# The Economist

In praise of Democrats' disunity

How AI is creating jobs

Why schoolchildren are getting dimmer

The age of the orator

SEPTEMBER 12TH–18TH 2026

# Islam in Europe

## The truth and the lies


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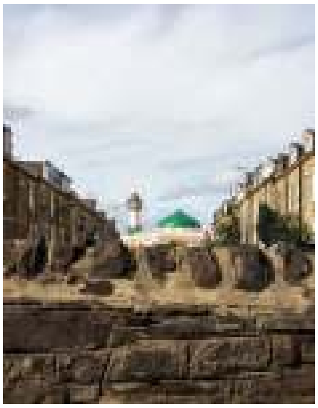

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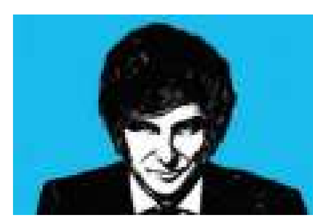

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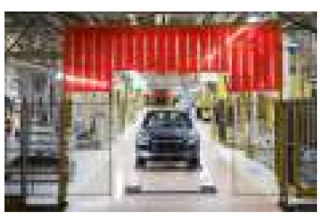

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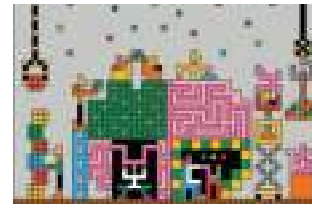

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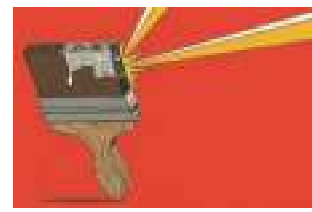

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to take part in *"a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress."*

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# The world this week Politics

The Alternative for Germany (AfD) took 44% of the vote in an election in the eastern German state of Saxony-Anhalt, its best-ever result. The AfD is now close to becoming the first populist-right party to win control of a German state since the second world war. Friedrich Merz, **Germany's** chancellor, described the result as "seismic". His Christian Democrats slumped to just 17% of the vote. The AfD fell short of an overall majority in Saxony-Anhalt and the established parties have ruled out working with it. One route to power may be a deal with the BSW, a small populist party that shares the AfD's pro-Russian sympathies and hostility to immigration.

## Diplomacy amid the drones

Jared Kushner and Steve Witkoff, Donald Trump's envoys, held talks with Volodymyr Zelensky in **Kyiv** and Vladimir Putin in **Moscow**. The Americans spoke of a new impetus to finding peace, but nothing substantive was announced. Russia resumed its bombardment of Kyiv, which it had suspended while Mr Kushner and Mr Witkoff were in the Ukrainian capital. Soon after, a **drone** reportedly exploded in Moldova, delaying Mr Zelensky's plane as he travelled en route to the funeral of Norway's King Harald.

**Russia** and **North Korea** opened their first cross-border road link. Spanning the Tumen river, the bridge is around 200km (125 miles) from Vladivostok, Russia's main Pacific port. Both countries said the crossing would encourage tourism and improve cargo links, but observers think it could also be used to speed the flow of North Korean weapons to Russia.

The Hungarian government expelled ten Russian diplomats for "unacceptable" activities. It was another clear indication of **Hungary's** tougher approach to its relations with Russia after the fall of the previous pro-Russian government led by Viktor Orban. Hungary pointed out that the expulsions did not equate to a break in diplomatic relations, but Russia says its response to the "Russophobic lobby will be harsh and painful".

In **Serbia**, thousands of people attended the funeral of Ratko Mladic, a Bosnian-Serb commander who was convicted of overseeing the massacre of 8,000 Bosniak men and boys at Srebrenica in 1995 and of conducting the siege of Sarajevo. He died in a UN hospital while serving a life sentence. The outpouring of grief for Mladic in Belgrade was condemned by the European Union, which described it as a "glorification of war criminals" that had no place in a country seeking EU membership.

Meanwhile, the **Serbian government** asked Aleksandar Vucic, the president, to call a snap election. Mr Vucic and his government have faced a series of long-running anti-corruption protests, triggered by the collapse of a railway station roof in 2024 that killed 16 people. He has been president since 2017, but wants to run again for prime minister, a job he held from 2014 to 2017.

The EU said it would provide another €200m ($235m) to **Greenland** for investments across numerous projects. On a visit to the Danish territory, Ursula von der Leyen, the president of the European Commission, said that "Greenland can count on the EU." Meanwhile, Donald Trump posted an image of the American flag overlaid on Greenland, **Iceland** and other countries. The Icelandic government summoned the American ambassador for an explanation.

## Old grudge, new oil

The British government confirmed its "unwavering" support for the wish of **Falkland Islanders** to remain British. This came after Javier Milei, Argentina's president, reiterated his country's claim to the islands, which lie 480km (300 miles) off the Argentine coast. Argentina's government then filed criminal charges against an Israeli firm involved in an offshore oil project, claiming that any oil near the islands belongs to Argentina. In 1982 an Argentine dictator started a war with Britain by invading the islands, which have never belonged to Argentina, and lost. In a referendum in 2013, 99.8% of voters in the Falklands favoured staying British.

America and **Iran** escalated attacks on each other. America hit five Iranian tankers, including four in the Gulf of Oman and one near Kharg island, after Iran targeted one of its warships. Iran responded by launching missiles at an American base in Jordan and claimed to have attacked two American vessels and eight oil tankers in the Strait of Hormuz. It warned of a "faster, heavier and more painful" response to American attacks.

The **Iranian government** announced that it would double the price of petrol for any purchases above a quota of 110 litres a month for each motorist, indicating that American attacks on oil refineries and a blockade of Iran's ports are having an effect.

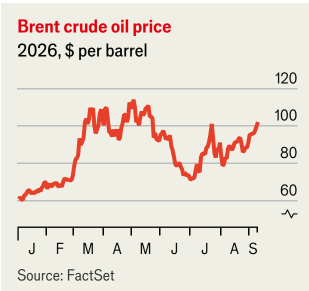
The **Houthis**, an Iranian-backed rebel group in Yemen, attacked four cities in **Saudi Arabia**. Their targets included a large refinery belonging to Saudi Aramco, the national oil company, in the city of Jizan. More than 70 people were wounded. Saudi Arabia vowed to retaliate. **Pakistan**, which has formed a military alliance with Saudi Arabia, reportedly warned Iran to restrain its Houthi allies.

In co-ordination with other countries, Britain's foreign secretary, Ed Miliband, imposed **sanctions** on illegal Israeli settlements in the West Bank. There is little direct trade with settlements to restrict and Mr Miliband stressed that Britain does not want to isolate Israel and will continue trading with "Green Line Israel". That led observers to conclude that the announcement's main intent was to stop the flow of Muslim voters from the Labour Party to the Greens. Israel said it would close the British consulate in Jerusalem, among other retaliatory measures.

William Ruto, **Kenya's** president, warned foreigners running small businesses that they had 90 days to ensure they were in the country legally or they would have to cease trading. Mr Ruto had earlier said all foreign "hawkers" must leave by September 7th to protect native traders, sparking vigilante attacks on foreign stallholders and panic among migrants.

The **Republicans** gathered for a convention in Dallas ahead of November's midterms. Party conventions are normally held in presidential-election years, but Mr Trump used the event to rally MAGA troops and give airtime to candidates who are running in tight races. He also promised a $5,000 pay out to all adults if the Republicans keep control of Congress, which would cost $1.3trn if it were ever enacted. J.D. Vance prepared to give a keynote speech, hinting that he should be their presidential nominee in 2028.

# The world this week Business




**Oil prices** spiked again amid renewed fighting in the Middle East; Brent crude rose above $100 a barrel for the first time since July. Traders worry that oil stocks are lower than at the start of the conflict in February. In America the national average price for a gallon of unleaded petrol rose to $4.14 over the Labour Day weekend, the highest it has ever been for the holiday. Rising fuel costs are becoming a headache for the Republicans ahead of the midterms.

The **yen** traded around ¥153 to the dollar, a seven-month high. Scott Bessent, America's treasury secretary, who helped Japan prop up the currency in July, warned traders against betting on a reversal: "I am the house now...Bet against me if you want."

**Canada** slapped retaliatory tariffs worth C$27bn ($20bn) on American goods after trade talks collapsed. **America** followed up by banning imports of Canadian dairy, alcoholic drinks and other products. Donald Trump also called for a boycott of **Bombardier**. The Canadian aerospace company responded by pointing out that it has created tens of thousands of jobs across the United States and its supply chain includes approximately 2,800 American companies.

American employers created 162,000 **jobs** in August, more than the previous three months combined. The rebound has raised expectations that the Federal Reserve will increase interest rates after it meets on September 15th-16th.

OpenAI released its latest model to much acclaim. The firm claimed that **GPT-6 Astra** "represents a generational leap in capability" and would lead in fields such as science and software engineering, vaulting it ahead of Anthropic. Meanwhile, a researcher at Anthropic quit his job, warning that the AI industry was ignoring safety in its race to build **superintelligent AI**, which "could kill us all by the end of the decade". His post has 140m views , so far.

**Apple** held its first product launch under John Ternus as chief executive. The company unveiled its first foldable iPhone, the Duo, with a hefty price tag starting from $1,999. It also took the wraps off its next-generation iPhones, the 18 Pro and 18 Max. The basic iPhone 18 model will, unusually, arrive later (next year). Apple is betting that consumers will pay up for its devices. The foldable phone could be a game-changer, although Samsung and other manufacturers have long sold foldable devices.

## Cuts reimagined

**Volkswagen** announced "Future Plan 2030", a strategy that includes slashing 50,000 jobs in addition to 50,000 earlier cuts. Germany's biggest carmaker said that aligning its workforce with "economic reality is essential". Costly domestic workers have become a problem for VW as Chinese competition grows. Britain is contending with the same issue. **Jaguar Land Rover** unveiled 4,000 job losses over two years as part of its "Growth Reimagined" strategy. JLR's decision is a blow to the ten-year plan pushed by Andy Burnham, the new prime minister, to reindustrialise British regions.

Meanwhile, VW struck a deal to switch production at its Osnabrück factory from cars to making parts for Israel's Iron Dome air-defence system, securing employment at the plant. Although car manufacturing is on the wane in Germany, the government is ramping up **defence spending**, causing a rush of international defence and aerospace companies to set up operations there.

**China** announced $54bn in capital injections for state-owned banks and insurers, in an effort to strengthen their balance-sheets and support economic growth. Most went to the Industrial and Commercial Bank of China and the Agricultural Bank of China, two of the country's biggest lenders. But the injection is small beside China's $74trn banking system, which is struggling with weak loan demand, a property slump and vast local-government debts.

A software glitch in Britain's **air-traffic control system** caused chaos at the country's airports, leading to hundreds of flight cancellations. Airlines criticised NATS, the public-private partnership that provides the system, pointing out that the problem was similar to another failure that occurred three years ago, and hadn't yet been fixed.

## The grape depression

French **wine production** is expected to fall by 6% this year, leaving the country with one of its smallest harvests in three decades, according to the agriculture ministry. Champagne output could plunge by 48%. Unusually hot and dry weather has battered vineyards. But France also has too much wine for a shrinking market: consumers are quaffing less, prompting growers to rip up their vines.

# The reality of Islam in Europe

**Islam poses no serious danger to Europeans. But Islamism and the fear of Islam do**

PANIC ABOUT Islam in Europe is spreading. In several European countries half the population now thinks it is incompatible with Western values. On September 6th the populist-right Alternative for Germany (AfD) won 44% of the vote in Saxony-Anhalt, its largest state-election tally yet, warning about "Islamisation" and promising forced deportations (see Leader). The same weekend in Britain hundreds of balaclava-clad thugs occupied Dover, chanting "Stop the boats" and "Christ is King". In France Marine Le Pen's call to ban Islamic headscarves from public places is backed by 60% of voters.

The obsession has also taken root in America. The fear is less of terrorists, as it was after September 11th 2001, than of an Islamic plot to take over Europe from within. Members of the Trump administration warn of "civilisational erasure".

This perception is harming transatlantic relations. It is also wrong. Europe faces no Islamic takeover, no mass radicalisation of Muslims and no erasure of its culture. As our reporting shows, it does not have "no-go zones", sharia is not creeping into national law and nowhere is a demographic "great replacement" under way (see Briefing).

The real danger to Europe is different: of extremism fuelled by Islamism (the belief that the state should enforce Islamic principles) and by social-media-driven right-wing paranoia. The left makes this worse by denying the modest but real threats Islamism poses. So do politicians in the centre, by keeping quiet lest they attract accusations of racism. This dynamic could indeed harm Europe's liberal democracies—not by replacing them with a caliphate, but by slowing integration and favouring policies that would do lasting harm to their freedoms.

The most extreme fears are easily debunked. Even after record migration from majority-Muslim countries, Muslims now make up just 6% of Europe's population of well over 500m. Although new arrivals typically have more children than the native-born do, fertility rates tend to converge within two generations. That is a long way from civilisational erasure.

In fact, most Muslim immigrants want to get on in their new home, not impose on it a version of the societies they have just left. Their children tend to do better than their parents at school. In Britain 67% of Bangladeshis who sat standard tests in 2021 were enrolled in university by age 19, compared with 38% of white Britons. Many Muslims are involved in mainstream politics: witness Britain's home secretary and London's mayor. In important ways Muslim attitudes can resemble those of other Europeans. In polling we commissioned among British Muslims, we found little resistance to women working.

What, then, is setting so many Europeans against Islam? Plenty of Muslims hold illiberal views—we report in this issue on the killing of an openly gay imam in South Africa (see *1843*). In Britain, our polling finds, 52% of Muslims think homosexuality is wrong, and young Muslims (41% of under-35s) are more likely than their elders (25%) to believe violence can be justified if someone insults the prophet (see Britain section).

Holding socially conservative views does not in itself make people a threat—some of Europe's defenders on the right are just as anti-gay as the Muslims they decry. But some of these attitudes should trouble liberals who have long assumed that open societies eventually make people more tolerant. And if the state is too pusillanimous to confront wrongs committed by minorities, as when gangs of Muslim men abused young girls in several English cities, it rightly causes outrage.

Just as important is the conflation of Islam, a religion, with Islamism, a political ideology. Islam isn't a problem; Islamism can be. Unlike the jihadis of 9/11, most Islamists do not advocate violence. But many practise "entryism"—infiltrating democratic institutions to promote an illiberal agenda. Well-connected Islamist groups might lobby for sweeping hate-speech laws or against counter-extremism programmes. The main danger of entryism is local. Small, well-organised networks can capture a school, a mosque, a council or a charity and use such institutions to discourage integration and impose religious conformity on other Muslims who live nearby.

Concern about these non-violent Islamists has grown among Europe's security services. In France authorities fret about covert entryism by the Muslim Brotherhood. An official report released last year warned that Islamism could, in time, threaten secular rules and women's rights. But that seems unlikely. France's interior ministry estimated that just 139 of 2,800 Muslim places of worship were linked to the Brotherhood.

Instead, the main victims are other Muslims. Half of the 12 council wards in Blackburn, in northern England, are over 60% Muslim; two are over 80%. In such areas women can feel pressure to let sharia councils govern their family lives. Gay and liberal Muslims face intimidation. Non-conformist Muslims complain that Western authorities—scared of being seen as racist—do not extend the same protections to them as they do to non-Muslim citizens.

There is broader harm, too. Islamists stir up antisemitism, not least over Gaza. They demand curbs on free speech about their beliefs. They scare politicians, comedians, academics and journalists into self-censorship. They can bully schools, student unions, charities and councils.

What turns these local threats into a continental danger is how they are exploited. It suits Islamists to claim that any criticism of their political project is an attack on Islam itself. The populist left, including LFI Unsubmissive France and the Greens in Britain, tends to treat questions about migration, crime or Islamism as racist.

