms of Mr Black’s personal trust. Lawyers to correct a fatal (ie, taxable) error in the plan (with the help of Epstein). Lawyers to investigate the circumstances under which Epstein became involved with Mr Black. There are lawyers suing bankers, spin-doctors and, of course, other lawyers. It is a Shakespearean tragedy measurable in billable hours.

“Money to Burn” is a remarkable work about financial genius and human failure. It will be widely read for two reasons (besides satisfying salacious curiosity about some of the world’s wealthiest investors). The book is partly an obituary for a financial system that Mr Milken created and of which Mr Black was one of the last big names. That private-equity bosses are famously willing to change leadership at the companies they own but slower to replace themselves is the source of much tension in the buy-out industry. Soon, however, everyone who once worked at Drexel will have retired.

Mr Cohan’s book is also the first detailed history of one of the giant investment firms that have become as important to the financial system as large banks since the crisis, and take many of the risks those banks used to. Since trading giants like Jane Street and Citadel, the other big disrupters, are private institutions, the world may be waiting a while for the next account. After reading this book, their bosses will be keen to keep it that way. ■

Finance & economics

Finance & economics | Treasury v Treasuries

Scott Bessent takes on the bond market

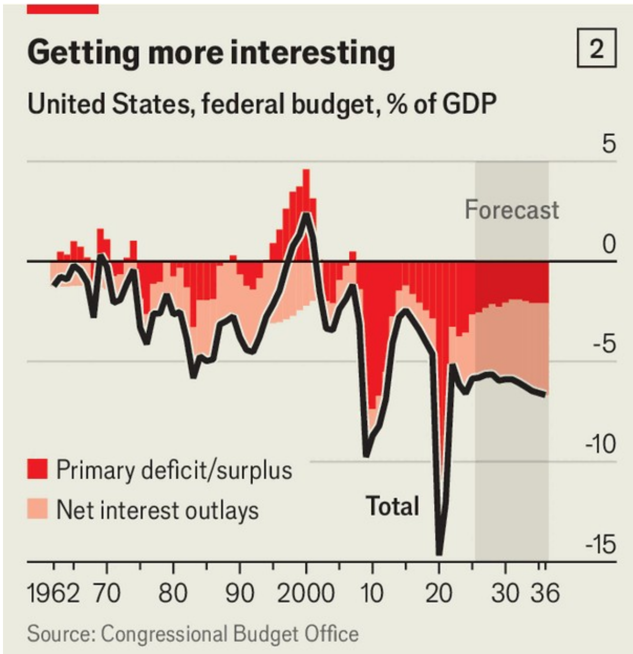
And makes trouble for the Fed

Aug 27th 2026

Scott Bessent often says he wants to be America’s “top bond salesman”. An accountant might raise an eyebrow, though, on encountering a salesman who juiced his figures by purchasing his own wares. On August 19th Mr Bessent set out plans for the Treasury to buy back tens of billions of dollars’ worth of long-dated government debt.

His announcement has had only a limited effect. But it has sent an important signal to markets: that the Treasury is willing to fight to hold yields down, if they keep rising as they have in recent months. Yields fell at first, then edged back up and have since edged down again (see chart 1). The latest decline may reflect reports that Mr Bessent is considering further buy-backs and funding them from the Treasury General Account, in effect the government's bank account at the Federal Reserve.

This year yields on government bonds around the world have climbed (ie, prices have fallen). High inflation had still not been entirely beaten back after the post-pandemic surge when America and Israel went to war with Iran in February, pushing up oil prices. Private borrowing to fund the vast build-out of artificial-intelligence data centres has also made capital costlier for everyone, including governments.



Most worrying, bond markets are beginning to reckon with the rich world's debt binge. America's budget deficit is 6% of GDP, the widest ever outside recession and wartime (see chart 2). Mr Bessent's own target of reducing the deficit to 3% of GDP by 2028 looks fanciful. Other big economies, notably France and Japan, are also in poor fiscal shape. Worse, more than half of America's deficit now consists of interest payments on past borrowing. There is a risk that a vicious circle takes hold: of rising yields, bigger deficits, still higher yields and so on.

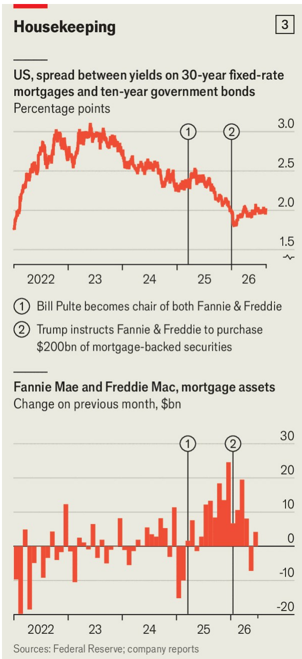
That is not only a budgetary problem, but also a political one for the Trump administration. The midterm elections are less than ten weeks away and "affordability" is the word of the moment. Yet the two most salient costs for many voters—petrol prices and the 30-year mortgage rate—are both moving in the wrong direction.

With his buy-backs, Mr Bessent has tried to put his thumb on the scale. Usually, the Treasury sees its role as keeping the bond market orderly and liquid during crises, not jostling yields around in what should be quieter times. Mr Bessent, sounding rather like the hedge-fund trader he once was, has taken a different view. "We believe that the yields don't reflect the underlying fundamentals," he said in a television interview. That prompted a ferocious response from [Stanley Druckenmiller](), a celebrated macro investor and Mr Bessent's former boss, who urged him to "let the bond market speak" in the Wall Street Journal. (Oddly, Mr Druckenmiller has admitted that his article was drafted by an AI chatbot.)

The Fed—the other centre of power in American macroeconomic policy—does sometimes try to move bond yields, through programmes such as quantitative easing (buying bonds by creating bank reserves) or "Operation Twist" in 2011 (selling short-term Treasuries and buying long-term ones, a central-banking mirror of Mr Bessent's scheme). But its goal has always been a short-term economic one, such as fighting recession or inflation, not keeping the government's finances afloat. Ironically, Kevin Warsh, the Fed's new chair, who was picked in a process run by Mr Bessent, has disavowed quantitative easing and says policymakers should not leave a heavy footprint in markets.

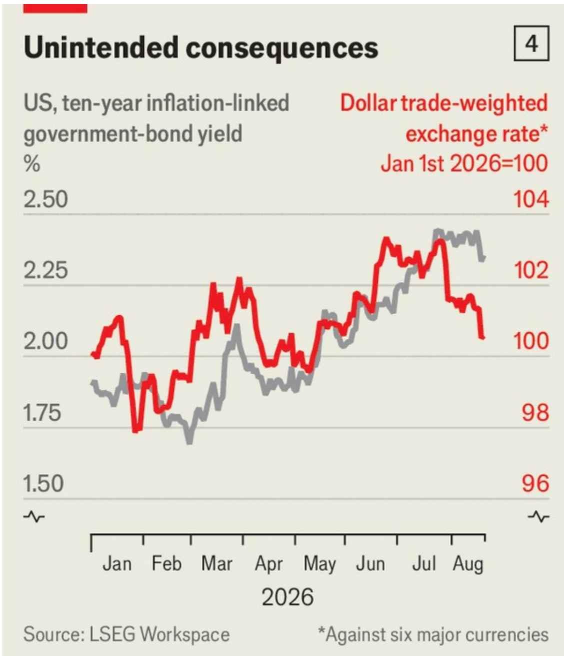
Another irony is that Mr Bessent criticised his predecessor, Janet Yellen, for politicising the Treasury and interfering with the Fed's work. Under Ms Yellen, the Treasury nudged up the share of government debt issued at shorter maturities. That, like Mr Bessent's buy-backs, shifted borrowing from long- to short-term debt. Ms Yellen's Treasury called it technocratic debt management; Mr Bessent echoed criticism of this as "activist Treasury issuance" to juice the economy before the 2024 election. After taking charge, Mr Bessent quietly maintained the same issuance pattern. Now, loudly, he has gone further.

The buy-backs are only the administration's latest effort to resist rising bond yields. In July Mr Bessent structured his joint intervention with Japan to boost the yen to minimise its impact on Treasuries. Opening a dollar swap line with the United Arab Emirates, said to be under discussion, would ensure that the Emiratis' sovereign-wealth fund would not need to sell its Treasuries in a crunch. In addition, over the past year Fannie Mae and Freddie Mac, the government-backed bodies that package up mortgages, have increased their purchases of mortgage-backed securities in an apparent effort to push down mortgage rates (see chart 3). (Support for Argentina's peso during a tight election fight for Javier Milei, the country's president, also illustrated Mr Bessent's willingness to use American financial firepower for political purposes.)



Mr Bessent's actions may not amount to much over the long term, but they may well squeeze yields down a little, at least until the midterms: a brazen politicisation of the Treasury market. Unfortunately for Mr Bessent, markets have other release valves. The dollar tumbled after his buy-back announcement (see chart 4), while gold surged: both signal investors' increased scepticism about American assets.

Ultimately, lower yields plus a weaker dollar equals economic stimulus, akin to an interest-rate cut. That is not what America's economy needs, whatever the politics. Markets think the Fed may, if anything, raise rates at its next meeting in September. Mr Warsh insists he "will not waver" in returning inflation to the Fed's 2% target. He will have a chance to set out his own thinking more fully on August 28th at the Fed's annual jamboree in Jackson Hole, Wyoming. Easing by the Treasury and tightening by the Fed could lead to a curious monetary-policy tug-of-war over the next few months. President Trump has long groaned about high interest rates. Mr Bessent may have calculated that trying to jawbone yields down could show the boss he is trying, even if markets rebuff his efforts. But the further he goes, the more pressure he piles on Mr Warsh.



Mr Bessent's interventions may reflect his macro-trader past, Mr Trump's quirky views on economics, and midterm politics. But they are more than mere Trumpian aberrations. Messing with markets becomes more tempting as countries' debt situation worsens—just look at Japan's constant meddling in the yen and in its own bond market. Governments, including America's after the second world war, have often dealt with debt through financial repression: intervening to cap yields, stuffing bonds onto domestic savers and allowing inflation to eat away at their value.

Now investors are deciding if they still see the Treasury market as a stable place, free from political intervention and financial repression. Market moves caused by changes in fundamentals have a habit of overwhelming even the most determined governments. If he continues to fiddle, America's top bond salesman may find his wares ever harder to hawk. ■

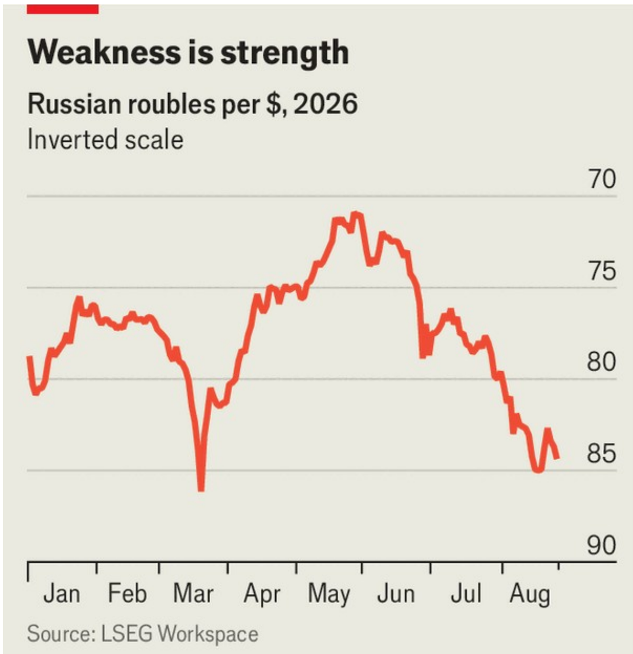
Finance & economics | Rouble trouble

Why is Russia deliberately weakening its currency?

A strong rouble was hurting the budget

Aug 27th 2026

GOVERNMENTS AND central banks usually insist that they want a strong currency. Not, just now, in Russia. On August 5th the Ministry of Finance declared that it would increase its daily purchases of foreign currencies and gold by around 20%, from 5.4bn roubles (then $69m) in July to 6.5bn roubles. The rouble duly slid, from around 80 to the dollar in early August to 85 by the middle of the month, its lowest level since March (see chart).



A stronger currency means cheaper imports, lower inflation and less pressure on interest rates; a weaker one means the opposite. As Russians know well, a sudden slide can trigger financial panic, as it did after their country invaded Ukraine in February 2022 and Western countries imposed sanctions. In just over a fortnight the rouble lost two-fifths of its value against the dollar. Russians rushed to buy foreign currency and pulled cash out of banks, much of which they splurged on consumer durables and other goods.

But lately a strong rouble has been a curse—notably for the federal budget. In the first half of the year it averaged 77 to the dollar; the budget had assumed a rate of 92. Because Russian oil exporters (which are mostly state-owned or otherwise linked to the government) earn their revenue in dollars, their income translated into fewer roubles than expected. Oil and gas provide 20% of budget revenue.

Granted, the Gulf war, by gumming up the Strait of Hormuz and disrupting global oil distribution, has pushed oil prices higher: in the first half of the year the average oil price used by the government for tax calculations was $68 per barrel, against the $59 assumed in the budget. Even so, oil and gas revenue, at 3.7trn roubles, was 23% lower than a year earlier. The first-half deficit alone was 5.7trn roubles, or 2.5% of annual GDP, against a projected

3.8trn (1.6%) for the full year. A persistently strong rouble would make the shortfall bigger.

As well as weakening the rouble, the government is looking for cash elsewhere. The Russian parliament has given the finance ministry the right to increase borrowing above the statutory limit without further approval. More inventively, the government has been demanding that Russian businessmen make "voluntary" contributions to the federal budget, including money to help pay for the war against Ukraine. This initiative emerged from a meeting in March with Vladimir Putin, Russia's president, about a windfall tax on past profits. Since the start of the year public-spirited bosses have coughed up 384bn roubles.

A weaker rouble could provide some short-term relief to Russia's budget, but in the long run, it carries the usual downsides: higher inflation, dearer imports and lower real household incomes. The inflation rate has already ticked up, to 6% in June. This was partly due to a petrol shortage caused by Ukrainian strikes on Russian oil infrastructure. Nevertheless, a weaker rouble could push it higher. ■

Finance & economics | Free tiffin

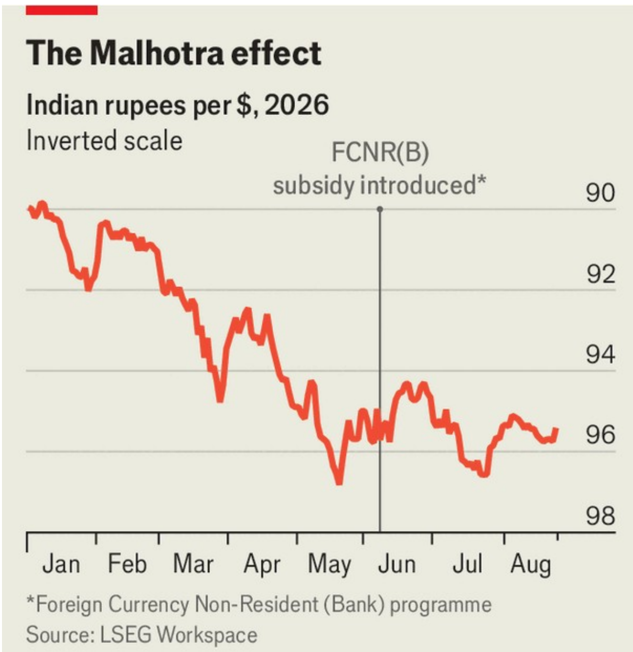
How India’s central bank subsidised the diaspora

The scheme has helped to stabilise the rupee

Aug 27th 2026

“GOVERNOR: THE Silent Saviour”, a Bollywood film released earlier this year, manages to make a hero out of a central banker. It follows a fictionalised version of Sri Venkitaramanan, head of the Reserve Bank of India (RBI) between 1990 and 1992, coping with the fallout from an American war in the Middle East. He persuades the government to let American fighter jets refuel in Mumbai, a sop to the IMF’s largest shareholder, and secretly arranges to have Indian gold flown to Switzerland and Britain as collateral for an IMF loan. In a revision of history, he convinces Manmohan Singh, the reformist finance minister, of the need to dismantle the socialist, growth-sapping Licence Raj.

Sanjay Malhotra, the current governor, does not have the benefit of a sympathetic film-maker. Still, he has had a good war—not least in stabilising the rupee. The currency fell by 4.2% against the dollar in the first month of America's latest Gulf conflict, a consequence of India's huge oil-import bill. Since mid-May, however, it has traded sideways. That is partly due to a scheme to attract dollars from India's 37m-strong diaspora. The RBI's Foreign Currency Non-Resident (Bank) (FCNR(B)) programme provides subsidised hedging to retail banks on dollar deposits, allowing them to pay higher rates and entice Indians abroad to shift greenbacks to India.



Despite the scheme's success, Mr Malhotra said on August 14th that it would close at the end of August, a month ahead of schedule. It is expected to have secured around $100bn (2.5% of GDP) for India's banks. "Flows have been stronger than we expected," Mr Malhotra told the Financial Express, a newspaper, noting that each dollar had a diminishing marginal benefit. For the diaspora it amounted to a rare free lunch. Although they had to keep the money tied up for three to five years, they could earn 7% a year by shifting their dollars to India, against just 4% on deposits in America. Encouraged by the RBI, Indian banks then used leverage to let them make annual returns of 15-27% with no foreign-exchange risk (but a lot of interest-rate risk).

The RBI has tapped overseas Indians before. Amid the 1991 crisis it launched “development bonds”. In 2013 Raghuram Rajan, its boss then, first devised a subsidised FCNR(B) scheme during the "taper tantrum” in the American Treasury-bond market. Capital streamed out of emerging markets as long-term dollar rates rose.

The disapora’s free lunch comes at the RBI’s expense. Economic theory says that any difference in interest rates between two countries must be equal to the cost of providing a “forward swap” (an agreement to deliver the foreign currency at a specified date). Otherwise arbitrageurs could lock in a risk-free profit by taking the higher (ie, Indian) interest rate and just signing a forward contract, without having to worry about the rupee losing value against the dollar. Instead, the RBI provides the swap for free. That is worth around 2.8 percentage points a year, or $8.4bn over three years on a $100bn book.

The RBI’s foreign-exchange reserves of $717bn compare with $1.2bn or so available to the governor in the Bollywood film. So whereas he resorts to all sort of chicanery to avert catastrophe, India has had no such need during this Gulf war. The scheme was meant to be a circuit-breaker, suggests Sajjid Chinoy of JPMorgan Chase, a bank. India risked falling into a vicious cycle as importers hedged their exposure and investors feared further depreciation. The RBI has bought the country time.

India was facing a third year of balance-of-payments deficit. International investors shunned the country, perceiving that its equities were overpriced and (unlike other Asian emerging markets) offering little gain from artificial intelligence. Flows of foreign direct investment have also been negative, as Indian firms have been keener to deploy capital abroad than vice versa.

Inflows from the FCNR(B) should mean India runs a surplus this year instead. Whether politicians in Delhi can use the time a central banker has bought them to attract investors back remains to be seen. But outside the cinema, it is the politicians who have to be the saviours. ■

Finance & economics | The fiscal contrarian

China should be loosening budgetary policy. It's doing the opposite

Its belt-tightening is good micro, but bad macro

Aug 27th 2026

THE WORLD is full of governments that should tighten their belts but won't. China is an exception. Domestic spending is weak. Government-bond yields are falling. The curse of deflation could return. Under these conditions, its government should ease fiscal policy to stimulate demand. Even the IMF thinks so. Instead China is stumbling into austerity. According to figures released on August 21st, tax revenues rose by more than 13% in July, compared with a year earlier, the biggest jump in over three years. China's budget deficit, broadly defined, also narrowed.

China is raising revenue not by increasing its tax rates but by repairing its tax net. Earlier this month the cities of Beijing and Hangzhou told residents they must pay income tax on money earned from offshore insurance products bought in Hong Kong, according to Caixin, a Chinese magazine. The report rattled shares in insurers such as Prudential and AIA, which make a lot of their money in the semi-autonomous city.

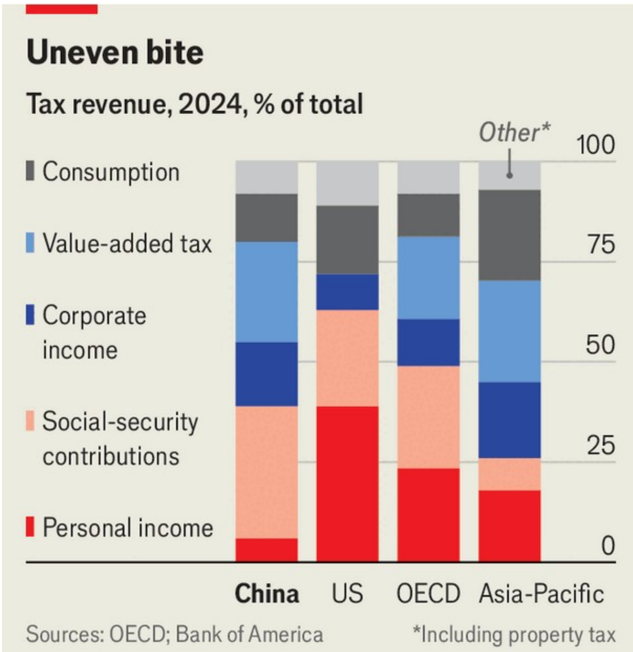
This was only the latest instalment in a lengthy saga. Last year China began sending tax notices to mainlanders who may have made money trading stocks in Hong Kong or America. In July the authorities also issued new rules bringing offshore trusts more firmly into the tax net. These moves exploit a successful multilateral initiative (they still exist), called the Common Reporting Standard, which allows tax authorities in different jurisdictions to share information with each other.

China's government has long viewed offshore assets as a tax dodge—or, worse, a hedge against Communist Party misrule. That makes them a tempting tax target. But the state's recent efforts to raise revenue have gone further, extending deep into the domestic economy. According to Bank of America, at least 80 listed firms received demands for back taxes in the first half of this year, almost as many as in the whole of 2025.

In June, for example, local authorities told Heilongjiang Agriculture to pay 1.4bn yuan ($208m). The company had wrongly claimed a tax break on land leased to family farms outside the firm. The business, better known as Beidahuang (which translates as "Great Northern Wilderness"), is no offshore capitalist-roader. Its assets include vast tracts of black soil in China's northernmost province. It is also controlled by the state. Indeed, one of its owners is the Ministry of Finance.

As well as policing the misuse of tax breaks, China has begun to remove some of them. From next year exports of high-energy batteries will no longer qualify for rebates on value-added tax. Solar cells, industrial glass, ceramics and certain chemicals also lost eligibility in April. The aim seems to be twofold: to raise some money and to force some consolidation in industries suffering from overcapacity.

China has also started to broaden its peculiar consumption tax. The levy applies to only 15 kinds of goods, including petrol, tobacco and alcohol. It is a little "outdated", says Winnie Wu of Bank of America. "If you smoke, you pay tax, but you don't need to pay tax when you buy a private jet." In July China announced new taxes on lithium-ion batteries and solar cells. It is also considering a tax on sugary drinks, such as the milk tea beloved of younger Chinese. No sign yet of a tax on jets.



Many of these tax tweaks make sense, from a microeconomic perspective. "Sin" taxes can encourage healthier behaviour. Broader tax bases are better. The fuller taxation of offshore earnings will lift the income tax's paltry contribution to state coffers (see chart). And pruning export rebates could ease trade tensions and force a shake-out in oversupplied industries.

But the timing of this belt-tightening is unfortunate. Many economists have been calling for bold fiscal stimulus to help the economy recover from the property slump. One idea is a big increase in rural pensions. Instead the government seems spooked by the erosion of its revenues over the past few years. The best that can be hoped for is that the increased taxes will fall primarily on people who would otherwise have saved the money.

China's government is cautious about taking on additional fiscal obligations that will only grow as the population ages. To balance the economy, it will instead rely on a modernised tax system and the old-fashioned stoicism of the rural poor. Eat bitterness, tax sweetness. ■

Finance & economics | Growth on ICE

The economic costs of Donald Trump's immigration crackdown

A smaller workforce and slower growth

Aug 27th 2026

On May 28th Art Lussi received an alarming message. His hotel, the Grandview Lake Placid, in a mountain resort in upstate New York, was halfway through a 150-room renovation ahead of the summer rush. But that morning Immigration and Customs Enforcement (ICE) agents had detained a Venezuelan maintenance worker (with legal status), plus 20 contractors. Mr Lussi estimates that the resulting delay, of nearly a month, cost half a million dollars in lost business. In a town already short of workers, finding replacements was nearly impossible. "We could still use 20 more people right now," he says.

Donald Trump promised a draconian crackdown on immigration and has largely kept his word. Since his return to office, America's southern border has in effect been closed to irregular migrants, access to asylum has been sharply curtailed, humanitarian-parole routes mostly shut and temporary protection largely withdrawn. High-skilled migration is under pressure from tighter rules and proposed restrictions on student visas and employment-based green cards. ICE has increased arrests on America's streets, picking up many without criminal convictions.

All told, the administration claims to have deported 1m people and says another 2.2m have left voluntarily. These numbers may well be exaggerated. But by early 2026 deportations from within the country were running at roughly five times the rate before Mr Trump's return, according to the Deportation Data Project at the University of California, Berkeley, and the University of California, Los Angeles.

In a nation of immigrants, this has brought about a historic reversal. In 2022-24, in a post-pandemic surge, net immigration exceeded 2m a year; in 2025 it was roughly zero, or even negative, estimates the Brookings Institution, a think-tank. The drain is probably accelerating. The consequences are already apparent, in shortages of labour at businesses like Mr Lussi's, a shrinking workforce and slower growth. The long-term impact on America's economic dynamism will be severe.