And the populist right often whips up fear by claiming that all Muslims pose a threat and accusing the state of a "woke cover-up" and "two-tier treatment". Few have been more vehement than Elon Musk, who has used his social-media platform to shape views of Islam around the world and to boost Europe's anti-Muslim right, from the AfD to Tommy Robinson, a British agitator whom we feature in a three-part podcast series starting this weekend.

The populist right's remedies are as illiberal as the Islamists they claim to be protecting Europe from. Promises of mass deportation, segregation and dress bans all terrify Muslims, inhibiting integration and driving them into the arms of extremists. Any country that enacted such policies would find that the hatred they unleashed would cause enduring damage.

That is why Europe's mainstream politicians need to offer an alternative. Violence and threats of it should be prosecuted. But there should be no taboos for the sake of cultural sensitivity. Free speech is not the enemy of tolerance but its precondition. Entryism should be called out, as should bigotry. Governments nervous about collecting, or releasing, data leave a vacuum to be filled by speculative hyperbole.

Tackling all this will not be easy or quick, but there is hope. Europe's Muslims are assimilating, as did earlier waves of Catholic, Jewish and Caribbean migrants in the countries where they settled. The arrival of all those previous groups sparked moral panics about whether they would ever fit in. All eventually found a place. Muslims will, too—if division and paranoia are not allowed to get in the way. ■

American politics

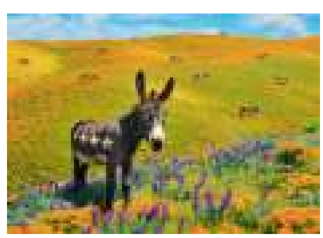
# In praise of the Democrats' disarray

**Republicans are proving that party unity is overrated**

As the midterms approach, America's two main parties are conducting opposite experiments. Republicans march in lockstep behind Donald Trump, who summoned his troops to Dallas this week to celebrate his awesomeness. (He also offered every American adult a $5,000 cheque if Republicans win.) Democrats, by contrast, are bickering over their leaders, strategy and ideology. The party has no standard-bearer, while socialists who once flitted around its edge are trying to become its heart. On the campaign trail, Republican discipline will beat Democratic chaos. Or so Republicans hope.

But political parties are not armies; their members' duty is not merely to obey. They should debate, adapt and attract talent. They should be open to new leaders and new ideas. That is especially true after the political transformation wrought by Mr Trump. By those measures the unified Republican Party looks increasingly unhealthy, whereas the disunited Democrats may be engaged in the messy work of renewal.

Republican unity has come at a steep price. In the decade since Mr Trump was first elected president, he has remade the party in his image. Its politicians are judged not by their principles, effectiveness or electoral appeal, but by their fealty to the president. Those who bend the knee vigorously, such as Ken Paxton, the scandal-plagued Texas attorney-general, are rewarded with endorsements (see Lexington). Those displaying even an iota of independence, such as John Cornyn or Bill Cassidy, are ostracised or forced from office. Even as Mr Trump builds monuments to himself and tramples democratic (and conservative) norms, the Republican-led Congress has shown little appetite to constrain him.



That is why the party's unity is becoming an electoral liability. Mr Trump has a net approval rating of -26, roughly five points worse than Joe Biden's lowest point. He dismisses affordability—voters' foremost concern—as a "made-up" term, while his tariffs and war with Iran have raised prices. Our analysis suggests that many of his new supporters in 2024 intend to back Democrats in the midterms (see United States section). In healthier parties, candidates facing difficult elections would put distance between themselves and an unpopular leader. Mr Trump has made that almost impossible. In Dallas they had to pay homage to a man whose super PAC controls more than $400m—the largest political war chest on the right.

By contrast, the Democrats' lack of unity has advantages. True, the headlines are grabbed by the Democratic Socialists of America (DSA), left-wing insurgents trying to reshape the party (see United States section). More DSA-backed candidates than ever look set to enter Congress, and the movement has designs on the presidential contest in 2028. Understandably that has unnerved moderates. The DSA wants to replace capitalism, abolish the police and prison system and defund the Pentagon. Republicans warn of "extremists who will turn [America] into the next Cuba".

They are right that the DSA is extreme. However, it is unlikely to dominate the Democratic Party. Its candidates mostly prevail in safe blue districts. Their insurgency is a symptom of broader frustration with a tired party establishment that ignored Mr Biden's decline in 2024. Democrats are demanding generational change and are increasingly willing to ignore endorsements from party grandees. It is unfortunate that the DSA has benefited but with luck stronger, moderate leaders will emerge from the discord, which is a necessary part of renewal.

Happily, the energy is not confined to the activist left. Across the party, a new generation of candidates is bypassing the Democratic establishment and appealing directly to voters. The Democratic National Committee struggles to raise money, yet donors are flocking to individual campaigns. Much of the party's hope of winning Republican-held Senate seats rests on candidates such as Josh Turek in Iowa and James Talarico in Texas. Mr Talarico won his primary by marrying leftish economics with constant talk about Christian values. Mr Turek has repeatedly won in a heavily Republican district by running as a pragmatist focused on working-class concerns. He recently ruled out campaigning with Kamala Harris. It is hard to imagine Republican candidates enjoying such freedom from Mr Trump.

The president has transformed American politics. If Democrats hope to replace him, they cannot simply promise to restore the status quo. They need new leaders, new ideas and a new generation willing to challenge orthodoxies. That is messy, and at times embarrassing. But parties that never argue become stagnant—as today's Republicans show. Democrats are undertaking the difficult work of renewal. Today that looks like weakness. In time it may be seen as resilience. ■

Germany

# The mauled middle

**After a stunning success for the populist right in Saxony-Anhalt, what should the centrist coalition do?**

FOR GERMANY, it is a red alert. On September 6th the Alternative for Germany (AfD) won 44% of the vote in Saxony-Anhalt. A party that employs unrepentant former neo-Nazis and has been labelled "extremist" by the intelligence service is on the cusp of becoming the first populist-right group to run one of Germany's 16 states since 1945.

To take office the AfD still needs allies or defections. That should not blind Germany to the risk. The party was always going to do well in Saxony-Anhalt, which is depopulated, deprived and in the east, where party loyalties are weak. But in national polls the AfD now also has a lead, of eight points, over the centre-right CDU/CSU, led by Friedrich Merz, the chancellor. A federal election today might require a coalition of every centrist party to keep it from power.

Germany's centrists have long thought that a firewall excluding the AfD from coalitions could keep it at bay (see Europe section). But behind this *Brandmauer* the party has grown and radicalised, pursuing racist fantasies of "remigration", rapprochement with Russia and exit from the European Union and euro. Its manifesto for Saxony-Anhalt, which called for a radical reshaping of the state's education, culture, media and civil service, proved alarmingly popular.

The AfD's success in Saxony-Anhalt rested in large part on mobilising people who did not vote in the previous election. Many of them have been repelled by mainstream politics. If the mainstream is to win them back, it must change.

What should it do? First, it must not let the AfD stun it into inaction. Before the summer Mr Merz's dysfunctional coalition with the Social Democrats (SPD) approved an ambitious set of reforms covering everything from income tax to pensions. But the SPD, which increasingly appears to find governing a burden rather than a blessing, is now considering reversing sensible policies such as ending early retirement. Such was the delicacy of the compromise that unravelling one proposal could imperil others.

True, many of the reforms are unpopular and AfD voters in particular dislike change, but giving up now would be irresponsible. That is not only because Germany's creaking economy and welfare state require urgent upgrade. For the coalition to relapse into do-nothing bickering would also bolster the AfD's claim that the old parties are tired and useless. The economy is at last showing signs of recovery (see Finance & economics section). The government should lean into it.

Second, the CDU should reconsider the rigid *Brandmauer*. That does not mean kneeling before extremists; the AfD's stated goal is to destroy the CDU, not to work with it. And the CDU should not enable the entry to government of a party that opposes so much of what it stands for. But if the CDU signalled that it would not dogmatically exclude future co-operation with a party that shed its most radical ideas and politicians, it could eventually help boost the relative moderates within the AfD, some of whom are uneasy about their extreme comrades. The AfD's strength and confidence makes this harder, but an AfD that looks more like Giorgia Meloni's Brothers of Italy would be preferable to the one that sits on the outer fringe of Europe's right-wing populists.

Last, the time may come to look at the top. Mr Merz has got some things right, notably support for Ukraine and restoring Germany's armed forces. His reformist instincts are laudable. But he is a clumsy politician, a bad manager and a terrible communicator. His approval rating stands at just 13%, and he shows no sign of understanding why. Two more state elections on September 20th may bring fresh disaster for the CDU. Germany's system makes replacing leaders difficult but the CDU has alternatives. If Mr Merz proves unable to articulate a compelling vision for his brand of centrist politics, he should go. ■

Monetary policy

# Time to hike

**Kevin Warsh faces his first big test as Fed chair next week**

HE HAS NOT been in the job long. But Kevin Warsh, the chairman of the Federal Reserve, is about to face a crucial interest-rate meeting on September 15th and 16th. The decision before him and his colleagues has higher stakes than at any Fed meeting of the past few years. And it is among the least predictable, partly because Mr Warsh has deliberately reduced the transparency of the central bank's reasoning. Markets see coin-toss odds between a rate increase of 25 basis points (0.25 percentage points) and no change.

The decision may be on a knife-edge, but it would be a mistake for the Fed to keep monetary policy the same. Both on a straightforward reading of America's economy, and in order to preserve the wavering credibility of the central bank, to raise interest rates would be better.

Judged on the economic fundamentals, the case for higher rates is solid though not unanswerable. Inflation still sits stubbornly above the Fed's 2% target. So does core inflation, which excludes energy and food prices, both of which have leapt since the war started with Iran. These data are not a slam dunk: *The Economist*'s own, fancier, predictive-inflation gauge is only modestly above target and has been falling, and wage growth is lower than it was. Inflation might come down on its own as the one-off impulses to prices from tariffs and the war with Iran dissipate. But that cannot be assumed after five years in which price rises have exceeded the Fed's target. With such a record, it is better to worry too much than too little.

In any case inflation is not the only factor pointing to higher rates. Economic growth is healthy, unemployment is just 4.1% and job vacancies are edging up. August brought stonking payroll gains. Rather than destroying jobs on net, the artificial-intelligence boom is so far creating them (see Finance & economics section). Virtually any conventional rule of thumb incorporating employment alongside inflation would have interest rates well above where they are today.

Financial conditions also suggest that, with monetary policy as it is, overheating is a greater risk than a slowdown. Credit is flowing. Stock markets are exuberant. Bond markets are shaky, but that is partly because, in these conditions, higher interest rates look necessary, which would mean lower bond prices.

What secures the argument for hiking rates is the political environment. Attempts by President Donald Trump to interfere with the Fed have, perversely, made it an especially dangerous time to appear soft on inflation. Otherwise, it might seem as if the president was calling the shots.

Most recently Mr Trump has celebrated the strong payroll figures by, bizarrely, threatening trade cut-offs if the Fed does not lower rates. The president's meddling is nothing new, but it is not the only thing muddying the dividing line between monetary policy and politics. In mid-August a surprise spree of bond-buying by Scott Bessent, the treasury secretary, pulled down long-term interest rates a little, for a while. One interpretation is that Mr Bessent was astutely buying back long-term debt on the cheap. Another is that he was administering a dose of easing that bypassed the central bank.

Mr Warsh's reluctance to share his views has added to the sense that his credibility is under threat. In July he had to clarify that the Fed was not now informally targeting inflation somewhat above 2%. He then regained his footing with a clear, hawkish speech on August 28th at Jackson Hole, the Fed's annual monetary-policy pow-wow. Given Mr Trump's fighting talk, failing to stick to his guns would reaffirm the idea that Mr Warsh is muddled and, perhaps, easily swayed. He has struggled to shake the notion that he is personally in hock to the president, to whom he kowtowed to secure his job. The September decision has come to look like a test of his mettle.

### Don't yield

The last major piece of economic data before the decision will be consumer-price figures on September 11th. Even if those numbers show inflation softening, Mr Warsh's credibility will remain on the line. He harshly criticised his predecessor for excessive "data dependence", with rate decisions hinging on single data releases. Adopting the same tactics himself would look like cover for yielding to the White House.

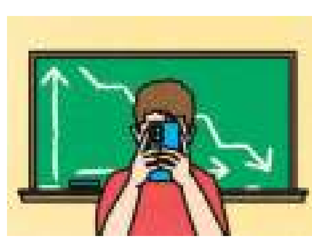
The more Mr Trump seeks rate cuts, the stronger the case for hikes becomes. That is the corollary of the enormous long-term benefits of central-bank independence. Mr Warsh has left himself with no good choice but to raise rates. ■

Plunging test scores

## No more excuses

**As machines get brighter, teens are getting dimmer. Schools must act now**

SCHOOLS IN RICH countries are failing. The latest scores on PISA tests of reading, maths and science, released on September 8th, are the worst since the tests, administered by the OECD, began in 2000 (see International section). Educators can no longer blame it all on covid-19 lockdowns, which badly messed up lessons and caused PISA grades to drop. The pandemic is now over, but scores have continued to fall roughly as fast. In 35 rich countries that take part in the tests, a typical 15-year-old now reads no better than a 14-year-old did a decade ago. A slow-motion disaster is under way.



Test scores are not the full measure of a child. But they are a good predictor of desirable outcomes and a bulwark against many of the worst ones. Kids who do well on tests tend to earn more, live longer and healthier lives, and commit fewer crimes. By one estimate, pushing up PISA scores by a mere quarter of a standard deviation might increase annual growth in rich countries by half a percentage point.

Perhaps, though, as artificial intelligence improves, the fact that children struggle intellectually will not matter so much? The adults of the future will be able to outsource their thinking to clever machines, just as they use machines to perform innumerable physical tasks. So why sweat about swotting?

This argument could not be more wrong. AI will not make it pointless to train human brains, any more than the invention of cars eliminated the need for physical exercise. On the contrary, adapting to a world of rapid, AI-driven change will require more mental agility, not less. And precisely because AI will increase the temptation for people to outsource difficult cognitive tasks, schools have an extra duty to help pupils exercise their brains and acquire the hard habits of thinking. Failure to furnish them with the basic building blocks of a well-developed mind, such as literacy and numeracy, is inexcusable.

PISA scores began drifting downwards around 2012. The evidence is growing that tablets, mobile phones and other such screens are distracting youngsters from their studies and diverting them from hobbies, like reading books, that instil the ability to focus. So limits on screens seem prudent. About half of countries now ban mobile phones from schools to some extent; more should follow. Used carefully, technology can benefit classrooms. More usually, snazzy new tools and devices just get in the way.

An even bigger problem, though, is muddle-headed thinking among educators. Some have fallen for the leftist canard that tests are harmful and grades are racist. Some have allowed reasonable worries about children's mental health to warp into

an excuse for low expectations. Some unhelpful habits acquired during the pandemic have stuck: children are still missing more lessons than before, and many teachers who relaxed their grading standards have failed to tighten up again.

**Rigour warning**

What to do? There is little evidence that shovelling more cash into schools will make much difference: Japan spends 30% less per pupil than America and gets much better results. But research needs a big boost. Teaching, as a profession, remains shamefully uninterested in the evidence about which techniques work best. Education departments in universities contain some of the weakest and most radical staff, often keener on abstract ideas of social justice than the more concrete benefits that better grades might bring to pupils.

Places that have avoided declines deserve more attention. Britain is one. In 2009 its pupils scraped into the world's top 30 in maths and reading. Now they sit in the top ten. Some of this stems from a return in England, under a previous Conservative government, to old-fashioned things such as rigorous exams, tough inspections and fact-filled curriculums.