The demographic maths look ugly. The Congressional Budget Office, a non-partisan scorekeeper, thinks America will have 2.3m fewer 18- to 64-year-olds in 2026 than it expected at the start of 2025. Economists at the Federal Reserve reckon that the total population could grow by less than 0.2% this year—the slowest pace since 1951, when the Korean war pulled young men out of the civilian count. The hit to the workforce is larger, since immigrants are likelier to work than native-born Americans. Since January the labour force has shrunk by more than 1m.

This is putting the labour market under strain. In 2022-24 employers added more than 230,000 jobs a month on average; in the past year and a half, that has slowed to 30,000. Yet the number unemployed, just below 7m, has barely budged. With migration collapsing and the population greying, job gains are structurally limited.

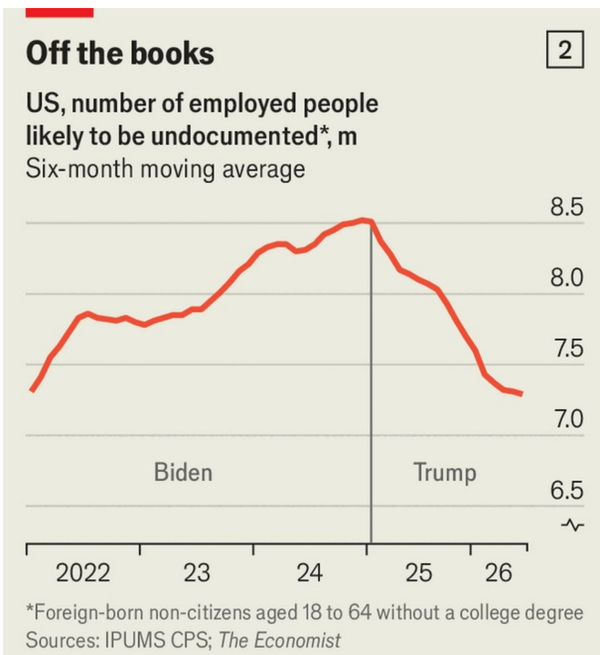
Wendy Edelberg of Brookings and her co-authors estimate that the "break-even" rate of job gains needed to keep unemployment steady fell to 20,000-50,000 a month in the second half of 2025. The Dallas Fed puts it at roughly zero by the year's end (see chart 1). Ms Edelberg expects "a break-even rate of zero for this year, too". "I think this is our version of a healthy labour market given what is happening with population growth," she says.

That could make life awkward for Kevin Warsh, the Fed's chairman. Net job losses will bring pressure to cut rates, even when they are consistent with full employment. The risk also runs the other way. Even modest gains could now tighten the labour market and add to inflationary pressure.

A lack of labour will also weigh on how fast the economy grows. In the past, an expanding workforce has contributed about 1.4 percentage points a year to potential GDP growth—the economy's sustainable speed—according to Seth Murray and Ivan Vidangos, two Fed economists. In 2026 that could fall to almost zero, requiring rising productivity to do nearly all the work.

That is a lot to ask in the near term of the artificial-intelligence boom. Earlier comparable technologies have often taken decades to have their full effect. In the first half of 2026 labour-productivity growth was a lacklustre 1.1% (at an annualised rate). Over time, labour scarcity may itself encourage firms to adopt AI more quickly. In the short run, however, the demands of the data-centre build-out could worsen shortages elsewhere and slow the AI boom.

The most visible impact of Mr Trump's crackdown stems from his deportation campaign. Between January 2025 and June 2026, ICE made roughly 500,000 arrests in the interior that resulted in detention. This has had a chilling effect. In a survey of immigrants last year by KFF, a think-tank, and the New York Times, two in five respondents who were likely to be undocumented said they had avoided going to work. Johnny Vasquez of the Rio Grande Valley Builders Association, in Texas, recalls that after enforcement intensified in June 2025, building sites were "ghost towns".



To quantify the effect, The Economist has used data from the Current Population Survey to build a proxy for workers likely to be undocumented: non-citizens aged 18 to 64, born abroad, with no more than a high-school education. We calculate that employment among this group has fallen by about 900,000 since Mr Trump took office again (see chart 2). Small sample sizes make the estimate volatile, but the scale of the decline is hard to miss.

Construction has been hardest hit. The industry employs about 11m people. Roughly 30% are foreign-born; in trades such as drywalling, framing and roofing, most are immigrants. “Our local workforce has been depleted in some trades by 70-75%,” says Scott Brannock, president of the Northeast Florida Builders Association. Immigrant employment is also falling sharply in restaurants and hotels, food processing, grocery stores and care services.

Some employers have responded by raising pay. Annual wage growth for non-supervisory construction workers is running at 5.2%, about 1.4 percentage points faster than in January 2025. Yet even hefty rises have failed to lure enough American-born workers into physically demanding trades. Their employment has often fallen alongside that of immigrants, rather than replacing it (see chart3). This is because the two are complementary: if a framing crew disappears, there is less work for electricians and supervisors.

Longer-lasting damage may come from a slowdown in high-skilled immigration. The administration has tightened rules on student visas—down by a third last year—H-1B visas for skilled workers and green cards. At the technological frontier, America relies heavily on foreigners: American-trained workers born abroad make up 35% of those with PhDs in science, technology, engineering and maths. Michael Clemens of the Peterson Institute for International Economics, another think-tank, and his co-authors estimate that such a sustained squeeze on student visas would shrink that top-notch workforce by 11.5% and could reduce annual real GDP by nearly $500bn (1.6% of last year's figure) within a decade.

The squeeze is intensifying. On August 24th the administration proposed a fee of $103,265 for new H-1B visas, replacing an earlier levy struck down by a court. Meanwhile America's rivals are moving in the opposite direction. China last year introduced its K visa to lure young scientists and technologists, while Canada and the EU have expanded routes for highly skilled workers. For decades America turned its ability to attract the best of the brightest into an extraordinary economic advantage. Mr Trump's immigration crackdown risks leaving the country with fewer workers today and fewer innovators tomorrow. ■

Finance & economics | Buttonwood

What makes a great investor?

A big dose of luck, and a distinctly odd character

Aug 27th 2026

One day in 1992 Stanley Druckenmiller marched into his boss's office, saying: "George, I'm going to sell $5.5bn-worth of British pounds tonight and buy Deutsche marks." George was George Soros and Mr Druckenmiller, his protégé, was running his "Quantum" hedge fund. The idea was that the Bank of England was trying to sustain an unsustainable exchange-rate peg which speculative pressure could break, forcing the depreciation of the pound and netting Quantum a huge profit. But the $5.5bn would put 100% of the fund's assets behind one wildly risky bet. "That is the most ridiculous use of money management I ever heard," Mr Soros said. "We should have 200% of our net worth in this trade."

It worked, and Mr Soros became the man who broke the Bank of England. Plenty, including Mr Druckenmiller, reckon he thereby demonstrated two cardinal virtues of great investors: the wisdom to spot a winning chance and the nerve to bet the house on it. Perhaps. But for Buttonwood's money Mr Soros also demonstrated two other crucial, and underrated, virtues. What a great investor really needs is a big dose of luck and a distinctly odd character.

Mr Soros was certainly lucky. He was right that the peg was unsustainable over the long term and, once bank traders and other hedge funds piled in alongside him, victory might have been inevitable. But they might also have chosen differently, siding with the central bankers and steamrollering Mr Soros instead.

Today his would-be successors need luck, too. Most people who work in finance have to be right pretty much all the time. A compliance officer who catches only two-thirds of the dodgy trades your bankers make, for instance, will soon need a new job. But a stock analyst can have an even lower hit rate and still be considered excellent, since no one can do much better. The fund managers building portfolios from analysts' recommendations can merely hope to pick the right ones. Even if the analysts have spotted a stock with potential that everyone else has missed, it will outperform only if the rest of the market cottons on.

Picking the right investment style takes luck, too. Half a century ago Warren Buffett became a superstar by buying shares that were cheap compared with fundamentals like earnings, then selling when they became expensive. Such value investing is now "something fund managers only do if they want to get fired", in the words of one who was. Instead the momentum trade—of buying recent winners—has minted fortunes. If the past few weeks are anything to go by, that might be faltering, too. Even the whizziest strategies can underperform for career-wreckingly long periods. Cliff Asness, one of the world's best quantitative investors, has described "getting kids at home asking: 'Daddy, your stuff works, right?'"

Mr Asness stuck to his guns and emerged unwrecked. In doing so, he exhibited the other trait of all great investors: oddness. It takes more than stubbornness to stick with a strategy that isn't working, while your clients lose faith and your children wonder if you are a chump. It takes an even more unusual character to do so in the financial world where, in contrast to the physical one, the rules are whatever everyone else agrees they are. In the end, Mr Asness's doggedness was rewarded and his quant strategies began to perform again.

When perseverance doesn't work, an investor must be even odder to be great: they need to be able to change their mind. Imagine that Mr Soros's fellow hedgies had turned against him, and he had faced the steamroller. It is hard to picture a man with the chutzpah to bet 200% of his fund against a central bank going on to admit he was wrong and abandon his bets. But Mr Soros has been betting big since the 1970s. You don't manage that without knowing when to hold 'em and when to fold 'em.

Even this combination of arrogance and humility is not enough. Great investors must be able to cut their losses without avoiding risk in the first place. They must pore over detail yet still communicate their ideas plainly—especially when these are not panning out. They must know their portfolio inside out yet remain detached enough to dump any of it the instant the facts change.

These qualities do not usually co-exist in the same person. When they do, that person is likely to be unusual. So if you are searching for a great money manager, look out for a weirdo who can roll lots of sixes in a row. Or just forget about it and buy an index fund. ■

Finance & economics | Free Exchange

Tax breaks for charity donations are a poor way to do good

They should be scrapped

Aug 27th 2026

Over more than 20 years Sheldon Solow, an American property billionaire who died in 2020, gave a trove of art to his own foundation. This seemed generous: the public would be able to see works by masters like Matisse and Miró. Yet for years the gallery remained shut; even now it opens for barely more than one afternoon a week. The only real winner was Solow himself, eligible for tax breaks in return for his gifts. A similar study in ineffective altruism is Elon Musk's foundation. Tax-deductible donations have built a stash of over $14bn, yet it mostly sits idle. What does go out is poorly targeted. The largest grant of 2024, worth $370m, went to a charity set up by Mr Musk whose main boast is a child-care programme near SpaceX's Texas offices, serving ten tykes.

In 2020 American households earning over $500,000 a year claimed more than half the cash that government spent on income-tax breaks for charitable giving. As AI mints a new crop of billionaires, yet more plutocrats will be able to use these schemes to reduce their tax bills. Most donations go to better causes than private art collections. Tax-advantaged dollars support hospitals and keep foodbanks going. They even support services that the state would need to provide if charitable funding dried up.

But it is right to call time on such tax reliefs. In America alone they are likely to cost over $70bn in forgone revenue in 2026 (roughly the GDP of Alaska). There is flimsy evidence that these schemes prompt significant extra giving, the money is often misspent, and the result is more power for the wealthiest.

Using tax breaks to encourage giving has a long history. During the first world war Congress was so worried that high taxes would sap tycoons' generosity that it introduced income-tax deductions to encourage them. Today most rich countries have such schemes. In America you can deduct charitable donations from your taxable income on your tax return. In Britain charities can claim a portion of the donor's tax payments directly from the government using a scheme called Gift Aid. (Higher-rate taxpayers can also claim a rebate.)

The key test is whether charities gain more in additional donations than governments lose in revenue. Academic estimates vary wildly. Although some are bullish and suggest that donations can exceed lost revenue, some recent studies are more equivocal. In 2024 Daniel Hungerman of the University of Notre Dame and his co-authors found that, if the government uses tax reliefs to make the cost of giving 10% cheaper, it incentivises donors to give only 6% more on average. The state gives up more than charities gain.

How incentives are designed matters. American reliefs are claimed months later, during the long dark night of the soul that is filling in a tax return. Studies suggest such rebates prompt less extra giving than when the charity itself makes the claim, as is possible in Britain. When a smiling teenager at the local donkey sanctuary proffers a form and mentions that the government will add 25% to your donation, it is hard to say no.

But every pound that the government gives to the donkeys is a pound less for its own spending priorities, whether teachers or torpedoes. Those suspicious of the state frittering away cash celebrate this. Saul Levmore, a law professor, argued in a paper in 1998 that charitable deductions operated as a form of voting, in which individual citizens (donors) choose how best to spend some of their tax bill. By harnessing the public's collective wisdom, this could lead to a more efficient allocation of resources than that achievable by the state.

This seductive argument fails on three counts. The first is the natural bias caused by focusing on what is in front of you. When the volunteer at a crumbling English stately home asks if you want to claim Gift Aid, you think about how that extra money would help fix the leaky roof. But the costs of that nudge, in less cash for schools or defence, are far from your mind. Or, filling in your tax return, you think fondly of your chosen good causes, not of the public services with a few dollars less.

Then there is the ability to make decisions in the round. Taxation pays for public goods that the private sector would undersupply if left to its own devices. That means weighing competing collective priorities. The government might not be very good at this, but at least it tries. No philanthropist is seeking to spread their funding across the full range. They tend to focus instead on the causes that interest them and that they know about, leaving less glamorous necessities—think potholes—neglected.

What's worse, some people will prioritise causes that others find distasteful. In Britain Gift Aid is supporting a mosque where an imam last year said that "discipline in the case of rebellion" was one of the "rights of the husband over the wife". In America members of the Oath Keepers, a far-right group, for years could claim tax reliefs on donations to an affiliated organisation.

The final problem is one of inequality. If charitable deductions are a form of democracy, it is one stacked in the favour of the rich. Mr Musk would have at least hundreds of thousands of votes for every one held by the average American. True, only billionaires have enough money to make big bets on underfunded causes and long shots, like curing cancer. But Mr Musk's example shows how dependent this logic is on the preferences of the few.

Philanthropy is undoubtedly a force for good in the world. Evan Spiegel, a tech billionaire, and his wife have used their fortune to pay the medical debts of more than 260,000 Californians. People of modest means keep day centres and homeless shelters afloat by donating what they can. The warm glow that comes from giving makes everyone happier. But it comes, surely, from giving in itself—not from the taxman chipping in. ■

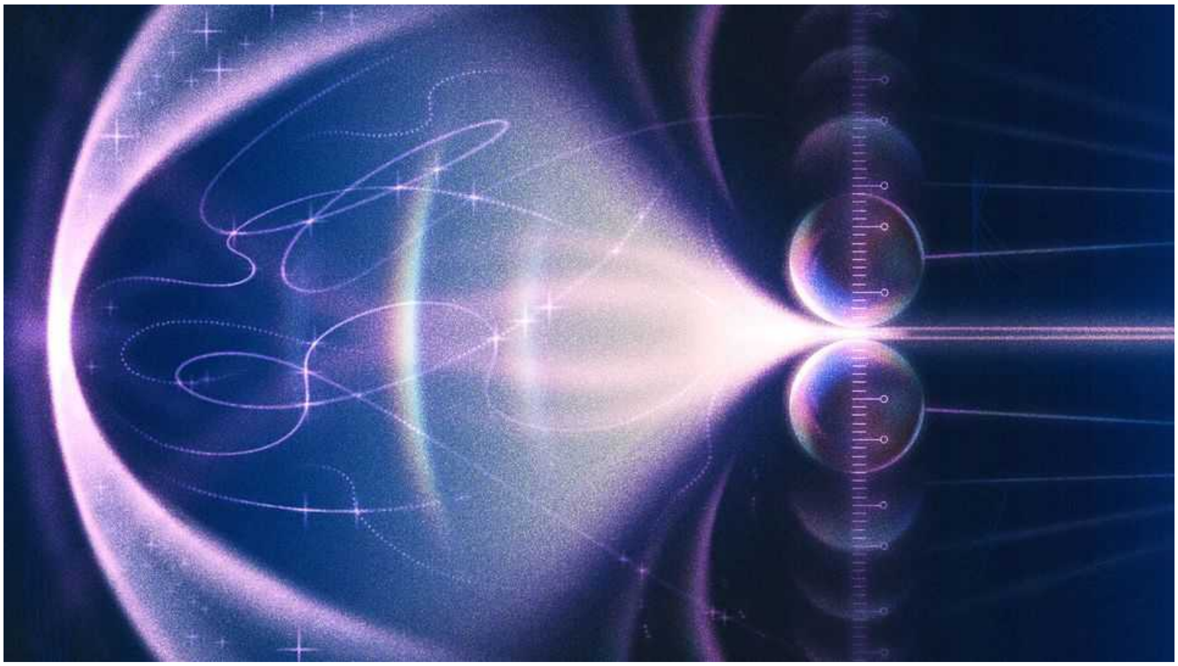
Science & technology

- The universe is peculiar. But it may soon become less so
- How salmon evolved to cope with the ice age
- SpaceX plans to build the world’s biggest spaceport
- Ukrainian military balloons may spoil Russia’s party
- It now seems possible to vaccinate against cancer

Science & technology | Cosmology’s swamplands

The universe is peculiar. But it may soon become less so

New theories and experiments should shine light on string theory



Aug 27th 2026

NEVER SAY physicists have no sense of humour. A topic that can dub fundamental particles “strange”, “charm”, “truth” and “beauty”, and propose that such objects are stuck together with bits of sub-atomic adhesive called gluons, cannot be accused of taking itself too seriously. But the true masterpiece of quirky physics nomenclature is, perhaps, the “swampland”.

The swampland is the here-be-dragons territory beyond the edges of string theory, a mathematical model of reality in which vibrating strings are the building blocks of nature. As is often true of such models, string theory has many answers. In its case each describes a particular hypothetical universe.

Those answers, of which early estimates counted more than 10500, are known collectively as “the landscape”.

To contrast explicitly with this conceptual terra firma Cumrun Vafa, of Harvard, coined, in 2005, the term swampland to describe universes beyond the scope of string theory. A big existential question from a physics point of view is thus whether the universe people call home is part of the landscape or part of the swamp. Proving it was on dry land would suggest that string theory might be true. Which would be nice, because a criticism often thrown at this theory is that it is elegant but untestable—at least with tools that humanity might conceivably build today.

Dr Vafa and a group of like-minded enthusiasts have therefore spent the past two decades trying to devise a way to tackle this question. They call their endeavour the Swampland programme. In doing so, they believe they have discovered a manageable subset of string theory’s possible universes that resemble humanity’s, and could thus include it among them.

One of the most annoying unsolved problems in physics is combining quantum mechanics (which describes the very small) and general relativity (which describes gravity as it applies to larger objects). For string theory, this is not an issue. In the hypothetical universes of its landscape, quantum mechanics and gravity are tied together in a combination called quantum gravity. For those in the swampland, by contrast, the two are impossible to reconcile. That is why physicists are so keen to understand what happens where the landscape ends and the swampland begins. By mapping this terrain with their theories, Dr Vafa’s cosmic cartographers are attempting to reveal something of gravity’s essential nature.

Central to their findings is a phenomenon called dark energy. This was discovered in 1998, when astronomers found that the expansion of the universe (itself discovered in the 1920s) was not slowing down, as expected, but speeding up. Something—for which the moniker “dark energy” seemed appropriate—is actively pushing the universe apart.

The initial suspicion was that the density of this dark energy is the same across the whole of spacetime. But in 2024 the Dark Energy Spectroscopic Instrument (DESI) experiment, a piece of kit attached to a telescope in

Arizona, reported evidence to the contrary. Its measurements indicated that dark energy is changing.

For mainstream cosmologists, such a thought is hard to stomach—and the conclusion that dark energy is evolving does, indeed, remain contested. But those who had spent their time wading through the swampland were delighted. In 2018 Dr Vafa and his colleagues had put forward a proposal that has become known as the de Sitter conjecture. This says that any and all possible universes with a fixed density of dark energy driving their expansion—the simplest of which, de Sitter spacetime, is called after the Dutch astronomer who proposed the idea—are banished to the swampland. To sit in the landscape, a universe's dark energy has to be changing. Which is what DESI suggests is happening in humanity's universe.

Another fact about dark energy is that it is weak. That may sound like an odd description for the thing that is pushing the fabric of the universe apart. But its very ubiquity means it is spread thin, so that at any given point there is not much of it around. The swamplanders have ideas about this, too. Another of their predictions, the distance conjecture, says that a universe whose dark energy is weak should also contain an infinite number of related particles of small mass.

Dr Vafa and his colleagues got to work determining what these particles could be. They found that all other matter should feel the presence of these particles only via the force of gravity, and not any other force of nature. Which is promising, because the observable universe is stuffed with something which fits the bill. It is known as "dark matter". Its nature remains obscure, but its gravity is, among other things, responsible for holding galaxies together, so few doubt its existence. And its total mass is more than five times that of the familiar matter which atoms are made from, so it is clearly abundant.

Dr Vafa's proposal is that the two swampland conjectures, paired with measurements of dark energy, point to a special region in string theory's landscape: one that would wrap together three of the universe's biggest mysteries—dark energy, dark matter and quantum gravity—into a single, neat package.

The link between the three depends on one of string theory's odder predictions: that the universe has ten dimensions rather than just the familiar three of space and one of time. The other six are supposedly "curled up" so tightly as to be imperceptible. To match the dark-energy data, Dr Vafa and his colleagues claim string theory permits only one possibility: one of its six extra dimensions has to be a little less coiled than the rest.

Dr Vafa calls this slightly uncoiled space the "dark dimension". Its uncoiling allows gravitons—hypothetical particles responsible for the gravitational force—to pick up a mass as they pass through it. Those gravitons, he proposes, are the particles of dark matter. Dark energy therefore sets the size of the dark dimension, which in turn sets the mass of the dark matter, which is itself nothing but gravity seeping into the dark dimension. And, tantalisingly, the dimension's uncoiled nature means it might be observable without the massive (and massively expensive) particle colliders that are the current preferred hardware of particle physics.

The equipment in question is in Austria. There, a team led by Armin Shayeghi of the Institute for Quantum Optics and Quantum Information are building a sophisticated torsion balance—a type of apparatus used in the 18th century to measure the gravitational attraction between two lead spheres. They are searching for departures from the predictions of Newton and Einstein as the range over which a gravitational field is acting shrinks. So far this has been measured down to 30 microns (about half the thickness of a human hair). Dr Shayeghi is trying to push that to ten microns. At that point, according to Dr Vafa's calculations, the slightly uncoiled dark dimension's effects might be detectable.

The experiments involved are incredibly sensitive, so Dr Shayeghi's team are building theirs at the Conrad Observatory, an underground laboratory in the Alps packed with some of the world's most precise seismic and magnetic instruments. So precise that, as Dr Shayeghi approaches the lab, he says, "They see me coming just from the magnetic field my car produces." He hopes to have findings to report within the next five years.

Not everyone is convinced—even among those who put their faith in strings. The swampland conjectures are still conjectures, and those with the most profound implications, like the de Sitter conjecture, are also the ones with least theoretical evidence. But proponents claim that, in the dark dimension, string theory has made a testable prediction. And for a topic that has been stuck in the mud for half a century, that should be lauded. ■

Science & technology | Frozen fish

How salmon evolved to cope with the ice age

Their odd behaviour seems to be a relic of the time of the glaciers

Aug 27th 2026

Some species thrived during the last ice age. Sabre-toothed cats, giant ground sloths, woolly mammoths and woolly rhinos all did pretty well. Others, however, were seriously inconvenienced—among them the chum salmon of north-western North America, which frequently found the rivers leading to and from their inland spawning grounds icebound.

For those cut off in the sea, this was a nuisance. They had to make alternative arrangements, by seeking other, more accessible bodies of fresh water in which to lay their eggs. Those cut off on the land side, though, were stuck. And it was assumed until recently that because they were unable to complete the marine part of their life-cycle, they died out.

Not so, it turns out. A study published recently in Quaternary Research by Patrick Martin, an avid fisherman with a sideline as an amateur scientist, has employed genetics to show that some of the left-behinds not only endured, but thrived.

Pacific chum salmon range around that ocean's rim from Japan and the Koreas to the coast of Oregon. Naturally, there is genetic variation in such a widespread population. Some of this variation is, though, so extreme that it has left researchers baffled. Three particular hot spots are around Kodiak island and nearby Cook inlet, in Alaska, and in the Salish sea between British Columbia and Washington state.

Intriguingly, it is not only the fishes' genetics that differ, but also their behaviours. Most salmon migrate from the sea into fresh water to spawn in autumn or winter. The Salish sea population does so in summer. Similarly, salmon generally spawn in rivers. One of the Cook inlet populations, by contrast, does so in a lake.

Isolation over periods of thousands of years is well understood to drive evolution. This is obvious on small islands, such as the Galápagos. But walls of ice can isolate, too. With this in mind, Mr Martin speculated that the Kodiak, Cook and Salish salmon are genetically different from their neighbours because they got trapped, and survived, in glacial lakes.

Between 23,000 and 15,000 years ago glaciers created a lake on Kodiak island, with an area of 1,000 square kilometres and a depth of 300 metres. Glacial lakes also formed in valleys around the Olympic mountains of modern-day Washington state. To test his hunch, Mr Martin therefore convened a team of ichthyologists and geologists from the University of Washington and America's National Oceanic and Atmospheric Administration to analyse the genes of 32,817 specimens from 310 populations around the Pacific rim.

One question that needed an answer was whether the unusual genetics could be explained by a few salmon from Asia having taken a wrong turn and introduced their DNA into their North American cousins. The aberrant populations, however, bore no close relation to their Asian kin. Instead, the team proposes that the ancestors of these survived the ice age isolated in freshwater lakes, where they went their own sweet evolutionary ways.

During this period, Mr Martin and his colleagues argue, the fish rejigged their behaviour to treat the lakes they were trapped in like miniature oceans, complete with migrating up glacial streams feeding the lakes to spawn. That rejigging then persisted, at least in part, when the ice dams melted and the fish were liberated into the sea.