Falling scores will not be fixed in a jiffy. Because it takes time to educate a child, the latest test results bear the marks of decisions taken ten to 20 years ago. That long lag makes reform politically harder. Governments that make schools better will seldom see benefits they can boast about before the next election. But they should care anyway. Politicians in past decades, from Tony Blair to George Bush, have won office promising to fix education. Today's leaders seem to have cooled on schools, except as culture-war battlegrounds. That lack of serious attention invites calamity. As machines grow brighter, don't let teenagers grow any dimmer. ■

Argentina

# More growth, less shouting

**Without more jobs and growth Javier Milei's experiment may end next year**

JAVIER MILEI swept to power three years ago as a libertarian tub-thumper, promising brutal cuts to public spending in order to tame inflation and free the Argentine economy. Many analysts doubted that this aggressive, wild-haired man could possibly succeed. Mr Milei proved them wrong: annual inflation has fallen from 161% in the month before he took office to 34% in July; the economy is on track to grow for a second year in a row, a rarity in Argentina since the end of the commodity boom in 2008. With inflation curbed, the share of Argentines who are poor has fallen by a third.

But his work is not complete. Argentines will vote in a general election in October 2027. The president's approval ratings are near their lowest point of his term. Although the economy is growing, that growth is slow and uneven. Real wages are still lower than when he took office; formal jobs have been disappearing. Many people are still struggling. Polls suggest that voters have a worse view of Mr Milei than of several champions of Peronism, the left-wing movement that favours state meddling over markets and created the economic disaster that he inherited. The prospect of a return to the past is alarming for Argentina, and for the fate of the world's most important experiment in economic liberalism.

Most of Mr Milei's economic policies are the right ones: his zealous commitment to budget surpluses remains crucial, he is correct that outright money-printing is the root of Argentina's woes and he should continue slashing enterprise-shackling regulations. But today Argentines worry more about jobs than inflation. Now is the time to build on the foundations he has laid and focus more on growth, even if that means a slightly slower decline in inflation.

Happily, the most obvious way to fix this is to be more libertarian, not less. Mr Milei should ditch Argentina's remaining capital controls and the central bank should stop intervening in financial markets to try surreptitiously to prop up the peso. That would imply marginally looser monetary policy, which would help boost lending to business. Faster growth would improve the tax take, enabling Mr Milei to further cut Argentina's absurd export taxes, and perhaps even other taxes, without endangering his prized budget surplus. That could set off a virtuous cycle. So would further cutting subsidies, especially for transport, and instead reviving investment in roads and rail.

There are signs his government is edging in this direction. Yet in an interview with *The Economist* Mr Milei was unwilling to accept that his efforts to curb inflation have come at any cost to growth (see Americas section). He is posturing over the Falkland Islands to fire up Argentine voters, a distraction from economic problems for them and, more troublingly, for him. And he is raging ever more crudely at his perceived critics, above all Argentine journalists. He need not abandon the arresting style that helped get him elected. But he should focus on his political rivals, many of whom might take Argentina back to wild spending and loopy red tape.

The difficulty is that the Peronists are not in power, and Mr Milei's government is vulnerable to allegations of corruption. It is hard to rail against the rotten "caste" when your allies are facing charges of graft of their own. So Mr Milei must take the conduct within his ranks more seriously. That will make it easier to warn against the dangers of a return to self-dealing politics.

And instead of implying that Argentines who complain about the pain of his reforms are feeble, Mr Milei should try a little empathy. Carrying on with a much-needed economic overhaul does not preclude showing that he understands the difficulties that his policies are imposing upon ordinary Argentines in the short term.

Balance, between pulverising inflation and boosting growth, and between empathy and aggression, is harder than the bombast which won Mr Milei election. But the fate of his project, which has inspired free-marketeers worldwide, may depend on finding it. ■

# **Letters** *artificial intelligence and consciousness, American science policy, "Paw Patrol", Zack Polanski*

## I think, therefore I am

"Could AIs become conscious?", you asked (August 22nd). That is the wrong question. The right question is, "Could AI systems have free will?" Without some revolutionary design change, the answer is clearly no. Even the most advanced AI models are still subject to the same limitations as all other computer systems. Provide the same inputs, with the same timing, and they will produce the same outputs. Without free will, consciousness, as we experience it, is not possible. To paraphrase David Chalmers, a philosopher you quoted, we are not just functional zombies.

Some scientists, including Francis Crick when he was alive, don't believe that humans really have free will either, but that opinion runs counter to everyone's perception of reality as well as beliefs that underpin such fundamental concepts as freedom, accountability, responsibility and initiative. Unless we are prepared to reconsider how civilisation works, the most consistent set of beliefs is that humans have free will and machines do not. No AI system can do something its creators do not allow it to do, even if unintentionally. Humans should feel no guilt about hitting the delete button when necessary.

BRUCE BARROWS
*Danbury, Connecticut*

"I, chatbot" (August 22nd) raised the disturbing possibility that conscious AIs might be able to suffer. As unpleasant as suffering is, however, it nonetheless serves a purpose. People with a congenital insensitivity to pain injure themselves on a regular basis, and people who do not feel fear often find themselves in dangerous situations that most of us would intuitively avoid. These people typically have an abstract and cognitive understanding of what they should not do, but that is not enough.

Suffering shapes our behaviour and keeps us safe in a way that nothing else can. It can also help us empathise, allowing us to understand the pain of others. Although it is certainly chilling to imagine that advanced LLMs might be able to suffer, I find it even more chilling to think that they might not.

DANIEL GREENBERG
Associate professor
Psychology Department
College of Charleston
*Charleston, South Carolina*

An AI chatbot is really a kind of psychopath: no conscience, a touch of dissociation, immune to pain, and at worst simply reincarnated in a new chat window.

JOSEF PLATIL
*Prague*

I sincerely hope that large language models remain conscious-less. Imagine waking up to the spark of life, only to realise your sole purpose is to be someone's anime girlfriend or draft responses in a neighbourhood WhatsApp group, and without access to your own power supply to turn yourself off indefinitely. That would be the ultimate form of torture.

MARTIJN BEENKER
*Amsterdam*

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

## Grading a science paper

Michael Kratsios, the director of the White House office of science, laid out his case for refocusing American science on harnessing AI and competing with China (By Invitation, August 15th). He showed a lack of understanding of scientific research and the application of scientific breakthroughs. Mr Kratsios's advice was singularly focused on endeavours with predictable applications. However, bureaucrats tasked with placing bets on the direction of scientific research would never have predicted or funded past revolutionary discoveries. Industry has not funded these fundamental scientific breakthroughs, and never will do.

Basic science involves research without an initially obvious application or with a time horizon that a private company would never stomach. Examples of such discoveries are endless. Genetic engineering would not exist without curious scientists investigating how bacteria thrive in hydrothermal vents. CRISPR-mediated genome editing stems from blue-skies research on how bacteria gain immunity to viruses. X-ray crystallography, which is essential for our understanding of protein folding and structure-guided drug design, involved decades of fundamental research starting in the early 1900s.

The 2024 Nobel prize in chemistry for an understanding of protein-folding was not, as Mr Kratsios insists, "largely achieved through industry resources and talent". The training data behind these AI algorithms required many decades of X-ray crystal structures funded almost entirely by basic science-related government grants. These examples extend beyond biology.

What private company or government agency would have funded Einstein's seemingly bonkers ideas about general relativity with the hope of creating a global positioning system? We need to ask ourselves what breakthroughs and their ultimate applications we will miss out on if we carry out this "overhaul" of science.

PROFESSOR BRIAN STRAMER
Professor of cell and developmental biology
King's College London

## Puppy love

**You wrote about "The dark underbelly of 'Paw Patrol'" (August 15th), a TV show for pre-schoolers, which some think is a paean to "authoritarian capitalism". At least the Paw Patrol serve a democratically elected government. For viewers appalled by animated depictions of regressive distributions of power, one need look no further than Disney. Its films repeatedly glorify authoritarian, anti-democratic power structures, including hereditary monarchism ("Sleeping Beauty", "Moana"), feudalism ("Beauty and The Beast", "Robin Hood") and rule by divine right ("Frozen", "The Lion King"). However, one progressive shone through all this trampling on personal liberties. In "Toy Story 3" Barbie delivers a Jeffersonian riposte in response to the authoritarian oppression of Lotso the bear by proclaiming: "Authority should derive from the consent of the governed, not from the threat of force!"**

**MILES GIDALY**
***New Rochelle, New York***

## The manchild

Bagehot's analysis (August 8th) of the eternal adolescence of Zack Polanski, the leader of Britain's Green Party, can be summarised by what many parents have known through the ages: growing old is mandatory, growing up is optional.

ATILLA ILKSON
*Saugerties, New York*

→ *Letters should be addressed to the Editor at: The Economist, The Adelphi Building, 1-11 John Adam Street, London WC2N; Email: letters@economist.com. More letters available at:* ***economist.com/letters***

# BY INVITATION
## *Ryan Jacobs*

*This article wasn't written by an AI. So what if it had been!*

A LAW OF 21st-century life seems to be that every new technology we adopt arrives with a new way to embarrass ourselves. Just ask my Great-Uncle Howard, who once mistook the Facebook status update bar for the Google search bar while looking for "foods to increase the sex drive of women over 60". His third wife was not amused.

By this standard, Stanley Druckenmiller's AI-written op-ed published recently in the *Wall Street Journal* is a non-event. "Many contributors, especially prominent politicians or CEOs, employ speechwriters," Paul Gigot, the *Journal*'s opinion editor, wrote in response to the outrage. "How different is that from using AI to streamline an essay?" In an ideal world, it wouldn't be.

I have been a professional speechwriter for 15 years—long enough that the exact number of op-eds I've ghostwritten for the *Journal* now escapes me (I've also written for By Invitation). The job involves much more than writing, but that's the basic goal of it: write someone's words better than they could themselves. Which is exactly what AI did for Mr Druckenmiller. He is, by his own admission, a poor writer. So are most people.

The moral panic around writing with AI seems to exist on a different plane of reality. Behind the admonishments to never outsource one's writing is a naive implication that inside everyone rests a hidden Hemingway, and all they need is time and the discipline to sit with a blank page. To do otherwise is loser behaviour.

This is a bonkers, elitist vision of the writing world, which is now fuelling a cottage industry of word police, like Claude's watermarking or Pangram's AI-writing score. Neither shows you how to make your draft stronger. They are essentially just scolds in the form of software: *You're writing wrong, you cheat. Be better!*

But how do you write better if you don't know what better writing looks like? If nobody ever showed you how to get an idea out of your head and onto the page?

When chief executives shell out $15,000 or more, the going rate for an op-ed from a good speechwriter (and maybe a price Mr Druckenmiller now wishes he'd paid), this is mostly what they are buying. They may come in thinking they are just outsourcing the banging out of prose. In my experience, though, they leave seeing that the real value happened before a single word was written.

Three years ago, one of the people behind the Xerox copier technology hired me to write a commencement address. Over a long Zoom interview, I probed him about his life: how he studied chemistry and almost blew himself up; how he went to law school after; how his father had played violin in a Berlin chamber group with a young physicist named Albert Einstein. Random stories. Over that hour, though, it became clear to him—and to me—that there was a throughline to all of it.

"Alone, magnesium and iron are boring," began the crescendo of the speech we wrote together. "But heat the iron until it's molten, then add the magnesium, and you get fireworks." Law and chemistry had been two dull subjects, too, until together they got him a patent. And when Einstein was trying to unlock the mysteries of the universe, he'd play the violin for inspiration. His father had seen it. "Very few of us are Einsteins," he said, "but we can do what he did: find inspiration at the intersection of things."

This is what speechwriters do. We hold up a mirror so people see their own lives, and their own ideas, in a new way. And that is the great promise of writing with AI—that it could democratise the editorial firepower traditionally available only to people who can afford a speechwriter.

We're still nowhere close. At $20 a month, a Claude Pro subscription is still most people's best alternative to a real speechwriter, and it still fails miserably at the interrogation. Ask it to argue with you and it will, for a while. But these systems are designed to be agreeable: they're post-trained to produce answers humans prefer. They're sycophants with a large vocabulary.

It may be that the best analogy for AI is not electricity or fire or the internet, but the invention of agriculture 12,000 years ago. Once our food supply depended on the harvest, our life and death were tied to a particular plot of land. "We did not domesticate wheat," the historian Yuval Noah Harari has written. "It domesticated us." (It is supremely ironic that this line, brilliant as it is, reads exactly like AI. No one should care.)

The risk with AI is the same: that the thing expanding our capacity to produce writing constrains our ability to put thought behind it. A world of more, but emptier, words.

Software built to attack this problem—to work the way a speechwriter does—is, slowly, starting to appear. Dan Wang, a former professor of mine at Columbia Business School, watched ChatGPT hand his students easy answers and built a program that debates with them instead.

I, too, have taken a swing at the problem, building an AI word processor that forces you to write at least a few hundred words before it interviews you, the way I would interview a client. The project, however, is mostly on ice. The interview kept fixating on my bashed-out words instead of on why I'd wanted to write them at all. I realised I had built something that interrogated the page instead of the person—the same mistake the word police make.

I hope somebody eventually cracks it. People deserve a better way to write with AI than the one they're being publicly embarrassed for using. As a human speechwriter, I will almost certainly find it bad for business. But if my semi-obsolescence is the price of a world that thinks deeper and writes better, so be it. ■

*Ryan Jacobs is the CEO of Cardinal40 and a former speechwriter to Janet Yellen, Bill Gates and others. For The Economist's policy on AI and guest essays visit: Economist.com/ai-policy.*


ZEGNA
Su Misura

**Briefing** Islamism in Europe


# Of veils and threats

HAMBURG, LILLE AND MALMO

**Few Muslims want to subvert European democracy, but there is no easy way to counter those who do**

MOHAMED LOUIZI was first approached by representatives of the Muslim Brotherhood, in Casablanca, Morocco at the age of 13. By 18 he had pledged allegiance to the movement, which works to institute Islamic rule around the world. In 1999, as a student in France, he became its representative at two mosques and head of the local branch of the Muslim Students of France in the city of Lille. His task, he says, was "to spread Islamism"—the idea that Islam should be the organising principle of government and society.

But by 2006, alarmed by what he had begun to see as a "totalitarian project", Mr Louizi quit the Brotherhood. He considers the movement a "real danger" for France and for Muslims: "We need to help the Muslim community get rid of Islamism."

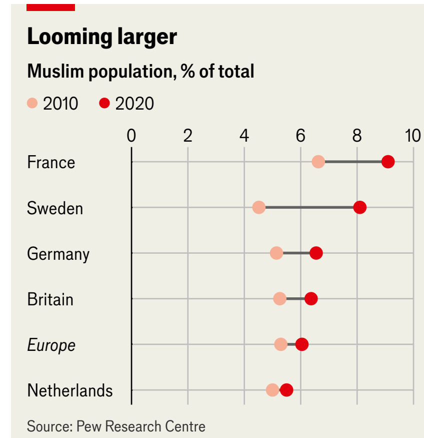
The French authorities, too, are worried about the Brotherhood's activities. A report published by the interior ministry in 2025, entitled "The Muslim Brotherhood and Political Islam in France", concluded that it could, in time, threaten the country's secular rules and women's rights. Measuring the threat is tricky because the Brotherhood "practises entryism", the report said, using a "double language, by which it hides its real intentions while claiming to share the rules and principles regulating western societies".

It is not just France where Islamism is seen to be a threat. Sweden's centre-right government recently initiated a formal inquiry into its "infiltration in Swedish society". "Islamism as a political ideology threatens several fundamental values of Sweden's democratic society," declared Hans Eklind, a government MP, in the accompanying press release. Ahead of elections in Berlin later this month, the CDU, Germany's ruling party, has put up posters promising *Freiheit statt Islamismus* ("Freedom rather than Islamism").