At least some of chum salmon's genetic peculiarities are thus, presumably, the drivers of their unusual behaviours. But others could be relics of physiological adaptations to the stress of a life confined to fresh water in a species that normally spends much of its existence in the briny. That is of interest to evolutionary biologists. It may also intrigue conservationists, for genetic diversity is a good insurance against extinction and these odd salmon populations have diversity in spades. And fish farmers may take notice as well, if they are thinking about trying to raise salmon in colder waters or even freshwater lakes, where sea lice are absent and infectious pathogens less common. ■

Science & technology | The Louisiana purchase

SpaceX plans to build the world's biggest spaceport

The $100bn facility aims to support up to 30 rocket launches a day

Aug 27th 2026

SPACEX, ELON MUSK'S rockets-and-satellites firm, is already the planet's leading space power. Last year it flew four times as much mass into orbit as every other company and country combined. But that is only the beginning of the firm's ambition.

On August 25th it confirmed rumours that have been swirling for months among space nerds by revealing the purchase of 50,000 hectares of southern Louisiana. In a joint announcement with the state's government, it said it would spend $100bn building a gigantic rocket-launch facility on Pecan Island (part of which is pictured above), about 230km west of New Orleans.

Construction should start next year, with the first launches in 2029—though Mr Musk's deadlines are famously optimistic.

If and when the facility is finished, it will be by far the biggest rocket-launching complex in the world, with at least ten launch pads designed for SpaceX's enormous Starship rocket, as well as propellant tanks, a deep-water port and an airport. Mr Musk's ambition is for the site to host more than 30 rocket launches a day, to support both Starlink—the firm's existing broadband-from-space service—and its plans to fly data centres into orbit, where they would benefit from both free solar power and an absence of NIMBYs.

SpaceX currently launches Starship—which is still in testing—from its Starbase in Texas, and is building three new pads for it at Cape Canaveral in Florida. But Starbase is small, at around 140 hectares, and Florida is crowded: SpaceX shares the Cape with several other launch firms. The firm would have Pecan Island to itself.

The location is attractive, as well. To maximise the solar power they can generate, the firm's data centres will orbit over Earth's poles. That means launching north or south rather than east or west. Regulators like launches to take place over the ocean, to minimise damage from accidents. From Louisiana, the only land overflown by a southward launch is a thin strip of central America.

The new site is also reasonably close, by barge, to the giant rocket factory SpaceX is building in Texas. And the Louisiana coast is home to a great deal of oil and gas infrastructure, built to service drilling in the Gulf of Mexico. Starships burn methane, the chief constituent of natural gas, as fuel. With each launch using 1,300 tonnes of the stuff, being near to pipelines and storage tanks would be a big help.

If Mr Musk hits his 30-launches-a-day target, his Louisiana purchase would allow SpaceX to fly about 2m tonnes of payload into orbit every year, up from about 3,800 tonnes in 2025. That really would put everyone else in the shade. ■

Science & technology | The sky's the limit

Ukrainian military balloons may spoil Russia's party

Reports suggest some are being used to launch drones

Aug 27th 2026

Balloons were applied to warfare in Europe shortly after their invention in France in 1783. (Chinese "sky lanterns" are far older, but are not known to have carried people.) They were used as observation posts and later, in the guise of tethered "aerostats", as anti-aircraft devices. Latterly, China has employed them to spy on Taiwan, and Israel to keep an eye on Lebanon. America's armed forces are taking an interest, too. But perhaps the most active practitioner is Ukraine.

Ukraine has used balloons from the start of its war with Russia. In May it was reported that the country has launched over 1,000 of them into Russian territory since last autumn. They can drop bombs, distract air defences and act as radio relays, passing commands to drones that would otherwise be out of range.

Recently, Ukraine has tested a twist on this last approach by using balloons actually to carry drones, and thus extend the range of the drone strikes that are doing so much damage to Russian infrastructure. If winds are favourable, a balloon can both lift a drone partway to its target and, that done, launch it from altitude (up to 18km high), allowing it to glide yet further before it needs to switch on its engines.

It looks as though Ukraine has been working on this taxi service for well over a year. In March 2025 a picture emerged of a drone dangling from an aerostat made by a Ukrainian firm. In September Russian Telegram accounts and officials reported that a large number of balloons had been spotted around the time of deep drone attacks. And this May Ukrainian soldiers reportedly employed a balloon to carry an American-made Hornet drone about 42km before releasing it at a height of 8km.

Sources say the drone in question used up only 5% of its battery for electronic housekeeping during the balloon's transit, leaving it almost fully charged for the mission. A ground-launched Hornet's range is around 150km. Adding a balloon reportedly doubles that distance.

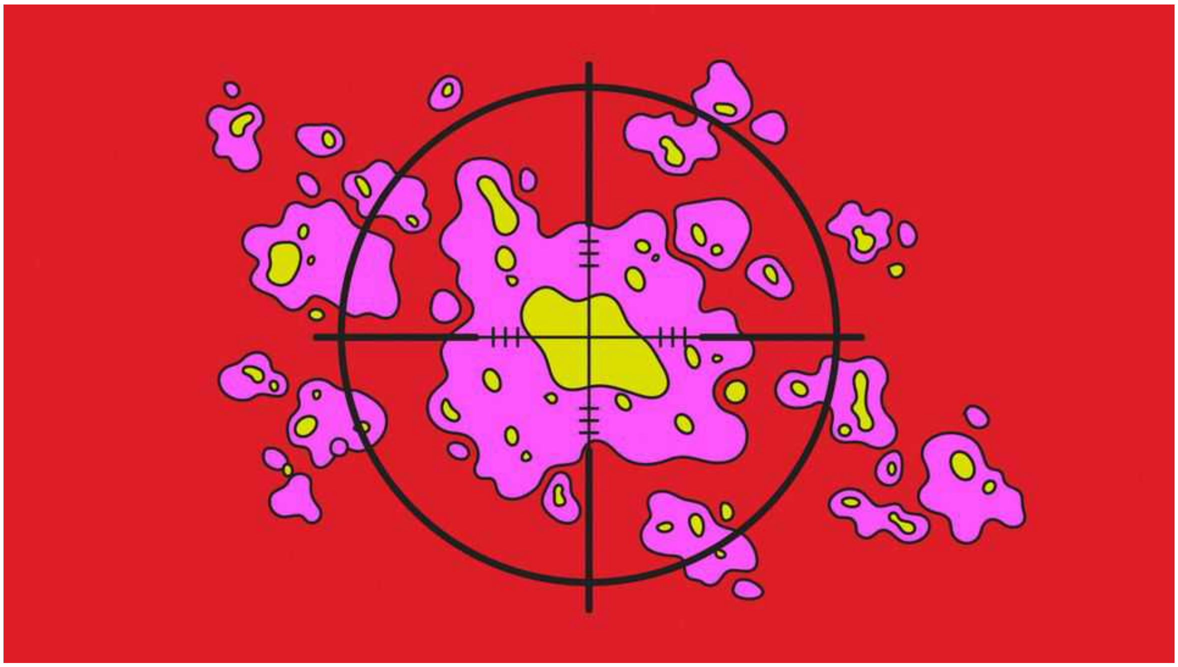
At the moment, balloons are designed to carry only lighter drones, such as the Hornet, which are not fully autonomous. But if the drone-carrying balloon is fitted out as a relay, that will not matter.

The Russians, too, are experimenting with balloons, but prevailing winds are against them. For Ukraine, the sky's the limit. For Russia, it's a blow. ■

Science & technology | Well Informed

It now seems possible to vaccinate against cancer

The latest results are promising, but not yet definitive



Aug 27th 2026

First, pancreatic cancer. Now melanoma. A treatment for the former, announced in May, at the American Society of Clinical Oncology Annual Meeting, and which this column wrote about on June 12th, has been fast-tracked through America's drug regulator and received approval on August 26th. Meanwhile, on August 19th, interim results of trials for a treatment for the latter—using mRNA technology developed for vaccination against infections—suggest that it is possible to vaccinate someone against their own cancer.

In recent years an entire branch of medicine—immunotherapy—has been deployed to encourage the immune system to detect and destroy tumours.

One of its oldest approaches, though, vaccination, has never really worked. Billions have been spent, yet the field is notorious for its broken promises.

The idea of a cancer vaccine is to alert the immune system to mutated proteins, known as neoantigens, found in tumours. If the system clocks these as foreign it will eliminate cells that have them. The idea could not be made to work, though. Focusing on a single protein was not enough, for a tumour could stop making it. And some early vaccines were, in any case, aimed at the wrong proteins. But an important reason for failure was that tumours often suppress an immune response. The arrival of drugs called checkpoint inhibitors, which stop this suppression, revived interest in cancer vaccines. Would such vaccines work, researchers wondered, if given alongside checkpoint drugs?

One idea was to create a personalised vaccine based on neoantigens unique to the tumour of interest. This was once thought hard because vaccines take so long to make, but mRNA technology permits the creation of new vaccines in weeks. The result is intismeran, developed by two American firms, Moderna and Merck. Trials of this alongside a checkpoint inhibitor, have been under way in melanoma for several years. The interim results show the vaccine is indeed working, and by implication that the neoantigen idea works, too.

What is known from the partial results released so far is that in patients who had had their melanomas surgically removed the vaccine slowed recurrence of the disease. First the caveats: delaying re-occurrence might extend overall survival, but it also might not. And, because neither the scale of the response nor the cost of the treatment are known, it may turn out that the vaccine produces a marginal benefit at great expense. In addition, melanomas are among the most immune-system-provoking cancers known—so what works in this case might not do well in others.

Clinicians are nonetheless excited. Elad Sharon, a medical oncologist at the Dana-Farber Cancer Institute in Boston, says it is "promising for the field of melanoma and cancer as a whole". More encouraging still, it points to a better way of preventing cancer's recurrence. Current treatments sometimes leave microscopic clusters of cells behind that later return as tumours. A vaccine-boosted immune system could hunt these down. Vaccination may also reduce the need for harmful treatments like radiation and chemotherapy.

Moderna and Merck are rushing through trials on other tumours including lung, bladder and kidney cancers. In coming years the results of these, and full results of the melanoma trial, will allow assessment of the scale of the breakthrough—if breakthrough it indeed turns out to be. ■

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Culture

Culture | Shelf control

What the world’s most famous bookshop reveals about culture

Shakespeare and Company in Paris is turning 75. Is its success replicable?

Aug 27th 2026

THE SUMMER afternoon was hot, but no one in the queue seemed bothered. Dozens were patiently waiting to enter Shakespeare and Company, a storied bookshop perched on the left bank of the Seine opposite Notre Dame cathedral. “That’s where Shakespeare wrote for a while,” a passerby informed her friends. No one corrected her—discretion being the better part of valour and all.

“The myth-telling is fascinating,” says Sylvia Whitman, who runs the English-language bookshop with her partner. “It adds to the house of stories that a bookshop can be." She has heard it all: that Shakespeare, who never left England, resided here, or that Sylvia Plath, another poet, founded it.

In fact, Shakespeare and Company was launched by Ms Whitman's father, George, 75 years ago this month (first under the name Le Mistral). It is probably the most famous bookshop in the world, enjoying a halo from its proximity to some of literature's patron saints. Around 2,000-3,000 people visit each day—nearly 1m a year—spurred by the shop's hundreds of thousands of social-media followers. It claims more impressive screen credits than many actors, having appeared in Woody Allen's "Midnight in Paris", Richard Linklater's "Before Sunset" and a French film, "Jane Austen Wrecked My Life". A hit TV series, "Emily in Paris", asked to feature it, but Ms Whitman declined. The bookshop already contends with so many selfie-snappers.

How does a books-and-mortar shop withstand three-quarters of a century and still get people to queue to enter? One answer is a clever approach to social media. Photos and videos are prohibited inside. This enhances the shop's mystique among those who while away hours on Instagram and TikTok. "You can't see what it looks like online, so that's kind of cool," says Hannah, a literature student from England who had come to take in "the older, nostalgic vibe" for herself.

This strategy differs from that of other pilgrimage sites for bibliophiles, such as El Ateneo Grand Splendid, housed in a grand former theatre in Buenos Aires, and Livraria Lello in Porto, which looks like a cross between a cathedral and a robber baron's mansion. (The latter claims to be the "most beautiful bookshop" in the world, and you have to buy a ticket to go in.) But it fits with a broader trend of people's curiosity being piqued by some restaurants, stores and concerts starting to ban smartphones. No-photo policies offer a feeling of authenticity and unique experience.

Ms Whitman also understands that buyers are not only seeking an entertaining tale, but a story about how and where they bought that book. Customers are offered a stamp of the Shakespeare and Company logo on the inside cover to certify their copy's origin. The shop stocks loads of luxurious hardbacks, which have the look of yesteryear. (Top sellers include classics such as Victor Hugo's "The Hunchback of Notre Dame" and Antoine de

Saint-Exupéry's "The Little Prince".) Far from killing print, e-books have made some consumers keener to splurge on special editions.

But probably the biggest explanation for the shop's success is how it has embraced the myths surrounding it. Shakespeare and Company is like a Russian doll, containing several brands inside. First, its name evokes the most famous writer in the English language. Second, there is the shop that preceded it, which had the same name. That one was founded by Sylvia Beach, an American, in 1919. She was courageous enough to publish James Joyce's "Ulysses" when everyone thought it was obscene, and likeable enough to count superstars, including Ernest Hemingway and T.S. Eliot, as friends. Beach's bookstore closed during the second world war, and legend has it that she later gave Whitman permission to adopt her shop's name.

Though Whitman was not always a reliable narrator. He was, said Lawrence Ferlinghetti, a poet and friend, "the most eccentric person I've ever met in my life". (That is saying quite a lot, considering Ferlinghetti marched to the beat of the Beatniks.) Whitman claimed he was the grandson of Walt Whitman—his father was a university professor named Walter, unrelated to the famous poet. He also named his daughter Sylvia, which linked his life and shop to Beach's. This still spawns confusion. When Mr Allen wrote a note to the team at Shakespeare and Company after filming there, he addressed it to Sylvia Beach, who had died in 1962.

Whitman described his store as a "socialist utopia masquerading as a bookstore". More than 30,000 people have stayed there and in the flats above—many of them writers—in exchange for working, reading and writing a one-page autobiography. The shop is decidedly more commercial these days, with a coffee shop next door. Higher-margin merchandise, including tote bags and notebooks, accounts for around 30% of total sales, says Ms Whitman. It also hosts writers' talks and an annual celebration of "Ulysses", which are partly supported by the shop's foundation.

How replicable is its formula? Many other bookstores peddle merchandise and host author events. Having signed copies by authors can triple book sales, notes Andrew Pettegree, who has written a forthcoming history of bookshops.

Yet Shakespeare and Company's is an impossible playbook to copy. Its history and location in central Paris are unbeatable. "Very few booksellers own their real estate" as Shakespeare and Company does, notes James Daunt, the boss of Barnes & Noble, a chain. He points out that a bookshop that also happened to be called Shakespeare & Co (no relation) closed last year in New York, citing rising rents among other challenges.

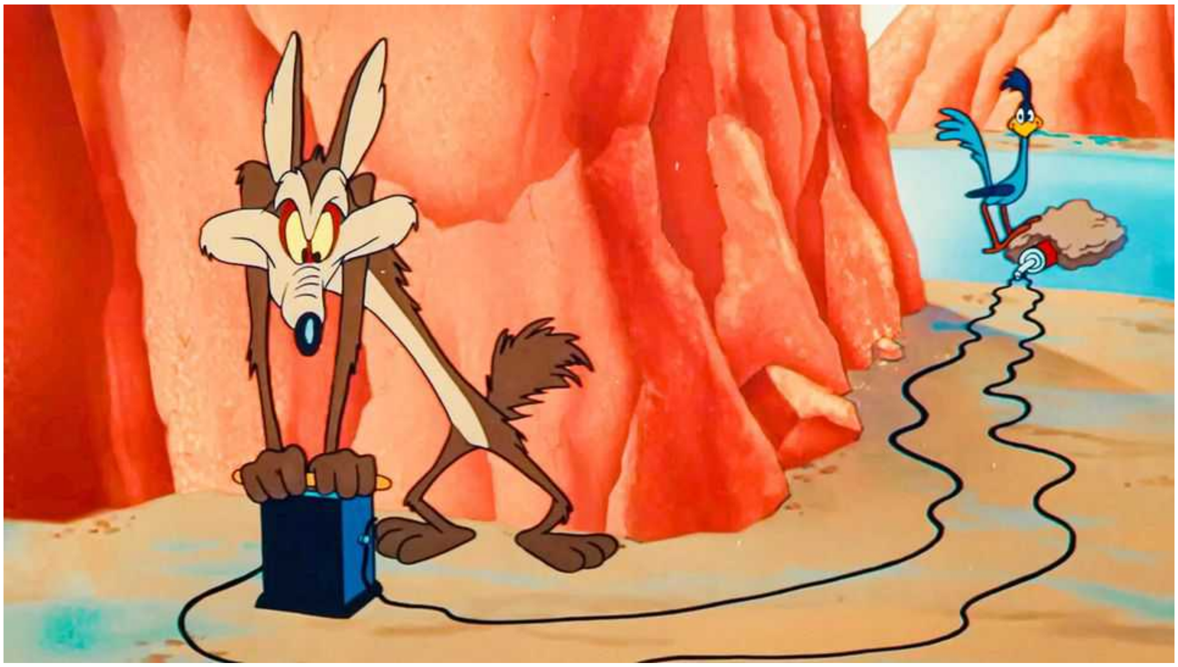
Yet "good" bookshops are thriving, says Mr Daunt. In America there has been a proliferation of independent ones, with about 400 launching physical stores last year, 62% more than a year earlier. They have become community gathering spaces. More owners understand, as Whitman did, that it is "not only about selling books. It's about being a cultural market", says Ewelina Oksiuta, director of the European and International Booksellers Federation, a trade group. "People in the age of smartphones and digitalisation are looking for presence and human touch."

In its own way, Shakespeare and Company also contends with the boon and challenge of tourism. "We've always been trying to get a balance between being a popular visit site for people passing through the city and yet trying to keep our connections more local," says Ms Whitman. Some expats feel the shop caters more to passersby than Parisians. An access card, a flash of which lets you skip the line, is doled out to only the most loyal and prominent patrons, who are sure to be able to tell their Sylvias apart and distinguish between the shop's chapters. ■

Culture | A howl lot of laughs

The resonance of Wile E. Coyote, from loony to loved

In "Coyote v Acme" the underdog has a new foe: corporate America



Aug 27th 2026

Wile E. Coyote, a cartoon character from Looney Tunes, is not as wily as he sounds. Since his debut in cinemas in 1949, he has tried but failed to catch the Road Runner. The calamitous canine is based on Mark Twain's description of the coyotes he observed in the American West: "always poor, out of luck and friendless" and "always hungry". Across about 50 cartoons, he uses skateboards, slingshots and even snow machines in his attempts to catch the bird in the desert. He buys strange gadgets, such as dehydrated boulders, from Acme, a comically bad corporation, which malfunction or explode. "Beep, beep!" the Road Runner always gloats before buzzing off.

Anyone who likes to root for the underdog will be happy to see him back on screens in “Coyote v Acme”, which opens in cinemas on August 28th. In this wacky, often amusing film, Coyote is not merely a hapless hunter. He is also a plucky plaintiff, suing Acme for its faulty products. With the help of his lawyers and a whistleblower (Bugs Bunny), as well as other characters from Looney Tunes, Coyote raises awareness of cartoon injuries and is celebrated as a hero. (The screenwriters based the film on a humour piece in the New Yorker and took inspiration from legal dramas such as “Erin Brockovich”.)

Though Coyote has never caught the Road Runner, he has captured the hearts of viewers. That is perhaps surprising: Chuck Jones, his creator, insisted that Coyote should be a “fanatic” and fail because of his own “ineptitude”. Jones thought he was a tragic figure, nearly naming him Don Coyote after Miguel de Cervantes’s hapless knight. Yet Jones also wanted audiences to side with the canine. He saw Coyote as Sisyphus: an absurd hero, showing joy and hope in the never-ending struggle of pushing a boulder uphill (or chasing a bird). “Coyote v Acme” offers plenty of nods to the myth, with its central mystery dubbed “Project Sisyphus”.

Getting the film into cinemas also became an uphill struggle. In 2023, after “Coyote v Acme” was completed, Warner Bros Discovery shelved it for a tax write-off. People posted online with the hashtag #SaveCoyoteVsAcme; one fan dressed up as Coyote and stood outside the Warner Bros studios with a sign saying “RELEASE ME!!!” All this generated buzz for the film, which was eventually acquired by a small distributor, Ketchup Entertainment.

Coyote has become famous partly because of the simple conceit that animates his life on screen. Though each of the cartoons has a distinctive title, the plots are similar: in “To Beep or Not to Beep”, Coyote gets hit by boulders and falls from the sky; in “War and Pieces” the same thing happens but with rockets.

In addition to gags, Coyote and the Road Runner provide a generational pulse-taking. Should one cheer for the blundering Coyote or the clever beeping bird that keeps evading his traps? In 2000 Henry Allen, a journalist and lecturer, argued that baby boomers who came of age in the raucous 1960s identified with the Road Runner. To them Coyote was the establishment ("cops, parents, the draft board"); they felt that the Road Runner thought outside the box. However, Mr Allen's Gen X students identified with Coyote. They believed boomers (and the bird) had it too easy. Coyote worked hard, always against the odds.

Today people are Coyote fans for different reasons. His willingness to fight a corporation resonates at a time when big business is as unpopular as a massive boulder to the head. And his never-ending struggle with various gadgets reflects people's own tech troubles. (Online memes compare Coyote's anger at Acme products to the rage people feel when interacting with ineffectual customer-service AIs.)

All this makes Coyote's determination seem less unhinged than upbeat. He may be a loony animal risking death for a bird, which doesn't seem to have much meat on it anyway. But he is also enthusiastic and hopeful in the face of failure. "Not all underdogs are dogs," reads the film's marketing slogan. Some are coyotes; others are screenwriters and viewers, who all need something to laugh about. ■

Culture | Back Story

What the dead can teach you about life

Hurry up: both to make your mark and to cherish your loved ones

Aug 27th 2026

Alfred Nobel, the inventor of dynamite, did not die in 1888. But his brother, Ludvig, an engineer, did. In a mix-up, a French newspaper published an obituary of the wrong Nobel, calling Alfred a “merchant of death”. Chastened and fearing for his reputation, he endowed the prizes awarded in his name.

This is one of many droll anecdotes in “Are They Dead Yet?”, a memoir and meditation on obituaries by Sam Roberts, a veteran writer of them at the New York Times. Nobel’s tale quirkily captures the deep purpose of reading about the deceased. At bottom, obituaries are less records of the end of another person’s life than lessons in how to live your own.

The illustrious dead are intimidating. As Mr Roberts says, it is dispiriting to compare their exploits with your own piffling achievements. Especially if you are over 37: that is the average age at which, one analysis shows, people manage the feat that earns their obituary. Why them, you wonder, and not you? Then again, the dead might ask the same question of the living if they could. Mr Roberts quotes David Hirshey, an American writer: "No matter how accomplished you were, if I'm reading your obit, I'm doing better than you are."

Besides supplying a shiver of relief, the venerated dead teach you how to earn society's esteem. The entrance criteria for the obituarised elite vary over time. The deaths of athletes and entertainers, for instance, were more noteworthy in the late 20th century than at the start. In the past women and minorities were unfairly overlooked (not only because they were unlikely to hold positions of power). "To be valued," writes Mr Roberts, "one first has to be noticed."

If the dead reveal how posterity measures achievements, they also suggest how to balance personal merits against mistakes. It is a consolation to learn that many great careers included failings and lapses. "When does an error define the arc of a life," Mr Roberts inquires, "and when does a person defy it?" He cites Irving Kaufman, a judge who in 1951 sentenced the Rosenbergs to death for espionage, but was also a free-speech champion. Sometimes it is hard to adjudicate between virtues and flaws. "Say what you like about Boris Yeltsin", began one obituary of the sozzled Russian leader, "and you're probably right."

In general, death is the least interesting thing about the dead. "Death is not an event of life," argued Ludwig Wittgenstein, and, mournful as the form seems, it is scarcely a feature of obituaries either. Typically, writes Mr Roberts, they "mention the word died only once". They are much less funereal than much of the news, which routinely focuses on murder, war, natural disasters and other lethal woes.

"Obits are about lives, not deaths," Mr Roberts summarises. And lives are not like tight basketball games, the upshot determined at the finale. The ending does not outweigh what went before; last words rarely express a person's essence. The author is sceptical of supposed deathbed aphorisms.

Did Groucho Marx really quip, "Die, my dear? Why, that's the last thing I'd do!" A baffled plea ascribed to Pancho Villa, a Mexican revolutionary, is more plausible: "Don't let it end like this, tell them I said something."

The sense that a life's closing scenes are just one detail in a longer story, crystallised in obituaries, is sometimes felt keenly by the bereaved. Distant, half-forgotten memories of a loved one flood back, seeming as real as their recent illness and decrepitude. And they are as real: the elderly father who dribbled in a care home is no truer a version of him than the vigorous figure who carried you on his shoulders. Newspapers often run pictures of wizened octogenarians with their obituaries, but choosing earlier ones is fine. The dead are no more 80 than they are 18.

A final lesson of obituaries concerns sequencing. Hardly any of their subjects get to read them—though Mr Roberts recounts cases in which wise guys tried to vet tributes prepared in advance of their demise, or even to write them themselves. Approaching his last bow in 1891, P.T. Barnum, an American showman, yearned to see his obituary. The New York Evening Sun obliged: "GREAT AND ONLY BARNUM. HE WANTED TO READ HIS OBITUARY; HERE IT IS."

This logical hitch is a disappointment of eulogies, too: the dead don't get to hear how adored and revered they were. It may be too late to emulate the glorious deeds immortalised in obituaries, but, happily, this is a problem you can help fix. Tally up the people you love and admire—and tell them so now. ■

Culture | She wore it so proudly

Why Dolly Parton mattered to America

She was brave, decent and unapologetically herself

Aug 27th 2026

When Dolly Parton was in her 20s, she rejected Elvis Presley. She had written a wonderful song, “I Will Always Love You”, and the King wanted to cover it. His manager demanded that she sign over half the rights to the tune, because Elvis was huge and she was not. She said no.