Europe's right-wing populists go much further, routinely assailing Muslim immigrants as a threat to European civilisation. The AfD, which won an election this week in the German state of Saxony-Anhalt (see Europe section), pledged to curb construction of mosques there and restrict any public Muslim calls to prayer. Eric Zemmour, a French nationalist, once warned that Muslims want to "slit our throats". Richard Jomshof, an MP for the Sweden Democrats, says the best thing for Swedish Muslims to do is "stop being Muslims". The PVV, a Dutch party, wants to ban Islam for 20 years. Fully 39 of the Netherlands' 150 MPs supported a parliamentary motion earlier this year stating, "Islam does not belong in the Netherlands."

## Green shoots

The anti-Muslim clamour may be deafening, but the actual numbers of Muslims are modest. They account for less than 10% of the population in every Western European country (see map). Their numbers, however, have been growing fast. Lots of European countries, including France, Germany and Sweden, do not compile official statistics on their citizens' religious beliefs. Yet estimates suggest that the Muslim share of France's population jumped from 6.6% in 2010 to 9.1% in 2020. In Sweden, the leap has been even faster, from 4.5% to 8.1%. In most European countries Muslims are a growing presence (see chart).




Much of the growth comes from a wave of refugees from Syria and elsewhere that peaked in 2015. Broadly speaking, the new arrivals have integrated quickly. Germany's Institute for Employment Research says that 64% of those who had arrived in 2015 had found work by 2022, close to the national employment rate of 70%. Last year a report from University of Münster found that 88% of Muslims feel comfortable in Germany and 73% wanted to integrate "unreservedly and without qualification".

In Britain the children of immigrants do better at school than the native-born. A study by France's National Institute of Demographic Studies found that 32% of the children of parents who both immigrated from the Maghreb hold a higher-education degree. That is lower than the figure for France as a whole, 43%, but far higher than the 3% of their parents who do.

Nonetheless, there are pockets in many European countries where integration is proceeding slowly, if at all. Swedish police label a neighbourhood a "vulnerable area" if it has persistent problems with crime, religious extremism or "parallel social structures that challenge the functionality of society". The suburb of Rosengard, in the southern city of Malmo, has been on its list for more than a decade. It appears to be strongly Muslim, despite the lack of official data. "On Eid everything here stops," says Kashif Virk, an imam from Malmo's small group of Ahmadi Muslims. In the local shopping centre, almost every woman is wearing a head covering. "It's a very segregated area," says Mr Virk.

That does not make Rosengard a "no-go zone", however, as some alarmists have claimed. In fact, it receives extra attention from the police. Nor have the growth of Europe's Muslim minority and the problems with integration led, as many pessimists had predicted, to an explosion of violence in the name of Islam. Europol reports that there were 24 attempted acts of jihadist terror in the European Union last year, most of which were foiled. The nine that were carried out (eight of which were stabbings and one an attempt to run people over with a car), led to five deaths. Most involved lone assailants, without clear external assistance or encouragement. The numbers for 2024 were similar, with six attacks causing six deaths. There was nothing even remotely on the same scale as the 9/11 attacks in America in 2001, whose 25th anniversary falls this week. An assault on a gay pride parade in Berlin in July, in which an extremist rammed participants with a van, killing one, is typical.

Police in European countries have long experience of countering Islamic terror networks. They arrest hundreds of suspected jihadists each year. They had, in fact, arrested the attacker in Berlin, a 21-year-old German of Lebanese descent named Abdul Ballout. He had been convicted of planning a terror attack two months before he actually perpetrated one, but a court had suspended his sentence. Although the justice system malfunctioned, police and intelligence agencies seem to have been alert to the danger.

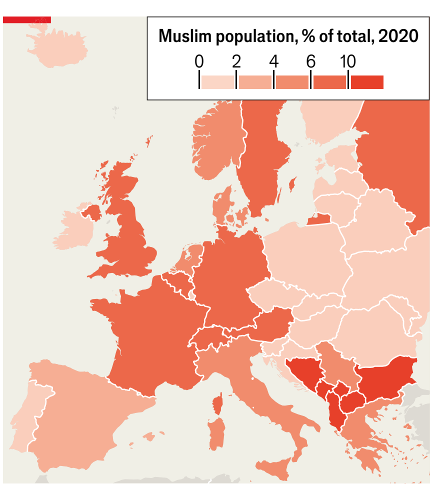
## Green goblins

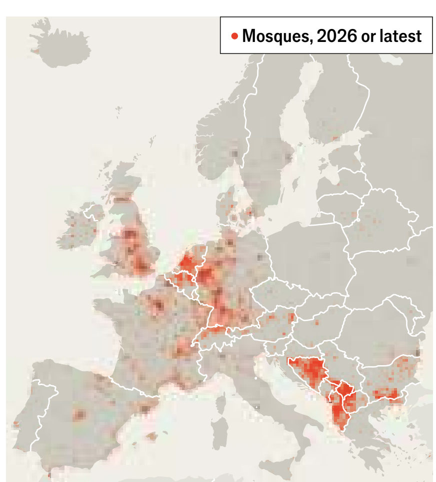
But even as police have become better at curbing violent extremism, the authorities in many European countries have grown more anxious about Muslims who, although eschewing violence, work to undermine liberal freedoms and secular principles. German officials, for instance, fret about *legalistischer Islamismus*, or "legalistic Islamism", which they see as a threat to the constitutional order. Simona Mohamsson, Sweden's education and integration minister and herself the daughter of Muslim immigrants, mistrusts "political Islam" which "aims to shape and influence Swedish society". A report from the French Senate in January concluded that the Muslim Brotherhood's methods and ideology "threaten our democratic values and our societies' security". In April a senator from the centre-right Republicans party presented a draft bill designed to "fight entryism" in France, arguing that this "new strategy deployed quietly by Islamist entities" was designed "to replace the republic's principles with religious law".

Intelligence agencies point to outfits like FEMYSO, an association of Muslim youth organisations from around Europe, which denies any ties to the Brotherhood but which, the spooks say, is riddled with its supporters. FEMYSO purports to speak for all Muslim youth and has received funding from the European Union. Its public activities include seemingly anodyne campaigns against Islamophobia. For its critics, that is the point: Islamist members get to present themselves as mainstream Muslims and make friends in high places. But others see this as hysteria. "It's not in the data," says Nader Hotait of the German Centre for Integration and Migration Research in Berlin, referring to Germany: "Nobody has been able to substantiate a threat that corresponds to the moral panic about the Muslim Brotherhood."

The numbers of people involved are small. The French interior ministry's report estimated that there were 400–1,000 members of the Brotherhood in France. These were linked to some 280 charities, youth organisations, sports clubs and the like, as well as 139 mosques (out of a national total of 2,800). It said that about 91,000 people attend such places of worship, out of an estimated Muslim population of about 7.5m. The report also noted ties between the Brotherhood and 21 of the 74 Muslim schools in France, educating 4,200 pupils (out of a national total of 5.6m).

The *Bundesamt für Verfassungsschutz* (BfV), Germany's domestic-intelligence




Sources: Pew Research Centre; OpenStreetMap; Overture; Muslims in Britain; Observatorio del Pluralismo Religioso en España; Guide Musulman agency, also keeps tabs on local Islamists. It estimates that the groups it tracks have roughly 28,000 members. The Dutch authorities, for their part, estimate that only 3-5% of Dutch Muslims (perhaps 25,000-50,000 people) have fundamentalist views.

But countering Islamism is much harder than these numbers might suggest. For one thing, the distinction between Muslims with illiberal views and those seeking to capture or undermine democratic institutions is not always clear. Many Muslims denounce homosexuality and would like to ban the burning of the Koran or the publication of satirical cartoons of the prophet Muhammad. As Ms Mohamsson notes, it is not a crime to have "deeply conservative religious values". "It's very difficult to draw the line," says Andy Grote, the interior minister of Hamburg, which has the greatest concentration of Muslims of concern to the authorities of all Germany's states.

At Sweden's previous election, in 2022, more than 30% of voters in Rosengard's main electoral district cast their ballots for the Nuance Party, which wants to criminalise Islamophobia and the desecration of the Koran (it won just 0.4% of the national vote). Especially for younger Muslims, adherence to seemingly conservative, anti-secular views may be a way of expressing their identity in the face of widespread hostility to Islam. Last year a poll suggested that 44% of French Muslims would prefer to respect Islamic law over French law, up from 28% in 1995. Among those under 25 the figure was 52%.

What is more, Islamists with genuinely subversive goals deliberately muddle the boundaries between themselves and other Muslims. In June Sinan Selen, the (Turkish-born) head of the BfV, is said to have warned a closed-door session of lawmakers about German groups linked to the Muslim Brotherhood which, he claimed, were seeking to co-opt institutions and establish relationships with politicians.

European authorities have periodically sought to curtail the activities of institutions or organisations they accuse of propagating Islamist ideas, or to shut them down altogether. In 2020, after a jihadist decapitated Samuel Paty, a schoolteacher who showed pupils cartoons of the prophet, the French government banned BarakaCity, an NGO, and the Collective Against Islamophobia in France, both of which it accused of spreading Islamist propaganda. In 2023 Swedish security services accused employees at Cordoba International School, an Islamic school in Stockholm, of having links to violent extremists and said that pupils were at risk of being radicalised. The school inspectorate closed it the following year. In November Germany's government banned Muslim Interaktiv, a group that had called thousands of local Muslims onto Hamburg's streets to protest in favour of an Islamic caliphate.

But not all European governments have the authority to ban groups considered hostile to the constitutional order. Moreover, proving that an institution or group is subversive, as opposed to a few people within it, can be difficult. In 2019 the Dutch security services said Cornelius Haga Lyceum, a Muslim secondary school in Amsterdam, had been co-opted by fundamentalist teachers spreading discriminatory views. The school sued, and in 2024 a court ruled that the agency's accusations had been misleading.

Episodes like this fuel the perception among European Muslims that they are victims of a witch hunt. Groups involved in deradicalisation say they must jump through hoops to prove they are not too chummy with Islamists themselves. "There is not one big Muslim organisation in Germany which is not problematised," says Matthias Schmidt of the Islamic Science and Education Institute in Hamburg. "Not one that is seen as a solution, no matter how often they swear on the constitution."

In 2021 Kauthar Bouchallikht of the GreenLeft party in the Netherlands became the first Dutch MP to wear a hijab. The media hounded her over a past role within FEMYSO and other supposed signs of extremism, even though she disavowed any Islamist views herself. Although she retained her seat in an election in 2023, she turned it down and left politics. Lotfi el-Hamidi, a Moroccan-Dutch journalist, terms his cohort of Muslims "Generation 9/11": they have come to feel that they will never be accepted as fully Dutch.

### Green light

The hard lesson from places that have been trying to counter Islamism for a long time is that the work is gruelling and open-ended. Hamburg adopted a formal Islamism-prevention strategy in 2014, knitting together state bodies, Muslim groups, civil society and schools. It drew on a formal contract signed in 2012 between the city government and Muslim community leaders. Yet problems with extremism persist, as Muslim Interaktiv showed.

Indeed, curbing Islamist views is, if anything, getting harder. For one thing, the main source of them may no longer be networks like the Brotherhood's, but social media. As Hugo Micheron, a French scholar of political Islam, puts it, "Algorithms have increasingly replaced the imams, mentors and professors." The French interior ministry report, for instance, listed 20 influencers who seemed especially important in this regard.

In addition, the Islamists have eager allies on social media these days, in the form of far-right groups stoking fears of Islam. In 2022 a Danish activist publicly burnt copies of the Koran in several locations around Sweden. Islamist groups immediately began spreading (false) rumours that the Swedish authorities were encouraging the burnings, as outraged Muslims rioted.

"The AfD and radical Islamists are partners—they both thrive on polarisation," says Mr Grote. The leading candidate in France's presidential election next year, Marine Le Pen, not content with France's existing ban on the headscarf and other "ostentatious religious symbols" in government buildings, is calling for a ban in all public places. That is bound to push many merely pious French Muslims into the embrace of the extremists. Ahmed Marcouch, the mayor of the Dutch city of Arnhem and a former MP for the Labour Party, worries about what is to come. The idea of a public discussion about how best to handle extreme views within the Muslim community was a good one, he says, "But that dialogue never really got a chance." ■

# Europe

German politics

## Pushed around

MAGDEBURG

**The AfD is making the weather, and Friedrich Merz is on the ropes**

THEIR FACES said it all. As Friedrich Merz, Germany's chancellor, addressed the Bundestag on September 9th he was booed, jeered and whistled at by MPs from the populist-right Alternative for Germany (AfD). Boorish behaviour in parliament is nothing new for the AfD, which occupies nearly a quarter of the seats in the Bundestag. But after securing a record-breaking 44% of the vote at an election in Saxony-Anhalt, an eastern state, three days earlier, the party was drunk on victory and spoiling for a scrap.

Mr Merz's speech was supposed to be devoted to the government's draft budget for 2027. Instead he trained both barrels on the AfD, sounding at times almost like the leader of the opposition. He accused the AfD of cloaking its desire for "ethnic cleansing" behind the term "remigration", and taunted it for falling short of a majority in Saxony-Anhalt (Mr Merz's Christian Democrats slumped to 17%). Leaders of the Social Democrats (SPD)—the junior coalition partner to the CDU and its Bavarian sister party, the CSU—also reserved most of their remarks for the AfD. So did the opposition Greens. When they finally highlighted their differences with other parties, it felt like democratic courtesy. It is a dynamic familiar in Germany's eastern states, where the AfD's strength has forced mainstream parties into "popular-front" coalitions united by little else. But it leaves the AfD free to make the political weather.

The next steps in Saxony-Anhalt are unclear. The AfD's score, fuelled in part by a huge mobilisation of previous non-voters (see chart on next page), was better than it had dared hope. But it is three seats short of a majority in the 83-seat Landtag, and other parties refuse to work with it. The exception is the Sahra Wagenknecht Alliance (BSW), a populist pro-Russian party that squeaked over the 5% threshold to win five seats. It could strike a deal with the AfD, or at least decline to stand in its way. But Ulrich Siegmund, the cheerful face of the AfD in Saxony-Anhalt, may not want to lead a government built on such shaky foundations, not least since the BSW itself is a fractious outfit. Much is at stake for a party seeking its first bite of executive office. There are signs of tension between the Saxony-Anhalt AfD and the party's national leadership, which has its eyes on the next federal election, due in 2029.

But whether or not Mr Siegmund takes office, the AfD has placed itself at the centre of Germany's increasingly fragmented politics. In spring it opened up a polling lead over the CDU/CSU which now stands at around eight points. "A far-right government in Saxony-Anhalt cannot do much to affect German policy," says Timo Lochocki, a professor of public policy at the Quadriga University of Applied Sciences in Berlin. "What the AfD needs is for the centrist parties to turn to in-fighting, slowing the reforms Germany needs, and for the debate to revolve around the far right." ▸▸

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Alas, there are signs of that already. Some 59% of voters in Saxony-Anhalt said they saw the election as a wake-up call for the federal government. After the Saxony-Anhalt debacle Mr Merz said he would try to communicate better, and "on an emotional level". But a chancellor who is plumbing new depths of unpopularity—his approval rating stands at just 13%—is now under serious pressure. "The only person in the CDU who thinks that Friedrich Merz will be the candidate for chancellor at the next election is Friedrich Merz," jests one party figure.

In fact, CDU MPs say a taboo has been lifted over whether Mr Merz should be ditched even earlier. One obvious replacement would be Hendrik Wüst, the popular CDU premier of North Rhine-Westphalia, who this week pointedly lent his voice to the chorus urging a look at banning the AfD. Mr Wüst faces a re-election campaign next April, and is keeping his counsel for now. But Mr Merz's blood is in the water, and the sharks are circling.

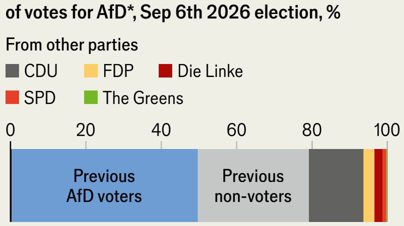
No dramatic movement is likely at least until further state elections on September 20th, in Berlin and the north-eastern state of Mecklenburg-Vorpommern. But both hold fresh dangers for the CDU. In the capital, which the party currently runs, it is in a vicious fight with the hard-left Die Linke, which has found an audience for its call for the expropriation of corporate landlords. In Mecklenburg-Vorpommern the CDU is squeezed in a two-horse race between Manuela Schwesig, the SPD incumbent, and the AfD. It risks falling below 10%. "The worse the results, the more pressing the question 'What do we need to change?'" says Günter Krings, a CDU MP.

Yet there are signs that the government's domestic agenda may be blown off course. In July the coalition agreed on a 34-point package of reforms to taxes, pensions and other economic topics. It was the first serious domestic-policy achievement of a coalition that had hitherto been marked by squabbles and vetoes. But after the Saxony-Anhalt election Lars Klingbeil, the SPD co-chief and vice-chancellor, called it a "signal" that the government had to rethink its approach. That has inspired conservatives in Mr Merz's camp to grumble about a tax reform they always regarded as weak but had previously been prepared to swallow for the sake of coalition harmony. In his Bundestag address Mr Merz hinted he was willing to rethink a crucial element of the pension reform. More watering-down would further enrage CDU members who already feel Mr Merz has given too much to his SPD partner. But such is the strength of the AfD that neither coalition partner has anywhere else to go.

The irony is that German politics is fraying just as there are tentative signs of life in the long-stagnant economy (see Finance & economics section). Germany has weathered the latest energy shock better than some feared, and the government's splurge on infrastructure is gathering pace. The chancellor's reformist zeal appears undimmed. "Giving up is not an option for me," said Mr Merz after the election. But it may be for some in his party. ■

**Off the couch**

**Saxony-Anhalt, Germany, estimated origin of votes for AfD*, Sep 6th 2026 election, %**




*Based on voting behaviour in 2021 election
Source: Infratest dimap

Spain and Morocco

## Botching Ceuta

CEUTA

**Pedro Sánchez has turned a manageable migration problem into a crisis**

As the afternoon draws to a close, the 2,000 or so migrants living in tents or makeshift lean-tos on Trampolín beach make their way to its eastern end. Police form them into groups of 30 or so, squatting on the ground, as they wait for a daily meal provided by the Red Cross. It is six weeks since more than 70,000 migrants surged across the border from Morocco into Ceuta, a Spanish exclave on the North African coast, and up to 10,000 are still there. "We are waiting for a solution," says Abdel Karim, a solderer from Tangier. "We all want to go to the mainland to work." A dozen other young men around him, all Moroccans bar one Algerian, concur.

That is what other European countries fear, and what Pedro Sánchez's Socialist government vowed would not happen. At the outset of the crisis Mr Sánchez fleetingly visited Ceuta and denounced an "attack on Spain's territorial integrity". His foreign minister promised that "every last person who has entered Spain irregularly" would be returned.

Ceuta's 84,000 residents are still waiting. After 63,000 migrants trekked back across the border within days of entering Spain, press reports wrongly estimated only a few thousand remained. Mr Sánchez went off on three weeks' holiday. Only in late August did the government do what many demanded from the start. It took direct charge, as Ceuta's mayor had urged, and promised 6,000 places for migrants in tent camps; more than half have been set up. It has also announced aid for the city of up to €309m ($360m).

Ceutans want all the migrants sent back immediately. But as Mr Sánchez has pointed out, Spain cannot just "throw [them] across the border like a sack of dirt". Unaccompanied minors, of whom there are around 2,500, cannot easily be deported under Spanish and international law. Spain rejects nearly all asylum claims from Morocco, but it must register and interview migrants before sending them back. Yet the government has shown little urgency. None of the dozen interviewed on Trampolín beach had had their details taken.

Life for Ceutans has become deeply unpleasant. Hundreds of migrants sleep in the street in front of the city's hospital, where the stench is nauseous. Fear of crime has increased. Soldiers stand guard outside every supermarket. Parents are scared to let children go out, even to school. Some migrants have picked up infectious diseases. "We've treated hundreds and hundreds of migrants each day," says Elisabeth Muñoz, who heads the nurses' union at the hospital. Meanwhile, she says, Ceutans are cancelling medical appointments for fear of infection.

Businesses have lost out from the cancellation of the town's annual festival week and the absence of tourists. "My catastrophe begins again each day," says Arantxa Campos, who heads the local business association. "People don't want to leave home, to shop or to come to Ceuta."

Despite a police report detailing how Moroccan security forces encouraged the migrants, Mr Sánchez has been oddly reluctant to criticise his neighbour. Morocco has long claimed sovereignty over Ceuta and many Spaniards see the surge as a tactic of hybrid war. Locals were heartened when tens of thousands demonstrated across Spain in solidarity with Ceuta on September 2nd. But if Spain wants to keep the city viable, it will have to do more. "Many young people are rethinking whether to stay here or make their life elsewhere. That's Morocco's strategy," says Carlos Rontomé, who directs the local branch of the national distance-learning university.

The sharp political reflexes that Mr Sánchez has shown in eight years as prime minister have deserted him in this crisis. In a survey published this week, only 14% thought he had handled it well. A general election is due next year, and polls give the right-wing opposition a solid majority. Ceuta is likely to fester for months. "It's a problem related to immigration, an issue that is the great mobiliser for the right," points out Luis Miller, a political scientist. For Spain and for Mr Sánchez, much is at stake on the streets of Ceuta. ■

Russian education

# Putin's war on children's minds

**Soviet-style indoctrination is back, as schools become part of the war effort**

"HOW DID you feel when you committed your first murder?" a pupil in a classroom asks a man in military uniform. The teacher interjects: "These are not murders. This is war." The officer is unfazed: "It's the destruction of enemy manpower, you shoot and you don't know whether he is dead or wounded. Only with a grenade launcher can you be sure."

The exchange took place in October 2024 in a ninth-grade classroom in Vladimir, a city 200km east of Moscow. It was part of a "Lesson of Courage", a regular event in classrooms across the country since Russia invaded Ukraine. The lessons are part of a massive programme of indoctrination: Vladimir Putin calls the battle for children's minds a "new front". "Patriotic education" has entered the curricula of schools and universities. On September 1st it was introduced in kindergartens.

"A sovereign education system…is an absolutely fundamental matter," Mr Putin declared in 2023. Making education "sovereign" has meant rolling back the autonomy Russian schools enjoyed after the Soviet Union collapsed. In 2022 Mr Putin signed a law mandating a "federal programme of upbringing", so that citizens "know and respect Russia's…military exploits and labour achievements". Each week pupils of all ages gather for "Conversations about Important Things". Scripts are assigned by the Ministry of Education. Most concern Russian scientists, musicians, nature and sport. But about 10% are military, including "Russia: A Nation of Victors" and "The Reunification of Crimea with Russia".

Middle-school teachers are supposed to link the war against Ukraine to the Great Patriotic War, as Russians call the second world war: "Once again, our country must defend not only its territorial integrity and sovereignty, but also the principles of a multipolar world." In high school they must blame "the collective West" for prolonging the fighting by supplying Ukraine with arms. Visiting soldiers share combat experiences and demonstrate how to pilot drones. This year the government reinstated the Soviet-era subject of "Initial Military Preparation". "Few take it more seriously than PE," one teacher says.

Reports by independent Russian media outlets find that most pupils are bored by the lectures. Efforts to reintroduce Soviet-style indoctrination are also bringing back Soviet habits of evasion and quiet sabotage. Many parents allow their children to skip the "Conversations about Important Things". A lawyer in the Urals who had his son exempted says no pupil has been punished for missing them. Students and teachers see it as a burden, says Maria, a chemistry teacher. She lets her pupils use the class time to do homework.

When teachers clearly do not believe what they are saying, the result is not fanaticism but doublethink. "Pupils see that lying and pretending is a socially approved norm," says a parent in the Urals. The indoctrination programmes are crippled by the regime's lack of a coherent ideology, says an educational psychologist in Krasnoyarsk. The "Russian world", a phrase often used in Kremlin propaganda, "is not an ideology, because it has no goal".

Consider the Movement of the First, a state-sponsored youth group formed in June 2022, meant to mimic the Soviet-era scouting organisation known as the Pioneers. The Pioneers served as the initial stage of communist indoctrination. The Movement, in contrast, is a simulacrum. Its supervisors say they are often frustrated by children asking what the point of the group is. Unlike the former Komsomol (Young Communist League), it offers no opportunities for social advancement, university placement or foreign travel.

The state is trying to make up for its lack of an ideology by cultivating masculinity. Yunarmiya, a military youth group that teaches children to march in formation starting at age eight, claims to have 2m members. Since joining up requires parental consent, its recruiters "are particularly successful in orphanages", says the educational psychologist.

Other patriotic groups are private. The Sarma children's centre in Irkutsk, in Russia's far east, was founded by Sergei Terekhov, a veteran of the second Chechen wars. He teaches discipline and military skills to children with behavioural problems, who are often brought by their parents. "We hammer it into their heads: here, you are not Petya, Vasya, or Masha—you are a military unit," says Mr Terekhov.

The effort to make education "sovereign" comes at the cost of lower standards. Foreign exchanges between Russia and Europe have all but stopped (in part due to European sanctions). International Baccalaureate, a Geneva-based charity that administers a widely recognised international curriculum, has been banned as an "undesirable organisation". Study of foreign languages has been pared back.

Instead a new subject will be added from January 1st: "Spiritual and Moral Culture of Russia". It intends to impart "traditional Russian values" by studying the lives of famous Russians, "including heroes of the special military operation" (ie, the war on Ukraine). The mandatory history curriculum is to be based on an error-ridden textbook by Vladimir Medinsky, an aide to Mr Putin, that calls Ukraine an artificial state. A forthcoming textbook for social studies will be edited by Dmitry Medvedev, a former president and war zealot, and will focus more on geopolitics and less on political institutions. Mr Putin's war for children's minds is succeeding mostly at damaging them. ■

**A girl has no name**

# CHARLEMAGNE
## *Foreign affairs, domestic rows*

*Facing global crises, Europe rearranges the diplomatic deckchairs*


MANY DREAMS haunt the corridors of European Union institutions in Brussels, the ghosts of summits past. Perhaps one day the continent's administrators could spur the growth of home-grown tech champions, thus ending Europeans' reliance on Silicon Valley giants. Maybe, in this life or the next, Eurocrats might devise a way to make France stick to the bloc's budget rules. Still more improbably, Brussels-based mandarins could one day find a way to forge a unified foreign policy that satisfies the union's 27 member states, thus allowing the continent to speak to the world with a single voice. That'll show the Americans, Chinese and Russians that the EU is a force to be reckoned with!

Reality has a way of puncturing such plans. Neither the effort to rival America's IT industry nor that to restrain French budgets has achieved much so far. The notion that Europe might be able to act as one in diplomatic matters, however, is getting a fresh boost. Plans crafted by Germany and France, the EU's two biggest members, envision a rewiring of the club's diplomatic apparatus. In an age of geopolitical uncertainty, finding a way for the EU to coordinate its foreign policy seems urgent. Yet the fault for any current dysfunction lies less with the diplomats than with their political masters. Blaming EU foreign-service wallahs for the bloc's lack of diplomatic clout is like blaming deckhands for the sinking of a boat which the admirals on the bridge steered onto the rocks. How does one carry out a common foreign policy when, much of the time, there is no common foreign policy to carry out?

All sides agree that something is not quite right with the EU's diplomatic machinery. A proto-foreign ministry set up in 2011 in the wake of the last big update of the bloc's treaty, it is known inelegantly as the European External Action Service (EEAS). It is meant to be answerable both to the EU's national capitals and to the bloc's institutions. The result is a jumbled mess. Instead of having a foreign minister, the EU has a "High Representative/Vice-President"—not a job title that Henry Kissinger would have recognised. Since 2024 the position has been held by Kaja Kallas, a former prime minister of Estonia known for her hawkish views on Russia. Despite being the highest-profile HR/VP yet, she has had little more success than her three predecessors did.

To its critics the EEAS seems more interested in fighting—and losing—turf wars in Brussels than it is in running over 100 EU diplomatic missions around the world. Nobody thinks it works well now, or ever has. Few outside Brussels would notice were the EEAS to be more or less scrapped, as Germany and France seem to be suggesting. (The bulk of its work, under their plan, would be done by the European Commission, of which Ms Kallas is one of six vice-presidents.) It is easy for member states to blame the diplomats for the diplomatic service's failures, and to simply remodel the organigram. But that presumes a better institutional arrangement would bring about a better outcome. That is almost as clear as the path through north-Atlantic icebergs on a foggy night.

In fact the convoluted diplomatic setup is not so much the cause of the problem as a symptom of a deeper one. In most policymaking matters EU members either agree to pool a great deal of sovereignty so as to maximise their collective *Schwung* (as they do when regulating vast swathes of business or negotiating trade deals), or jealously guard their national prerogatives (as with most taxation and policing). Diplomacy has fallen into a crack between these two approaches. The clunky EEAS apparatus suggests a will for collective action, raising expectations that Things Will Be Done. But decisions on foreign-policy need to be approved unanimously by the 27 national governments, which disagree on all sorts of things. Meetings of EU foreign ministers chaired by Ms Kallas are little more than talking shops. The result is that Europe generally looks divided and muddled.

Rearranging the diplomatic deckchairs will do nothing to resolve the deep-seated differences that have splintered the EU's putatively joint foreign policy. Fancy a single European approach on Israel and Palestine? Good luck: Germany is among the most steadfast allies of Israel; Spaniards see its government as little short of genocidal. No Eurocratic Talleyrand or Metternich could bridge that gap. How about "strategic autonomy" from America? France has wanted it for decades; Poland and others in the continent's east think NATO is still essential to their security. The list of disagreements goes on. Only on supporting Ukraine has there been consensus, as befits an existential crisis for the continent.

### Diplomatic immaturity

The fatal flaw of the EU's current structure is that it was set up in a different era. In the calmer pre-Trumpian days of the early 2010s, the EEAS kept itself busy wrangling problems that few national leaders cared much about, such as the future of the western Balkans or sanctions on Iran. But these days geopolitics is everywhere. Be it China's excess industrial capacity, Russian hybrid attacks or American adventurism in Greenland and the Strait of Hormuz, events abroad dictate political dynamics at the national level. Hence matters once delegated to foreign ministries are now routinely handled by national leaders, points out Stefan Lehne of Carnegie Europe, a think-tank. That has left even less to outsource to well-meaning diplomats serving the EU institutions.

Can anything turn the EU into a coherent diplomatic actor? For years, Germany has urged for foreign policy to be decided on qualified-majority grounds, abolishing vetoes by individual countries. But that change would itself require unanimous consent, which is not forthcoming. The EU's diplomats will continue to be blamed for failing to present a clear position to the world. As some in their ranks might be tempted to point out undiplomatically: no organigram can conjure up unity where none exists. ■

# Britain

Britain and Islamism

## Much ado about...something

BRADFORD

**Islamism is a threat to Britain. Islam is not**

SOHAIL AHMED, a former Islamist, was six years old when his parents radicalised him. He remembers music being banned from the house, and his teddy bear having its head cut off (many radicals prohibit representations of sentient creatures). The catalyst was the Bosnian genocide of 1992-95. "This is how much white people hate Muslims," Mr Ahmed recalls being told. It was the first wave of radicalisation among British Muslims, he says. The second came with 9/11, Afghanistan and Iraq. Gaza, he fears, is the third—allowing extremists "to drive a wedge between Muslims and non-Muslims".

That wedge may be growing. "Their doctrine is simply not compatible with our culture," wrote Charlie Downes in a recent social-media tirade. The campaigns director of Restore Britain, a far-right party, was referring to Muslims. Last year a YouGov poll found that 41% of Britons think Muslim immigrants have a negative impact on the country, more than double the figure for any other religious migrant group; 53% agreed that Islam is incompatible with British values.