It must have taken nerve, for a woman who grew up in a one-room shack without electricity in Tennessee, to tell Elvis to get lost. But it made her millions. The version sung by Whitney Houston, many years later, was one of the bestselling tracks of all time. (The Arabic version ripped off by Saddam Hussein for a campaign song is best forgotten.)

Ms Parton became a megastar, with 25 number-one hits on Billboard’s Hot Country chart and 11 Grammy awards. Yet what was striking about her career was not how many people loved her, but how few didn't. Five years ago the New York Times published an article with the headline, "Is there anything we can all agree on? Yes: Dolly Parton". She has been publicly mourned by both Donald Trump and Zohran Mamdani. What was her secret?

It started with her voice: a bright soprano with a twangy Appalachian accent. It could be honeyed and nostalgic, as in "Coat of Many Colours", about a coat made of rags which the other children laughed at, but made her feel "rich" because of the love her mother put into it. She could sound weary and bemused, as in "9 to 5", in which she pours herself "a cup of ambition" before toiling for an indifferent boss; or sharp, as in "Jolene", in which she begs another, prettier woman: "Don't take my man…even though you can."

She was a gifted writer at a time when female country singers rarely penned their own songs. Her lyrics were plain-spoken and playful; she had a knack for distilling life lessons (and quickly: she once said she may have written "Jolene" and "I Will Always Love You" on the same night).

She was versatile, collaborating with Sir Paul McCartney of the Beatles and Lizzo, a singer and rapper. She acted, wrote a memoir, developed a theme park called Dollywood, created a charity that gave more than 300m books to children and died with an estimated net worth north of $450m. The first cloned sheep was named after her. A musical about her life will open on Broadway in December.

People had to respect her grit. Her parents, a tenant farmer and his wife, were so poor that the doctor who delivered her was paid with a bag of cornmeal. The fourth of 12 children, she was singing on a local TV show when she was ten and made her first appearance at Nashville's Grand Ole Opry just three years later (Johnny Cash introduced her). She had a songwriting deal before she finished high school.

She teamed up with Porter Wagoner, another singer, in 1967, but soon became more popular than him and struck out on her own. She branched out into pop songs and turned her attention to business ventures, including film and TV production.

She was serious about her Christian faith, but poked fun at herself. (She once entered a Dolly Parton lookalike contest incognito and lost, to a man.) She shunned controversy. “I’m not in politics; I’m an entertainer.” She twice declined the Presidential Medal of Freedom. Asked how she had both gay and conservative religious fans, she said, “It’s two different worlds, and I live in both and I love them both.” She did, however, encourage Americans to get the covid jab with a cover of “Jolene”: “Vaccine, vaccine, vaccine, vaccine/I’m begging of you, please don’t hesitate.”

She died at her home in Nashville, a few hours’ drive from where she was born, having narrowly outlived her husband of nearly 59 years. (Carl Dean, an asphalt contractor, had no interest in show business and sometimes pretended to be the gardener when journalists came knocking.) Her death was announced by her nephew, and one of her last albums featured collaborations with five generations of her extended family, thanks to some archival recordings. It was produced by a cousin, and closes with Ms Parton’s spoken words: “Until we meet again, keep the music in your heart and the mountains in your soul.” ■

Culture | Court appeal

The Philippines is going wild for its home-grown star, Alex Eala

Can one player turn a country into a tennis force?

Aug 27th 2026

At odds of around 5%, Alexandra Eala is far from the favourite for the US Open, the final tennis grand slam of the year, which begins in New York on August 30th. But in the competition for attention, she is the front-runner. In the build-up to the tournament, Nike released shirts emblazoned with names of the world's top players, including Aryna Sabalenka and Jannik Sinner (the highest ranked female and male players). But it was Ms Eala's shirt that sold out in hours, thanks to her legions of fans around the world.

Ms Eala is an ace. At Wimbledon, the most prestigious grand slam, she beat Iga Swiatek, the defending champion, in the third round. A few weeks later she won her first big tournament in Washington. She has earned a reputation for agility, cunning play from the baseline and strong return of serves; her left-handed game creates awkward angles for her right-handed opponents. Yet Ms Eala's exploits on the court explain only part of the hype.

The rest has to do with where she comes from. She is a proud Filipina and, in a country starved of world-class sporting talent, she is already a national hero. In 2025 Ms Eala became the first player from the Philippines to enter the world's top 100. This month she broke into the top 20.

"Eala-mania" is evident at her matches, which have become boisterous affairs. Demand for tickets at the Canadian Open forced an early-round match featuring Ms Eala to be moved from a 2,800-seat outside court to the marquee, 12,500-seat venue. (Toronto is home to a large number of Filipinos.) In Washington more than 80% of ticket inquiries concerned Ms Eala. Some tennis traditionalists may sniff at the flag-waving fans, but tournament organisers are delighted by them.

Back in the Philippines, all the zeal has given the grassroots game a bounce. Tennis clubs and coaches report rising interest from children, which they are struggling to accommodate because the courts are booked out. Ferdinand Marcos, the country's president, has called Ms Eala a "true inspiration". In a state-of-the-nation address in July, Mr Marcos said his administration had tripled its funding for sport, seemingly in response to the surge of enthusiasm for tennis.

Mr Marcos and other Filipinos hope Ms Eala's emergence could eventually turn their country into a tennis force. That would be good news not just for the Philippines, but for the sport more broadly. Tennis is enjoyed almost everywhere. Its governing body estimates that more than 100m people play it recreationally, of whom a third are in Asia. Yet its elite players come from a shallow pool of countries. In 2025, 88% of the women's year-end top 50 came from Europe and North America—roughly the same share as in 1990.

Can a single world-class player change a country's tennis fortunes? Fans have plenty of anecdotes. Bjorn Borg's dominance in the 1970s, for example, set off a tennis craze in Sweden, which produced top talent in the next generation. The emergence of the Czech Republic as a tennis powerhouse is often attributed to Martina Navratilova, the all-conquering champion of the 1980s.

To see whether this reflects a broader pattern, The Economist examined year-end rankings going back nearly half a century. We identified the year each country produced its first truly elite player—defined as someone ranked in the top 20—and looked at whether more highly ranked players from the same country appeared afterwards. For women, they usually did. Of 32 countries whose first top-20 woman emerged between 1983 and 2020, 28 subsequently fielded more top-50 players. On average, their representation roughly tripled, from about 0.5 players in the top 50 in the five years before the breakthrough to nearly 1.5 in the five afterwards. (The pattern was less pronounced for men. Among 22 pioneer countries, top-50 representation rose from 0.4 players to 1.)

The patterns may be correlational, but other evidence suggests that trailblazers matter. Studies find that stars are especially encouraging to girls, because they make achievement seem attainable. In one Canadian study of teenage female athletes, more than half said there were too few role models in sport; 60% said they would be more likely to persist with a sport if there were more female exemplars.

Yet trailblazers can do only so much. A new paper analysing player rankings from 2000 to 2024 finds that countries with more tennis players and courts tend to produce more top pros. A deep "tennis culture"—captured by factors such as hosting international tournaments—is associated with better results, especially for women.

Ms Eala illustrates the challenge. Growing up, she sometimes practised on courts that doubled as basketball ones; at 13 she left home to train in Spain on a scholarship. She may inspire thousands of Filipino children to pick up a racket, but turning enthusiasm into champions will depend on more prosaic things such as facilities, investment and infrastructure. One star can start a rally. Building a tennis powerhouse is a longer game. ■

Culture | World in a dish

America’s cannabis-drinks market is booming—and imperilled

This reflects the country’s two-faced attitude towards the drug

Aug 27th 2026

Possession of any amount of recreational cannabis is an imprisonable offence in Texas. And yet in many places where Texans buy beer, they can also find drinks infused with tetrahydrocannabinol (THC), the psychoactive component of cannabis. THC drinks are flying off the shelves—and not just in the Lone Star State. Their rise stems from changing social mores and regulatory confusion.

Start with the first. Alcohol sales are declining as youngsters drink less than older generations. But some teetotallers welcome a buzz. THC was once stigmatised for leaving users sprawled and giggling on the sofa, wrist-deep in a bag of crisps. Today, though, it has a veneer of “wellness”.

Many THC drinks have few or no calories; some include ostensibly healthy extras such as plant extracts. Makers boast that they do not cause hangovers. Some restaurants have even started to offer them, noticing a rise in "cocktail culture". thc drinks come in a variety of strengths, so pay careful attention to the dosage: consuming 25mg rather than 2.5mg can lead to several deeply unpleasant hours.

According to the Hemp Beverage Alliance, a trade group, in 2025 the number of distribution points more than doubled (from 133,500 to 306,000), as did the sales by volume (from about 700,000 case equivalents to 1.6m), from a year earlier. The Brightfield Group, a cannabis consultancy, predicts that revenue from THC drinks could exceed $4.4bn by the end of the decade, up from less than $200m in 2020. Total Wine, America's biggest wine retailer, sells them in 22 states (there are 24 where cannabis is illegal).

Their rise is owed partly to the morass of legislation governing American agriculture, known as the farm bill. Its most recent version lets farmers grow hemp with a THC content of no more than 0.3% by dry weight; anything stronger is classified as marijuana and remains illegal under federal law. But manufacturers can extract THC from large quantities of legal hemp and use it to make drinks containing intoxicating doses.

Anti-cannabis lawmakers have noticed: last year Congress passed legislation that would limit THC to 0.4mg per container, in effect killing the hemp-drinks sector. But the Senate recently voted to briefly postpone the crackdown, and on August 10th a bipartisan bill was introduced that would exempt THC drinks from the restrictions and regulate them like alcohol. Its sponsors do not want to kill a golden, if slightly stoned, goose.

This would open the federal government to charges of hypocrisy for approving one form of hemp while outlawing another. But it would also boost businesses and protect a steady stream of tax revenue. The industry is already high. Whether it becomes mighty—or goes up in smoke—will depend on lawmakers. ■

Economic & financial indicators

- Economic data, commodities and markets

Economic data, commodities and markets

Aug 27th 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	2.1	Q2	1.5	2.1	3.4	Jul	3.2	4.1	Jul
China	4.3	Q2	3.6	4.7	0.5	Jul	1.0	5.2	Jul‡§
Japan	0.7	Q2	1.1	0.8	1.9	Jul	1.7	2.5	Jun
Britain	1.2	Q2	1.7	1.1	2.9	Jul	3.2	4.9	May††
Canada	-0.1	Q1	-0.1	0.9	3.0	Jul	2.5	6.4	Jul
Euro area	1.0	Q2	1.8	0.8	2.9	Jul	2.8	6.3	Jun
Austria	0.9	Q1	0.8‡	0.7	2.7	Jul	3.0	5.7	Jun
Belgium	0.5	Q2	nil	0.7	3.7	Jul	3.6	6.3	Jun
France	0.7	Q2	0.7	0.7	2.4	Jul	2.3	8.2	Jun
Germany	1.0	Q2	1.3	0.9	2.8	Jul	2.7	3.9	Jun
Greece	2.0	Q1	1.0	2.0	2.7	Jul	3.7	8.0	Jun
Italy	1.0	Q2	0.9	0.8	2.9	Jul	2.6	5.7	Jun
Netherlands	1.3	Q2	1.6	1.3	3.0	Jul	3.1	4.0	Jul
Spain	2.7	Q2	2.8	2.6	3.9	Jul	3.3	10.1	Jun
Czech Republic	2.2	Q1	0.8	2.0	1.7	Jul	2.0	3.0	Q2‡
Denmark	4.7	Q2	1.1	3.3	1.7	Jul	2.0	3.1	Jun
Norway	2.0	Q2	2.7	1.3	3.0	Jul	3.2	4.4	Jun‡‡
Poland	3.8	Q2	3.6	3.4	3.0	Jul	2.8	5.8	Jul§
Russia	1.3	Q2	na	0.7	6.0	Jul	6.1	2.2	Jun§
Sweden	2.5	Q2	5.7	2.1	0.2	Jul	1.9	7.8	Jul§
Switzerland	0.5	Q1	2.6	1.6	0.4	Jul	0.5	3.1	Jul
Turkey	2.5	Q1	0.5	2.4	31.8	Jul	32.1	7.4	Jun§
Australia	2.5	Q1	1.1	1.6	3.5	Jul	3.7	4.5	Jul
Hong Kong	4.3	Q2	-2.5	4.1	1.7	Jul	2.0	3.7	Jul‡‡
India	7.8	Q1	6.4	6.8	4.4	Jul	4.8	6.2	Jul
Indonesia	5.3	Q2	4.4	5.0	2.9	Jul	3.5	4.7	Feb§
Malaysia	6.0	Q2	9.3	5.5	1.8	Jul	1.9	3.0	Jun§
Pakistan	4.8	2026**	na	3.0	9.2	Jul	9.0	6.9	2025
Philippines	2.3	Q2	2.4	2.9	6.2	Jul	5.4	4.7	Q2§
Singapore	5.9	Q2	5.7	5.4	2.2	Jul	2.0	2.0	Q2
South Korea	3.7	Q2	2.5	3.3	2.8	Jul	2.8	2.6	Jul§
Taiwan	12.9	Q2	5.7	10.8	2.5	Jul	2.0	3.3	Jul
Thailand	1.9	Q2	-0.7	2.1	1.9	Jul	1.9	1.1	Jul§
Argentina	2.3	Q1	3.0	3.0	33.8	Jul	32.4	7.8	Q1§
Brazil	1.8	Q1	4.5	2.0	4.4	Jul	4.5	5.4	Jun§‡‡
Chile	-0.2	Q2	-0.1	1.0	3.5	Jul	3.6	9.4	Jun§‡‡
Colombia	3.4	Q2	5.2	2.5	6.0	Jul	5.7	8.0	Jun§
Mexico	2.1	Q2	5.8	1.0	3.1	Jul	3.8	2.8	Jun
Peru	2.6	Q2	-1.0	2.8	4.1	Jul	3.9	4.3	Jul§
Egypt	5.0	Q1	-24.0	4.6	14.9	Jul	13.7	5.8	Q2§
Israel	6.9	Q2	15.4	4.3	1.5	Jul	1.9	3.1	Jul
Saudi Arabia	4.6	2025	na	-1.0	1.8	Jul	1.9	3.1	Q1
South Africa	1.9	Q1	2.2	1.5	4.1	Jul	3.9	33.6	Q2§