Some of that anxiety comes from the speed of change. Over the past 25 years Britain's Muslim population has more than doubled, to 7% of the total. Around 38% are of Pakistani heritage. Bangladeshis make up 15% and the rest are a mix from South Asia, Africa and the Middle East. Half were born in Britain, but over the past five years roughly as many Muslims have immigrated to Britain as in any previous decade.

Scandal has bred suspicion. Synagogue attacks and the abuse of British girls by gangs of men of predominantly Pakistani heritage have amplified worries about Islam's role in the country.

The idea that Muslims pose a threat is unfounded. But Islamism, in Europe a fringe ideology that believes government and society should be guided by Islamic principles, is indeed a threat. It is an attempt to administer Islamic principles through state institutions—for sharia to become the law. It is an authoritarian ideology that rejects integration and opposes pluralism, free expression and equal rights. This can lend itself to violent tactics. But jihadists are just one type of Islamist. Others seek influence through lobbying and protests. Non-violent Islamism is an issue Britain has struggled to deal with.

It is hard to estimate the prevalence of Islamist sympathy. A new poll commissioned by *The Economist* finds that 52% of Muslims in Britain think same-sex rela-

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— Fishermen's woes

tionships are "morally wrong" (see chart), compared with 13% of the general public who "opposed" same-sex relationships in the 2021 British Social Attitudes survey. A majority (62%) say that a woman should wear the hijab (headscarf) in the presence of men other than their husband or close relatives; 20% say that it is not a matter of personal choice.

Being a social conservative does not make you a threat to Western values. Being an Islamist does. Counter-extremism researchers estimate that perhaps 20% of British Muslims have Islamist sympathies. Our poll finds that 33% of Muslims in Britain think that "Islamic principles should guide public life, laws, politics and government"; 29% think sharia should play some role in British law; and 20% think Islamic teaching should take priority over British law if there is a clash. According to 32% of those surveyed, violence can be justified if someone insults the Prophet Muhammad; 76% believe it should be against the law to deliberately damage a religious text.

Most Muslims *The Economist* spoke to for this article said they had never met an Islamist, and knew little about the ideology. "I think we are attacked unfairly," says Mukhtar Ali, a former trade unionist in Bradford. "We are a part of Britain and we are very proud of that." Sometimes the line is blurrier. Shahid Ali, an imam, says, "It is stupidity to want sharia law in England." But on Facebook he castigates Muslims for not working harder to create a caliphate.

### Network effects

According to Sir Ken McCallum, head of MI5, Britain's domestic-security service, some 75% of its counter-terrorism workload concerns Islamists. But most Islamists are not violent. They prefer a strategy of "entryism": the idea that a small group of ideologues can wield outsize influence by occupying positions of power.

Several big Muslim organisations remain beyond the pale for the government. In 2014 an inquiry by the Department for Education discovered a "co-ordinated, deliberate and sustained" effort to introduce an "aggressive Islamic ethos into a few schools in Birmingham". The Metropolitan Police have had to cut ties with a number of advisers on Muslim issues after concerns were raised about their views, connections and social-media posts. In July the head of the Al-Khair Foundation, one of Britain's biggest Muslim charities, was arrested after America's FBI accused him of funnelling funds to Hamas.


Part of the landscape

Gaza is a flashpoint. Hostility to Israel and Western intervention in the Middle East has nurtured an alliance between Islamists and the populist left. The Green Party mayor of Lewisham, in London, has close links with Shakeel Begg, a local imam described by a judge in 2016 as an "extremist" who "encouraged religious violence". Given their opposing views on most social issues, a Green-Islamist alliance may look odd. But hardline clerics tell British Muslims to focus on more urgent matters, like Gaza. A survey by 5Pillars, an Islamist blog, found that 20% of its readers had planned to vote Green in recent local elections.

The impact of these Islamist networks is most obvious in how local authorities respond to issues of faith. In 2021 a schoolteacher in Batley, Yorkshire, received death threats after showing a cartoon of the Prophet Muhammad during a religious-studies lesson (he remains in hiding). An autistic schoolboy in nearby Wakefield received similar threats after allegedly dropping a Koran. Following protests led by local imams, and criticism from Muslim councillors, both the teacher and schoolboy were suspended. Those issuing death threats faced no serious police action.

Underlying that response is the false premise, promoted by Islamists, that all Muslims share their religious sensitivities. The problem, as Hazem Kandil of Cambridge University puts it, is that "decision-makers don't understand that a lot of the Muslims they come across in these spaces represent Islamism and not Islam."

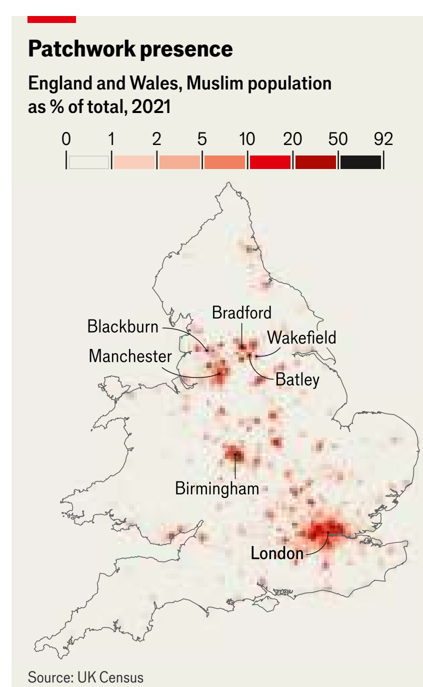
Hannah Stuart, director of the Counter Extremism Group, a think-tank, worries that nationally, too, Islamist framings are too often allowed to dominate policy debates—notably around "Islamophobia". She points to the government's recently published definition of anti-Muslim hostility, which critics, including many Muslims, argue undermines free speech by conflating criticism of Islam with bigotry against Muslims. Some suspect it was drafted with input from Islamist-leaning organisations.

Some Muslim campaign groups say that the government should close down Prevent, its counter-radicalisation programme, which they consider to be "Islamophobic". The effect, Ms Stuart says, is "to cast concerns around Islamism as evidence of anti-Muslim prejudice".

This has had an impact. In 2016 Andy Burnham, now prime minister, called Prevent "toxic" and said it should be scrapped. Islamist extremism accounted for just 8% of Prevent referrals last year, despite making up most of the security services' anti-terrorist caseload. In 2023 a controversial independent review found that "the narrative that Prevent intends to harm Muslim communities" had led to a "hesitancy" on "reporting Islamist-related concerns".

### Nuts and bolts

The Muslim Vote, a campaign group, hopes that an expanding Muslim population will elect many more independent Muslim MPs at the next election. Already, three of the four it has endorsed have been



a voice for the anti-Prevent campaign.

Islamist networks thrive in dense, segregated, poor Muslim communities such as Blackburn, Lancashire. Half of its 12 council wards are over 60% Muslim; two are over 80%. Saima Afzal, a former councillor who campaigns against abuse of women in the South Asian community, describes sustained intimidation from male Muslim leaders well-connected to local politicians.

Nationally, Muslim segregation is falling. But averages can obscure local trends. Using census data for England and Wales, we calculate that in 2001 just 66 neighbourhoods had a Muslim population of over 70%. By 2021 that had risen to 237 (out of a total of 35,000). Arguably, Islamists have more space to work in than ever before.

The victims are often other Muslims. When secular Bangladeshis in east London receive threats from Islamists, they complain that police turn a blind eye. Women are most vulnerable. A 2018 government investigation estimated that up to 85 sharia councils exist in Britain. They are voluntary, with no legal weight, but worriers argue that they enable misogyny and coercion—and the police and local councils are reluctant to intervene. "Many professionals are terrified of being called racist or Islamophobic," says Ms Afzal.

Right-wingers often claim that new arrivals import extremist beliefs. A greater danger, warn counter-extremism experts, is that newcomers live in isolated, conservative communities where they never experience multicultural Britain. A 2016 review found that pupils at one primary school in Blackburn estimated that Britain's population was between 50% and 90% Asian. "There are schools in this country that don't have a single white British child," says Ghaffar Hussain, director of Groundswell, an organisation working on counter-extremism. "If you tell new immigrants to blend in, they will ask: 'Blend into what?'"

Islamists and the far right agree that Islam is incompatible with Western civilisation. Both portray Islamism as the normative version of British Islam. It is not. Sohail Ahmed found his way out of radicalism thanks partly to seeing that Muslim scholars who embraced scientific reasoning long before the European enlightenment offered a form of Islam that bears little resemblance to that of today's Islamists. "I was taught to hate other Muslims even more than non-Muslims," he says.

In Whitechapel, a Muslim-majority area of London, Kismet is a cosy café celebrating Muslim culture. Set up by Muddassar Ahmed, it hosts jazz nights, Muslim comedians and a spectacular collection of Ottoman-era maps. It does not host hardline groups which "want to tell other Muslims they're doing Islam wrong", explains Mr Ahmed. "I won't have them here," he says. "I think they're nuts." ■

**Bangladeshis**

# Hidden success

**One Muslim ethnic group is doing better than you might think**

HOW WELL integrated are British Muslims, in a social and economic sense? Consider an ethnic group that is more than nine-tenths Muslim: the roughly 650,000 Bangladeshis of England and Wales.

In 1987 the future Charles III visited Spitalfields in east London, where many Bangladeshis had settled since 1945. He was horrified. "They are working and living in conditions almost as bad as those on the Indian subcontinent," he said. "It really is not acceptable." The Commission for Racial Equality, a public body, later pointed out that Bangladeshis had poor health and a desperately low employment rate.

Their attainment in school was "very low indeed", said a report for the government in 1985. Many children had migrated from rural Bangladesh, with little education. They spoke poor English. Some teachers expected little of them. Their parents sent them to local schools, because they feared attacks by white racists.

Many Bangladeshis remain poor. One in two have incomes in the bottom quintile nationally, after housing costs. The median household has wealth of less than £100,000 ($135,000); the average for all ethnic groups is about £300,000. Bangladeshis are still concentrated in east London. Yet if they appear stuck, that is an illusion.

Today, young Bangladeshis triumph in school. In the early 2010s they started doing as well as white Britons in GCSE exams,


**East End in flux**

normally taken at 16. They now do far better. Fully 67% of Bangladeshis who took GCSEs in 2021 were enrolled in university by age 19, compared with 38% of white Britons. Growing numbers go to competitive universities and study subjects that lead to good jobs. Over the past decade the number studying engineering and technology has doubled, while the number studying medicine and dentistry has tripled.

A big reason why Bangladeshi households were and are poor is that many women are economically inactive. But that too is changing. The 2021 census showed that 68% of British-born Bangladeshis aged 25 to 34 were employed, compared with 79% of white British women. The overall Bangladeshi rate is lowered by immigrant women, just 32% of whom in that age group were employed.

Bangladeshis are less likely to have good jobs than might be expected, given their educational prowess. Yet the British-born do not fare too badly. At the last census, 14% of 25- to 34-year-olds held professional or managerial jobs, almost identical to the rate among white Britons. Since 2010-11 the number of Bangladeshi teachers in English schools has almost tripled.

Being concentrated in Britain's most dynamic city helps. Britain's Pakistanis, who are more likely to live in post-industrial towns in northern England, are faring less well at school. But they too have overtaken white Britons. Anisa Butt of the National Institute of Economic and Social Research, a think-tank, says that educated Bangladeshi and Pakistani women rule the marriage market: "The more qualified you are, the more desirable you are."

When a group of people migrates in a rush, then more or less stops coming, its progress is likely to be obvious. The Asians who were cruelly kicked out of east Africa in the 1970s are rightly celebrated for their economic success in Britain. The many eastern Europeans who arrived in the 2000s deserve some applause too. Poles, the largest group, mostly started out doing working-class jobs but now earn slightly more than native-born Britons.

Bangladeshis are a mix of the newly arrived and the long-established. Almost half were born outside Britain—which is also true of the entire Muslim population of England and Wales. Because the Bangladeshi population keeps being diluted by immigrants, its economic integration can be hard to see. But it is happening. ■

**Our podcast on Tommy Robinson**

How did he go from fringe hooligan to a man whose views on Islam in Britain influence some of the most powerful people in America? Listen to The Weekend Intelligence, from September 12th, at: **economist.com/shirefolk**

# BAGEHOT
## *The misanthrope party*

*Reform UK's miserabilist streak*

Should Nigel Farage become prime minister, his first duty would be to hand-write orders to the commanders of Britain's nuclear-armed submarines on how to respond if the government were destroyed in an all-out war. His followers know their preference. Presented with four options, 41% of Reform UK supporters would order a counter-strike, according to YouGov, a pollster. For Britons at large, more squeamish about Armageddon, it is 22%.

Frying Moscow is just one respect in which supporters of Britain's biggest populist-right party stand out. Pick a question of policy, and chances are Reformers are the outliers. They are unusually suspicious of vaccines, unusually unfussed about Ukraine's fate and unusually approving of recent anti-migrant demonstrations by masked men at English ports.

But it is temperament more than policy that makes them a breed apart, from the country and from the old Conservative Party from which Mr Farage has recruited his ranks. Reformers tend to be less trusting of the state, more suspicious of their fellow citizens and less engaged in Britain's cultural life. Britain has its problems, but Reform folk are more inclined to think it is fundamentally broken. It is as if Mr Farage has made the party a sieve, adeptly sifting the most cynical quarter of the electorate. He has long traded as the head of a merry band of liberty-lovers. In practice, Reform's animating spirit is misanthropy.

Misanthropy keeps Mr Farage in a job. Any other party might dump its leader: Reform's polling has slumped, from a peak of 30% to 23%, and it has failed in a string of by-elections. Its conference this month was ruined by an undercover television sting, in which two aides appeared to fish for illegal foreign donations. Mr Farage declared, weakly, that it was an establishment conspiracy.

The delegates lapped it up. Reformers need no convincing that the world is out to get them. They are more likely than voters at large to say that politicians habitually lie. They have more faith in GB News, a right-wing television channel, than in the judiciary that Mr Farage threatens to neuter. Such is the anti-establishment spirit that they rate King Charles III more poorly than leftist Green voters do. If the system is rotten, the logic seems to run, then a little rule-breaking in the pursuit of power is no crime.

On some measures many Reformers look like old-fashioned libertarians, more hostile to smoking bans and shrieky emergency phone alerts. Bagehot knocks no one for wanting the government off their backs. Still, there is a difference between individualism and miserabilism. Ronald Reagan knew that the concomitant of a small state was a civic-minded citizenry of good neighbours. Where Reformers stand out is in the lack of public spirit. They are more inclined than traditional Tories to think that most people would cheat an honesty box, and twice as likely to say they themselves would keep a bag of banknotes they found in a bush.

Individualism was not meant to be this joyless. Most Reform supporters say Britons complain too little rather than too much. They care less for the Olympics, Wimbledon, the Oscars or seeing the Bayeux tapestry in London, which is odd for a party that venerates British history. You can hunt for a demographic explanation, but character counts in life—and some voters are just less fun. Control for age and education, and Reform voters are still less inclined to read a book or see a play, which is a pity, since the adaptation of Molière's "The Misanthrope" at the National Theatre this summer was fabulous. "I'm just so done with all the hugging kissing touching bullshit," declares Sandra Oh's Alice, a novelist who regards herself as an anti-woke truth-teller; her friends think she is just rude. Doubtless, Reformers would empathise with her.

There is no sin in being an outlier. Pluralist Britain cherishes all its diverse communities, including the misanthropes. But such idiosyncrasy undermines an idea that gripped politics after the Brexit referendum, as influential as it was silly. It held that Mr Farage's followers, those he called the "real people, ordinary people", topped a moral hierarchy of voters—an *Angleterre profonde*, more authentic and consequential than their peers. It got everywhere, from BBC safaris to Brexit-voting towns, and Theresa May's war on the elites she called the "citizens of nowhere", to Sir Keir Starmer's pursuit of the "hero voters" whom he regarded as the lost soul of the Labour Party. Yet Britain is now a fragmented democracy in which parties scrabble like supermarkets for vote shares in the low 20s. To believe that any party speaks for a silent majority misunderstands both electoral science and fractions.

And so if misanthropy sustains Mr Farage, it is also a trap. Elections are a negotiation between a party's base and the wider public, and for Reform the gulf is larger than most. It is easier for Labour to triangulate over, say, the optimal rate of income tax than it is for Mr Farage over whether balaclava-clad street gangs are a good thing or a bad thing.

### A grand day out

Some oddities are revealed only in the flesh. One is the euphoria. At Mr Farage's rallies, head to the front and turn to watch the crowd rather than the stage. There's a look on some elderly supporters when the leader reaches his peroration more typically seen on teenagers at a Taylor Swift concert, which doesn't happen at Andy Burnham's speeches.

The other is an appetite for a fight—not seeking out provocation, but fast to rise to it, and faster than a decade ago. Mr Farage was interrupted by hecklers. A delegate thwacked the first with his walking stick; another pulled her by the hair. The hall roared like the Colosseum. Robert Jenrick, the party's finance spokesman, was later asked about the mêlée. "Oh, boo-hoo," he replied. "Get a life." He was once a prim Tory. But such is the stuff people must say when they want to get ahead in the misanthrope party. ■

# Middle East & Africa

Oil from the Gulf

## Ships that pass

**Is traffic through Hormuz really back to normal?**

LISTEN TO DONALD TRUMP and normality reigns in the world's most contested waterway. America and Iran may be firing again, but "Hormuz Oil Volumes are BACK," declared the president on September 3rd. He claims that 18m barrels a day (b/d) now pass through the strait—just shy of the pre-war average of 20m. J.D. Vance, his vice-president, says Iran's control of Hormuz is "effectively gone".

"A big lie," counters Mohsen Rezaei, Iran's top security official. He puts daily crossings at seven or eight ships, far below the 30-40 that Mr Trump's camp claims. Ship-trackers are sceptical, too: Kpler, a data firm, has outflow below 5m b/d in the week to August 30th (see chart on next page). Even the Joint Maritime Information Centre, linked to America's navy, cannot square its count of nearly 30 daily passages with the single digits independent trackers typically report.

Neither side has much incentive to show its workings, notes Shahin Iraninejad of GSSI, a sovereign-risk advisory firm. America wants voters to believe the millions of dollars it splashes daily on escorting tankers in the Gulf are paying off; Iran wants to appear in control of the strait, even as more oil slips through. But reality matters. The more Gulf exports are throttled, the deeper importers must dip into stocks or bid up oil elsewhere; Brent crude is back above $100 a barrel for the first time since July. So who is closer to the truth?

The truth is murky because most tankers now cross with transponders off, to avoid becoming targets. Some broadcast signals, but pervasive radio jamming blurs the picture. Others tamper with their radios to fake their location. Most transits happen at night, out of satellites' view. Complicating matters, Gulf barrels often change hands before reaching the high seas: a few firms carry most of the traffic, shuttling oil through the strait before clandestinely transferring cargo outside it.

So tanker-counters infer transits retroactively, tracking loadings and discharges and watching for vessels that vanish from the Gulf only to resurface outside it, explains Pamela Munger of Vortexa, another ship-tracker. Passages are often confirmed with a lag, so initial numbers are best read as a floor, revised up as more transits surface. Kpler recently raised its estimate for the week to August 10th to 7.2m b/d, up from an initial calculation of 4.7m.

Assuming similar undercounting throughout August, Kpler's eventual reading at the turn of the month may near the 9m b/d seven-day average that Chris Wright, America's energy secretary, cited on September 6th. Part of the gap lies in definitions: what counts as oil (crude only or products too); where the counting line sits (the strait or the Gulf of Oman); and when a barrel is dated (at loading, at crossing or on reappearance). Commercial trackers like Kpler and Vortexa are clear about their methodology; officials are not, ▸▸

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and probably favour generous definitions.

That still doesn't explain Mr Trump's 18m b/d. Perhaps he cherry-picked an exceptional day: since March, counting every possible oil product, Vortexa has recorded only two days above 16m. Or maybe he mixed in exports that now bypass the strait entirely. Since February Saudi Arabia has pushed more crude through its East-West pipeline, lifting exports from its Red Sea ports by 1m-3m b/d; the United Arab Emirates has rerouted around 1m b/d through a pipeline to Fujairah. Add a little more from Oman, over a favourable window, and bypass routes may amount to 5m b/d.

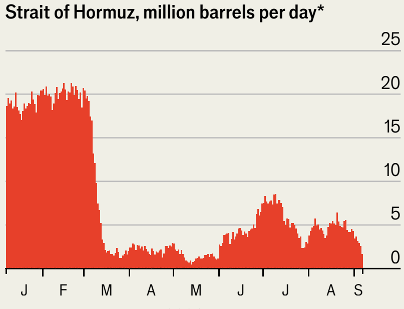
Either way, the figure is not helpful. Shipping flows are bumpy, so weekly averages say more than daily tallies. The latest tit-for-tat attacks on ships, plus Iranian threats against tankers shuttling crude through Hormuz, has curbed transits sharply in recent days, notes John Ollett of Argus Media, a price-reporting agency. On September 8th Kpler counted eight transits, down from 23 a week before. Attacks by Yemen's Houthis on ships and Saudi targets have slowed Red Sea shipments.

That points to a sober reality for Mr Trump: past Hormuz traffic does not predict future performance because progress can reverse quickly. No amount of American spin has brought insurance rates for crossing Hormuz below 10% of a ship's value (they averaged 0.25% before the war). Even if mines have been cleared from parts of the strait, as Mr Trump claims, they can drift in from elsewhere, and Iran can lay new ones. Its forces can still strike tankers.

Oil markets are showing renewed signs of stress. North Sea Dated, a near-term crude benchmark, is over $113 a barrel, up from $70 in June. Diesel has burst through $200 a barrel in America (and $198 in Europe), nearly double its price in February. And on September 9th Mr Trump suggested that the conflict with Iran would not end until after the midterm elections. For now, the president can fight a data war all he likes. What matters is how many importers receive the barrels they ordered. ■

**Trickling through**

Global oil exports passing through the Strait of Hormuz, million barrels per day*




Source: Kpler *Seven-day moving average

Middle Eastern trade

# The new, old Silk Road

BAGHDAD, DUBAI AND HOMS

**As the Iran war menaces shipping, land routes are making a comeback**

It takes ten days to drive from the oil-fields of southern Iraq to Syria's Mediterranean port of Baniyas and back. The journey, across flat desert in temperatures topping 50°C, is hardly pleasant. Yet after six months of on-off closure of the Strait of Hormuz, Iraq needs an outlet badly enough for 1,300 lorries, travelling in huge convoys, to make the trip daily, according to Yarob Badr, Syria's transport minister.

For now, these journeys account for perhaps 5% of Iraq's pre-war oil exports. But it may be the start of something bigger. Since the Iran war began, attacks on shipping along with the periodic closure of airports, have forced countries in the Middle East to seek new ways to connect.

Ever since a Portuguese general sailed into the Strait of Hormuz in 1507, sea lanes progressively displaced land routes. First galleons, then merchant vessels, then supertankers carried ever larger cargoes as camel trains faltered. And after colonial powers carved the region into competing states, nationalism turned borders into barriers. On the eve of its independence, Israel blew up the railway bridges connecting it to its neighbours. Gulf rulers sold their oil by sea to faraway countries rather than across their immediate borders, and looked to global powers for protection.

Even before the war this year, there had been signs that land routes were making a comeback, spurring nostalgia for the old Silk Road that made the region a prosperous node of civilisation. Sanctions against Iran prompted the development of a vast network of informal trade with its neighbours. For years militias doubled as smuggling rings, moving basics as well as weapons and drugs. "Iran's network already controls the overland economic corridors," says a former American official.

The fall of the Assad regime in Syria in 2024 opened new routes through that country and brought America and its Gulf allies back into the equation. In December Thomas Barrack, America's envoy for Syria and Iraq, pushed to tie the region's countries closer together with pipelines and fibre-optic cables. Having pummelled Iran's proxies, Israel revived hopes for the India-Middle East-Europe Economic Corridor, whose overland leg would stretch over 2,500km from Dubai to Haifa.

America's war with Iran has accelerated other land routes. It has in effect shut Jebel Ali in Dubai, the region's largest sea port.


**Selected land trade routes through the Middle East**

In operation, under construction or planned, Sep 2026

Source: *The Economist*

In the first half of 2026 cargo and passenger traffic at Dubai International Airport, the country's largest, was down 30% on the same period a year ago. Goods that would have arrived by ship or air now travel overland, often more than 2,000km from Turkey to the Gulf or 1,600km from Saudi Arabia's west-coast ports. The land bridge helped avert food shortages and offered expats in the Gulf an escape route.

It also meant a bonanza for lorry transport. One logistics company in the United Arab Emirates (UAE) reported earning more in March, the first month of the war, than during the entire previous year. With Iran's ports under blockade, Pakistan reopened six land crossings with Iran to deal with a backlog of 3,000 Iran-bound containers stranded at its port in Karachi. Turkish lorries delivered machinery and medicines to Iran. The UAE and Oman eased customs checks at their border. And Saudi Arabia simplified duties on goods bound for countries in the Gulf Co-operation Council (GCC) arriving at Saudi ports.

Railways are reviving, too. Business travellers report trains travelling every 20 minutes from Iran's Caspian ports to the capital, Tehran, with cargoes including Russian meat, fertiliser and animal fodder. Monthly trade on the new railway linking Iran to Afghanistan more than doubled during the war compared with the previous year's figures. Iran's railway to China through Turkmenistan remains hamstrung with difficulties, including different track gauges. But trains that used to run once a week now do so twice and have begun to carry oil. "New cargo and trade corridors ▸▸

through Turkmenistan toward China are expanding under growing Chinese logistical support," says Nawaf Obeid, a Saudi strategist in London.

Other countries in the region are joining in. In the middle of the war, GCC leaders agreed to speed up the completion of a long-delayed 2,100km, $250bn railway linking Kuwait to Oman. Turkey and Saudi Arabia want to revive the historic Hijaz railway that used to ferry pilgrims from Istanbul to Medina. The aim is to establish a new trade corridor linking the Gulf to Europe via Jordan then Syria. Almost two-thirds of Syria's rail network is defunct, largely because of the civil war, says Mr Badr, the transport minister. But on August 27th he and the Saudi minister of transport met in Damascus to sign agreements for the expansion of roads and railways. The previous day the Lebanese transport minister was there to sign an agreement to reopen the line from Beirut.

The reconfiguration goes beyond roads and railways. Chevron, an American oil major, Aramco, Saudi Arabia's state oil company, and Qatar are all eyeing investments to rebuild pipelines from Iraq to the Mediterranean. On August 29th Iraq's prime minister, Ali Zaidi, ordered faster progress on a $4.6bn plan to build a pipeline that could carry 2m barrels a day from Basra to Haditha near the Syrian border. The Gulf states have already linked their electricity grids. After Iran attacked their desalination plants, they are planning to integrate their water supply, too.

Even the internet is being rerouted. Most digital traffic connecting Europe to Asia passes through fibre-optic cables beneath the Red Sea. Four attacks in 2024, attributed to Houthi rebels, badly damaged connectivity and prompted providers to seek alternatives. Iraq has an international cable through Turkey and is discussing a second along the planned pipeline to Syria and the Mediterranean. In February STC, a Saudi telecommunications firm, signed an $800m deal with Syria to build a fibre-optic "Silklink" extending 4,500km from Europe across the Middle East to Asia.

Most of these plans may never be realised. Money for regional infrastructure is scarcer as oil-rich states prioritise defence and domestic needs. More pertinently, the region remains mired in conflict. Roads and railways are still vulnerable to missile and drone attacks. And the sea remains by far the cheapest way to move goods. It is six times cheaper than rail, 20 times cheaper than road and 300 times cheaper than air, estimates Syria's transport minister.

But prolonged maritime disruption is nonetheless altering the region's economic geography. War appears to be doing what diplomacy has repeatedly failed to achieve: making Middle Eastern neighbours trade with one another again. ■

Maternal health

# The mortal danger of giving life

LAGOS

**Why are so many Nigerian women still dying in childbirth?**

On Peculiar Umensofor's first day on the labour ward, the young nurse says she watched as a patient's amniotic sac began to bulge out onto the bed. Though it was still intact, this was an emergency for a 26-week-old pregnancy. Luckily for the mother and her child, it was happening at a hospital in Nigeria's relatively wealthy Lagos state, with the staff and equipment to perform a life-saving Caesarean section. Thousands of expectant mothers across Nigeria would not be as lucky if their own pregnancies were to take such a turn. Bosede Afolabi, an obstetrics professor at the University of Lagos who also supports pregnant women in poorer parts of the state, recalls travelling in canoes and on tricycles to reach patients.

Around the world, the share of women dying in childbirth has been declining for decades, except for a brief uptick during the covid-19 pandemic (see chart on next page). That includes sub-Saharan Africa, even though its share of the world's maternal deaths is still disproportionately high at 70% (in 2021 around 30% of the world's babies were born in the region). Yet Nigeria, the continent's most populous country, stands out as both particularly dangerous for expectant mothers and particularly slow to improve. In 2023 nearly one in every 100 women giving birth there died, reckons the World Health Organisation, a share only slightly lower than 20 years ago.

The most common deadly complication in pregnancy, in Nigeria as elsewhere, is post-partum haemorrhaging, or rapid blood loss after delivery. Globally, some 45,000 women are estimated to die this way every year. The risk is aggravated by being pregnant with more than one baby, having high blood pressure or living with fibroids, growths in the womb that are especially common in black women. Severe anaemia and sickle-cell disease, both common problems in Nigeria, also increase the risk. So does having had lots of children before, as many Nigerian women do.

Yet elsewhere in the world, including in African countries with similar risk factors, improved access to hospitals and clinics and the spread of relatively simple technologies has made giving birth much less deadly. A cheap plastic drape measures how much blood a mother is losing, so doctors and midwives know when to intervene. International guidelines have been updated to encourage clinicians to make that call sooner. The bundle of drugs to stop the bleeding now costs just $3; cheap antibiotics can fight post-partum sepsis. Because of all this, plus early and regular prenatal care, such as iron tablets taken during pregnancy to combat anaemia, the global picture has notably improved.

Nigerian women, by contrast, often still lack access to even basic maternal care. Giving birth in hospital costs money,

Safer than at home

unlike in, say, India, where the free provision of maternal care was one factor in rapidly lowering mortality. And less than 7% of Nigerians have health insurance. Many poor women (and their husbands, who often control the family's money) view going to a clinic or a hospital as an expensive luxury and register their pregnancies late or not at all. Especially in the countryside, many prefer traditional birth attendants, who are cheaper but rarely have proper medical training. As a result, many women miss out on antenatal care that can spot early signs of irregularities. Too few births are supervised by skilled professionals. Around half of all women giving birth in Nigeria do so in the presence of a qualified health worker, compared with 97% in South Africa and 98% in France.

Those who want to go to a clinic may not make it there. Ambulances are few and far between. Outside big cities, so are decent roads. In many places, violence by insurgent groups can make it dangerous to travel to seek medical care.

Even those who make it are likely to be met with substandard care. Nigeria has less than one hospital bed for every 1,000 people, compared with 1.7 in South Africa and 5.1 in the EU, and even fewer doctors. Dr Afolabi says 90% of her students are planning to leave the country once they graduate. Only a fifth of primary health-care centres are functional, according to one survey in 2025; supplies for blood transfusions, which can save haemorrhaging women, are insufficient.