Source: Haver Analytics *% change on previous quarter, annual rate †The Economist Intelligence Unit estimate/forecast §Not seasonally adjusted ‡New series **Year ending June ††Latest 3 months ‡‡3-month moving average Note: Euro-area consumer prices are harmonised

Economic data

2 of 2

	Current-account balance % of GDP, 2026†	Budget balance % of GDP, 2026†	Interest rates 10-yr gov't bonds latest, %		change on year ago, bp	Currency units per $ Aug 27th	% change on year ago
United States	-3.5	-6.5	4.7		40.0	-	
China	3.2	-5.4	1.4	§§	-19.0	6.72	6.4
Japan	4.0	-1.8	2.9		126	159	-7.5
Britain	-3.6	-5.1	5.1		37.0	0.74	1.4
Canada	-0.3	-2.0	3.7		20.0	1.39	nil
Euro area	2.3	-3.4	3.2		52.0	0.86	nil
Austria	1.1	-4.1	3.4		33.0	0.86	nil
Belgium	-2.8	-5.4	3.8		45.0	0.86	nil
France	-0.4	-5.3	4.1		60.0	0.86	nil
Germany	4.5	-4.2	3.2		52.0	0.86	nil
Greece	-5.5	0.8	3.9		44.0	0.86	nil
Italy	0.8	-3.0	4.1		49.0	0.86	nil
Netherlands	8.3	-3.2	3.3		42.0	0.86	nil
Spain	2.4	-2.5	3.7		44.0	0.86	nil
Czech Republic	0.1	-2.8	5.0		67.0	20.7	1.7
Denmark	12.1	1.3	3.1		52.0	6.41	nil
Norway	14.8	9.0	4.4		40.0	9.35	8.3
Poland	-1.4	-6.9	5.9		42.0	3.70	-1.1
Russia	2.3	-3.2	16.1		217	84.3	-4.5
Sweden	4.8	-2.0	3.0		55.0	9.53	0.3
Switzerland	7.7	0.2	0.4		8.0	0.81	nil
Turkey	-3.0	-3.6	31.9		281	48.1	-14.7
Australia	-3.7	-1.5	5.0		72.0	1.39	10.8
Hong Kong	7.8	-2.5	3.6		46.0	7.84	-0.6
India	-1.5	-4.5	6.8		26.0	95.4	-8.1
Indonesia	-1.6	-3.5	7.0		72.0	17,731	-8.0
Malaysia	3.1	-3.5	3.8		45.0	4.03	4.7
Pakistan	-1.1	-4.7	12.1	†††	10.0	278	1.6
Philippines	-4.5	-6.4	7.2		122	61.7	-7.7
Singapore	15.6	1.3	2.3		44.0	1.27	0.8
South Korea	13.6	-1.9	4.3		142	1,385	0.7
Taiwan	26.6	1.8	1.9		46.0	31.9	-4.0
Thailand	nil	-5.5	2.1		81.0	32.8	-1.1
Argentina	-0.4	0.1	na		na	1,514	-10.4
Brazil	-2.6	-7.3	14.6		53.0	5.15	5.4
Chile	-1.2	-2.5	5.7		13.0	920	5.1
Colombia	-2.1	-6.6	12.2		69.0	3,118	29.7
Mexico	-0.4	-4.0	9.2		13.0	17.0	10.1
Peru	2.2	-2.1	6.3		21.0	3.34	5.4
Egypt	-5.1	-5.1	25.6		50.0	50.2	-3.2
Israel	1.0	-3.5	3.8		-29.0	2.98	12.8
Saudi Arabia	-1.0	-5.5	na		na	3.76	-0.3
South Africa	-0.2	-4.4	8.6		-96.0	16.0	10.5

Source: Haver Analytics §§5-year yield †††Dollar-denominated bonds

Markets

In local currency	Index Aug 26th	% change on: one week	Dec 31st 2025
United States S&P 500	7,675.7	-0.4	12.1
United States NAS Comp	26,130.2	-0.8	12.4
China Shanghai Comp	3,912.5	0.5	-1.4
China Shenzhen Comp	2,517.9	0.4	-0.5
Japan Nikkei 225	66,262.2	1.4	31.6
Japan Topix	4,111.0	2.5	20.6
Britain FTSE 100	10,878.1	1.3	9.5
Canada S&P TSX	36,813.7	1.1	16.1
Euro area EURO STOXX 50	6,470.7	0.4	11.7
France CAC 40	8,462.4	-0.5	3.8
Germany DAX*	26,286.0	0.7	7.3
Italy FTSE/MIB	52,883.0	0.5	17.7
Netherlands AEX	1,107.8	0.5	16.4
Spain IBEX 35	20,067.3	1.1	15.9
Poland WIG	153,418.3	0.6	30.9
Russia RTS, $ terms	774.2	-3.7	-30.2
Switzerland SMI	14,542.9	1.1	9.6
Turkey BIST	14,610.9	1.1	29.7
Australia All Ord.	9,338.8	0.9	3.5
Hong Kong Hang Seng	25,653.0	0.6	0.1
India BSE	77,472.9	0.7	-9.1
Indonesia IDX	6,405.7	0.2	-25.9
Malaysia KLSE	1,748.5	1.0	4.1
Pakistan KSE	177,370.7	0.3	1.9
Singapore STI	5,721.6	0.5	23.1
South Korea KOSPI	6,808.2	5.2	61.6
Taiwan TWI	45,832.6	2.5	58.2
Thailand SET	1,601.9	-0.5	27.2
Argentina MERV	3,024,971.0	5.2	-0.9
Brazil BVSP*	174,586.3	4.0	8.4
Mexico IPC	66,191.1	3.4	2.9
Egypt EGX 30	55,106.5	1.1	31.7
Israel TA-125	4,043.0	0.1	10.4
Saudi Arabia Tadawul	11,259.9	3.1	7.3
South Africa JSE AS	116,813.4	0.7	0.8
World, dev'd MSCI	4,972.3	-0.1	12.2
Emerging markets MSCI	1,717.1	2.9	22.3

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 31st 2025
Investment grade	95	93
High-yield	321	354

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

Commodities

The Economist **commodity-price index**

2020=100	Aug 18th	Aug 25th*	% change on month	year
Dollar Index				
All items	153.0	155.2	2.7	14.1
Food	152.9	154.9	0.8	3.4
Industrials				
All	153.1	155.5	4.3	24.8
Non-food agriculturals	151.2	154.7	2.8	24.8
Metals	153.5	155.7	4.6	24.8
Sterling Index				
All items	145.2	146.3	0.1	12.8
Euro Index				
All items	150.9	152.0	0.2	14.0
Gold				
$ per oz	4,360.6	4,633.4	14.9	37.0
Brent				
$ per barrel	91.0	88.6	5.2	31.7

Sources: CME Group; LME; LSEG Workspace; NOREXECO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

Obituary

- Frank Smith never managed to prove he was innocent

Obituary | A life locked up

Frank Smith never managed to prove he was innocent

The longest-serving prisoner in American history died on June 27th, aged 101

Aug 27th 2026

You could say it was not a bad place, 60 West. A nursing home for prisoners in Rocky Hill, Connecticut. Single-storey, red-brick, with lawns in front and the Stars and Stripes flying. A care home or a prison, what was the difference? Since he was an old guy, close to 100, hardly any. Corridors to shuffle round with his stick. A big window to stare out of, and a patio outside where he could sit and watch birds. When he was in Osborn prison decades before he used to stuff his baggy clothes with bread for them. Now he didn’t trouble.

In fact Frank Smith didn't sit on his patio at all. His head was elsewhere. It was almost constantly in the courtroom and offices, mostly in his native Connecticut, where his case had been decided. At his trial in 1950, at 25, he had been convicted of first-degree murder. Four years later, in the pardons office, his sentence had been commuted. First-degree carried the death penalty, the electric chair. Second-degree meant imprisonment for life. In his case, as it turned out, that meant more than 70 years. People said this made him the longest-serving prisoner in American history. What very few considered was whether even that lesser penalty should have been imposed on him.

The case concerned the killing of Grover Hart, night watchman at the Indian Harbor Yacht Club in Greenwich. Obviously a swank sort of place. In the very early morning of July 23rd 1949 two young men robbed it. The haul wasn't much, mostly ties, tie-clips and the manager's hat. But Hart disturbed them at it, so both of them shot him. He had just enough life left in him to tell police that one of the men was small and wore a bandanna round his face. The cops already knew him for that. And, true, he was very small. Now, after 70 years, he was almost a wisp.

Incriminating evidence was then piled higher. He had form, from petty larceny to car theft, starting from the age of ten. Plus four years in state prison, just ended, for assault. The yacht-club swag was found in a stolen grey Cadillac he had recently been driving round. Also in the Cadillac was one of the murder weapons, a Colt automatic pistol, and a shirt with the name "Smith" on it. He had run away, and was found hiding in the woods in possession of a bottle of hair dye. He also gave a false name and alibi to the police. No surprise that they assumed he was the killer. George Lowden, a companion in crime, had certainly been at the yacht club too, but said it was Smith who fired the fatal shot. He himself just fired in the air. In return for co-operating, Lowden got second-degree and escaped the chair.

He, "Smitty" to the Death Row guards, did not. Eight times his execution was scheduled, and the tray containing his final meal was set down in front of him. The last time this happened, in 1954 with only two hours to go, his head had already been shaved to take the electrodes. (He swore his crown was bald from that time onwards.) But the switch was never pulled. Instead, they reduced his sentence. By that time Lowden had changed his testimony, and the officer who had first interrogated him told the Board of Pardons he was "positive" Smith hadn't done it. Indeed, he doubted he was even at the scene. In 1953 a sometime prison acquaintance had emerged from an Alabama jail to say that he himself, along with Lowden, had killed Hart, and that Smith had earlier pulled out of the plan. That story was dismissed, but too many doubts now hung around the case. The upshot was that Frank Smith was no longer undeniably guilty. But no second trial had declared him innocent, as he insisted he was.

This was what he spent the rest of his long life doing. He could think, and talk, of nothing else. A property agent called Aaron Cohen, an anti-death-penalty campaigner, had encouraged him to send letters and telegrams to stop his last execution. But that couldn't be the end. He stole law books from the prison library and studied them to launch his appeals. He also wrote 259 longhand pages petitioning for habeas corpus, which contained a list of 221 instances when his rights had been violated. The US Court of Appeals for the Second Circuit threw it out. Most of the defence witnesses who had emerged were called not credible or worse. As the world grew dimmer to him, his legal battles stood out clearer than ever. He remembered every detail. And he never forgot the terror of the chair. After an execution the body was so hot that guards couldn't touch it. It was cooked, from the brain down.

Few people shared these thoughts with him. He kept to himself. His family—parents, two brothers, three sisters—who had come to his trial and for his last scheduled execution, gradually stopped visiting. For whatever reason. At one point he had no visitors for five years. If any came, he was gruff and rude. The exception was Annalisa Quinn of the Boston Globe, who wrote a profile of him in 2023 when everyone else had long forgotten him. He enjoyed her visits. She was pretty, even though she asked about too many things, like childhood and regrets, that he simply didn't think about. Didn't want to think about.

Freedom was another thing. He did escape occasionally. In 1967, when he was in minimum-security and being a pretty good car mechanic, he stole a truck and got as far as Winthrop, Massachusetts. Twelve days on the open road. In 1975 he was granted parole, but within ten months he had been arrested for petty larceny and possession of a weapon. So he was back inside. His original sentence included the possibility of parole and an assessment every few years, but after that unlucky spell he did not ask for it again. He told Ms Quinn it was baloney that he didn’t want it, but then seemed less sure. He had been allowed home for Christmas in 1974, but was back before the day was out. Prison was safe and routine. Freedom was difficult, and perhaps he had lost the habit of it. Perhaps he no longer envied the birds who, once filled with his dining-room bread, flew away again. ■


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Table of Contents