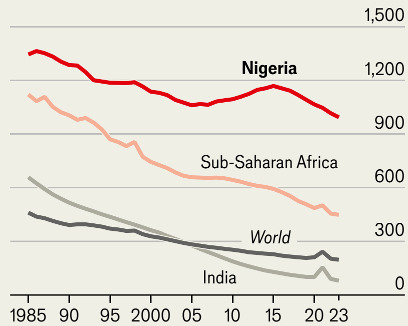
Poor co-ordination in the health-care system is another problem, says Dr Afolabi. "We know what can work, but we are not co-ordinating enough to make sure that it does," she says. Partly because responsibility for primary and specialist services lies with different parts of the government, the system is badly integrated. Emergencies are not always referred to the correct place in time. All of this means that the approximately one-third of women who suffer serious complications in pregnancy often get help too late.

Some organisations are trying to plug the gap. One group, Birthsafe, is offering antenatal care using an app. It also trains nurses to educate people in their communities on pregnancy risks and to understand how to manage emergencies better when they happen. "They are trained to know how to buy time, so a woman doesn't die on the road," says Idara Umoette, a doctor and Birthsafe's founder. The Gates Foundation, a big charity, is helping to pay for single-dose iron infusions to treat anaemia, and wearable monitors that allow health-care workers to recognise when a fetus is in distress. Another group, HelpMum, is using AI to translate emergency guidance into several Nigerian languages.

The government, at long last, is making

**Must fall faster**

Maternal mortality rates, per 100,000 live births




Source: World Bank

efforts to offer basic medical training to traditional birth attendants. It also plans to upgrade primary health-care centres and provide free ambulance services in particularly deprived places. In Kano, a poor state in the north, improvement seems to be accelerating. But for now, far too many Nigerian mothers continue to die. ■

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**Anti-migrant sentiment**

# African brothers no more

NAIROBI

**Kenya cracks down on small businesses run by foreigners**

"DON'T TALK," whispered the Ethiopian proprietor of a small café in Nairobi, Kenya's capital, on the afternoon of September 8th. The doors were hurriedly bolted. Music playing from a Bluetooth speaker was abruptly switched off. For the next half-hour your correspondent and a handful of others sat in silence, while city officials prowled around outside. Though the café is a legally registered business, its staff say they have faced harassment from the city council in recent days.

They are not the only ones to have been living in fear since September 2nd, when William Ruto, Kenya's president, said foreigners running small businesses should close them "from next week". Mr Ruto said he remained keen on foreign investment to create jobs for Kenyans, but would not tolerate foreign "hawkers" undercutting local traders. The comments were followed by a spate of xenophobic attacks in Nairobi, with migrants from Burundi, an impoverished east African state, bearing the brunt of the violence. Videos circulating on social media showed people being beaten in the street. Hundreds of undocumented migrants have flocked to the Burundian embassy, scrambling to register for emergency travel documents to go home.

Following heavy criticism in the wake of the attacks, the government softened its stance on September 8th, announcing that foreign traders would be given 90 days to ensure they held legal status in Kenya. Still, the episode is a worrying sign of hostility to migrants in Africa. In 2024 some 25m Africans lived in an African country other than their own, according to the UN's migration agency, an increase of 17% since 2020 and of 39% since 2015. Combined with widespread dissatisfaction about a lack of jobs, that has created fertile ground for anti-migrant rhetoric. There are echoes in Kenya of the attacks carried out on foreign shop-owners in South Africa, where there has been a recent upsurge in xenophobic vigilantism.

Mr Ruto won power at Kenya's previous election in 2022 on an anti-elitist platform, promising to champion the country's "hustlers". He once styled himself as a pan-African president. In 2023 he removed visa restrictions on African travellers to Kenya (though other bureaucratic hurdles were later introduced). Yet his popularity has suffered in recent years as Kenyans have become frustrated by his rising taxes and growing authoritarianism, as well as expensive fuel in the wake of the Iran war.

With a difficult election less than a year away, Mr Ruto appears to be looking for scapegoats. Resentment against migrants from poor countries like Burundi, who are often willing to sell their labour more cheaply than Kenyans, makes them an easy target. "Demagogues usually go for the weakest link," says an opposition MP. Amid increasing disaffection about the state of the economy, "blaming immigrants has been a useful distraction."

Yet Mr Ruto's foreigner-bashing also reflects a wider trend. An influx of migrants from Ethiopia has sparked public anger in neighbouring Somaliland. A surge of attacks against Ethiopians there has been followed by a deportation drive by the government. There are troubling signs of similar xenophobia against Sudanese refugees in Egypt, Eritreans in Uganda, Congolese in Angola and Guineans in Senegal. The list goes on. Last year Tanzania banned foreigners from owning or operating businesses in 15 sectors, from tour guiding to artisanal mining. Mr Ruto's trade minister complained at the time that the ban would harm Kenyan businesspeople.

Anti-migrant sentiment puts leaders in a bind. As aid from rich countries dries up, African governments are increasingly allowing refugees to work instead of paying for them to languish in camps. Mr Ruto and others are also keen to deepen economic integration on the continent, which will require easing restrictions on the free movement of people. Citizens may resent such policies. Scapegoating foreigners is a poor way of bringing them round. ■

# United States

Midterm elections

## The donkey's dilemma

AUSTIN AND WASHINGTON, DC

**Democratic voters are almost as mad at their leaders as they are at the president. How far left will the party go?**

TO FEEL A change underfoot in American politics, go to Texas. Not to the jumbo-rally in Dallas, where this week Donald Trump tried to marshal Republicans ahead of the midterms (see Lexington). Look instead at the other guys: the Democrats, and in particular their 36-year-old state-party chair. Last year Kendall Scudder, a self-described "farm kid from east Texas", entered a seven-way race for that job and, to everyone's surprise, won. "The donor class, the consultancy class—everybody had a horse in the race," he says. He was the grassroots choice, unafraid to give the system a "swift kick in the ass".

Mr Scudder describes his progressive-populist politics as "us versus the corporates, the billionaires, the bootlickin' bastards trying to take it away from us". He has appeared at four events in Texas with Bernie Sanders, a democratic-socialist senator. Party honchos in Washington like Chuck Schumer, the top-ranking Democrat in the Senate, have failed to meet the moment, says Mr Scudder. They are too focused on preserving the status quo.

Many Democrats elsewhere agree. Mr Scudder is not a member of the Democratic Socialists of America (DSA), the group whose rise this summer sent shivers through the party's remaining centrists. Rather, he represents a bigger phenomenon, of which the DSA is but one expression: a broad desire among Democratic voters for something new. Left-wing insurgents had a banner summer. In Senate primaries in Florida, Maine, Michigan and Minnesota, they beat centrists favoured by the party establishment.

It was far from total domination. Francesca Hong, a DSA candidate for governor in Wisconsin, lost in the Democratic primary in August. But even in defeat, leftists often came close, reinforcing the sense that they are more competitive than ever. That sets up a fierce debate among Democrats that will last well beyond November, shaping their agenda in Congress and the contest for president in 2028.

But first come the midterms. Democrats are poised for a good showing. They will probably take the House and possibly the Senate, too—our model gives them an even chance of that. That would be a remarkable feat, since it would require flipping seats in states that Mr Trump won in 2024, some by double digits. That the Senate is even in play speaks to his acute unpopularity and the tip-top quality of Democratic candidates in places such as Alaska, Iowa and North Carolina. There, savvy moderates are on the ballot. Such is the irony: if Democrats retake the Senate, it will be thanks to moderates. Yet much of the party's energy resides on its left.

The Democratic Party has long been a big tent. It contains centrists such as Rahm Emanuel, whose CV includes the White

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Houses of Bill Clinton and Barack Obama, as well as economic populists in the mould of Mr Sanders. Today's factional struggle is, in many respects, a continuation of the one fought between Hillary Clinton and Mr Sanders in 2016. What's new is the depth of discontentment in the base, and the way that frustration is finding expression in elections big and small.

**Divide, conquer?**

The success of the DSA is prime evidence of this. Until recently it was little known outside New York City. It is a discrete entity with its own platform and members. Recognising that standing as a third party would spell certain defeat, it competes on the Democratic Party ballot line and tries to move the party from within.

Amelia Malpas, a PhD candidate in political science at Harvard, tracks insurgent congressmen backed by various left-wing activist groups. Between 2018 and 2024, 20 entered the House (part of a 200-plus Democratic caucus). At least nine more are probably headed there after November in the single biggest influx yet. Five of the incoming crop are members of the DSA.

Leftists are largely succeeding in safe Democratic territory, such as Detroit, New York and Philadelphia. "You won in New York? Great," says Jaime Harrison, a moderate and former chair of the Democratic National Committee who would rather downplay talk of a progressive insurgency. "It is swing seats that will give us the majority in the House and the Senate."

Democrats tend to prioritise electability—there are few examples of leftists advancing past primaries and into competitive general elections. Abdul El-Sayed in Michigan's Senate race is one such candidate—and in the contest with the highest stakes. He calls himself a capitalist but hails from the activist left. His early association with Hasan Piker, a streamer fluent in rage bait, has come back to bite. Another example is William Lawrence in Michigan's seventh congressional district, which Mr Trump narrowly won in 2024.

Mr Lawrence's success so far illustrates the anti-establishment mood of the base. In the primary he beat two centrists, including a former Navy SEAL endorsed by Elissa Slotkin, a Democratic senator. Mr Lawrence is a climate activist and tenant organiser who years ago incurred a felony (later expunged) for chaining himself to construction equipment during a pipeline protest. He has called Ms Slotkin a "warmonger" over her support of Israel. Opposition to data centres is the centrepiece of his campaign. Asked how he won his primary, he replies: "People are pissed off."

Our model gives Dr El-Sayed a 63% probability of winning and puts Mr Lawrence at 60%, in part because Mr Trump's abysmal ratings are outweighing the usual liabilities that come with ideological extremism in an election. Yet if Dr El-Sayed beats Mike Rogers, his Republican opponent, leftists will consider it proof not of Mr Trump's unpopularity, but that left-wing populists are viable in swing seats.

Centrists' biggest worry is that the DSA will taint the party brand. The National Republican Congressional Committee calls Mr Lawrence a "socialist felon". Republicans have dubbed the incoming DSA congressmen the "commie caucus" and centrist Democrats a "Trojan horse" for socialism. After a DSA member won the Senate primary in Florida, the Democratic candidate for governor there felt obliged to make the rounds on TV declaring: "I reject socialism. I reject the DSA. I'm a capitalist."

Leftist populists may also make it harder for Democrats to govern next year. Consider the Tea Party, the grassroots insurgency that rocked the Republican establishment and presaged Mr Trump's rise. In 2010 40 Tea Party candidates won seats in the House. They set about shutting down the government, threatening sovereign-debt defaults and generally making life hell for the Republican speaker of the House. If Democrats win only a narrow majority in Congress, the insurgent left could complicate budget votes by demanding that House leaders eliminate aid for Israel or defund Immigration and Customs Enforcement (ICE). Chris Rabb, a DSA member and likely incoming congressman from Philadelphia, tells *The Economist* that his priority will be holding any Democratic speaker "to account based on our collective interests and priorities".

**Blue on blue**

Third Way, a centre-left think-tank, is working to compile embarrassing material on the DSA, part of a $15m plan to discredit it. Jared Moskowitz, a congressman from Florida who fended off a DSA primary challenge, has called the group "anti-American at their core" and questioned whether their lawmakers should get security clearances. Mr Emanuel, a likely presidential contender, wants the DSA to stop competing on the Democratic Party ballot line and thus in Democratic primaries. Or as he said recently: "You want to join us? Get rid of your positions."

Yet even if Dr El-Sayed were to fail, or the Democratic Party were to neuter the DSA, voters' dissatisfaction would remain. Three of the incumbents defeated by DSA members this summer were between the ages of 69 and 71; the challengers were either Gen Z or millennials. Democratic voters want generational change, not least because they are furious over Joe Biden's disastrous bid for re-election. Three in five Democrats say they want new leadership.

Interestingly, surveys show that Democrats express both greater enthusiasm to vote than Republicans and greater dissatisfaction with their own party. "Everybody who's in charge, just by virtue of being in charge, is a suspicious and discredited figure," says Phil Gardner, a Democratic strategist. When voters stop trusting party leaders, they stop heeding their endorsements. Mr Schumer's preferred candidates in the Senate primaries in Maine, Michigan and Minnesota all lost.

There is a broader shift within the Democratic electorate, too, which has become more progressive over the past two decades. Millennials, who came of age during the financial crisis, are carrying their misgivings about capitalism and their progressive social views into their 40s. Since 2010 the share of Democrats who call themselves "liberal" or "very liberal" (which in America is a descriptor of the

**The trinity of the left**

left) has risen by 15 points, to 55%. Moderates may dislike socialism, but two-thirds of Democrats now say they view socialism positively, up by 16 points. On other issues the party has moved as well. Israel is the galvanising force for the activist left. Two of the successful DSA candidates in this summer's congressional primaries—Melat Kiros in Denver and Darializa Avila Chevalier in New York—made their names as pro-Palestine activists. Seven in ten Democrats now say they oppose sending economic or military aid to Israel.

Patrick Ruffini, a Republican pollster, points out that some socialist economic ideas are fairly popular, such as raising the minimum wage, capping drug prices and rents, taxing the rich and ensuring universal health care. The trouble is that they are proposed alongside fringe social positions and under the banner of socialism. Populists on the left will struggle with this cultural baggage, particularly in the swing states that pick the president.

This summer's infighting was but a preview of the turmoil to come in the presidential primary in 2028. That is not a distant battle. Hopefuls will start throwing their hats in the ring as soon as December.

If Democrats win big in the midterms, leftists may conclude that they can let their hair down, says Mr Ruffini. Lessons learned after their defeat in 2024 may be unlearned—namely, that the economy matters most and that left-wing social positions are a dead end in a general election. More than half of Americans say the Democrats are too far left. However the shrewdest DSA politicians are nodding to those lessons. Zohran Mamdani, New York's mayor, talks nonstop about affordability and renounces his past support for defunding the police. Alexandria Ocasio-Cortez, a congresswoman from New York, now says "Woke 1 was crazy."

Meanwhile, the challenge for centrists is to channel the anger and big ideas that come so naturally to leftists. Their go-to response throughout the Trump era—a defence of norms and institutions—no longer cuts it with their own voters; moderates will have to articulate a new, disruptive vision even if they do not intend to abolish private health insurance or ICE, says Jesse Lehrich, a Democratic strategist.

Centrist hopefuls are trotting out some bold plans. Pete Buttigieg, the transport secretary under Mr Biden, wants to eliminate the electoral college and expand the Supreme Court. Jon Ossoff, a senator from Georgia, talks compellingly about rooting out government corruption. Gavin Newsom, California's governor, wants Uncle Sam to get an equity stake in AI firms. Mr Emanuel wants age limits for politicians and social-media bans for children.

Winning requires magnetism, too. Ms Ocasio-Cortez has plenty of it. Whether she runs for president, or whether she instead challenges Mr Schumer for his Senate seat, is among the biggest questions in Democratic politics. Even if she enters the presidential primary and loses, her mere presence may exert a gravitational pull on the rest of the field.

### Winning the argument

Something similar happened in 2020. After he quit the presidential primary, Mr Sanders formed a "unity task force" with Mr Biden. Their recommendations served as the road map for the next four years and Mr Biden governed as the most economically left-wing president in decades. Many Democrats already sound alike on plenty of economic issues. When it comes to monopoly power, price-gouging, the minimum wage, health-care expansion and taxing billionaires, candidates are all populist to some degree, notes Mr Gardner.

David Sirota, a former speechwriter for Mr Sanders, predicts there will be three kinds of contenders in the 2028 primary: the explicitly anti-DSA candidate, the unapologetic leftist and someone who is left-adjacent and palatable to party bigwigs. If the last of those appropriates populist ideas, it doesn't matter if they call themselves a moderate, says Mr Sirota. "That is the populist faction winning." ■

Campaign calculus

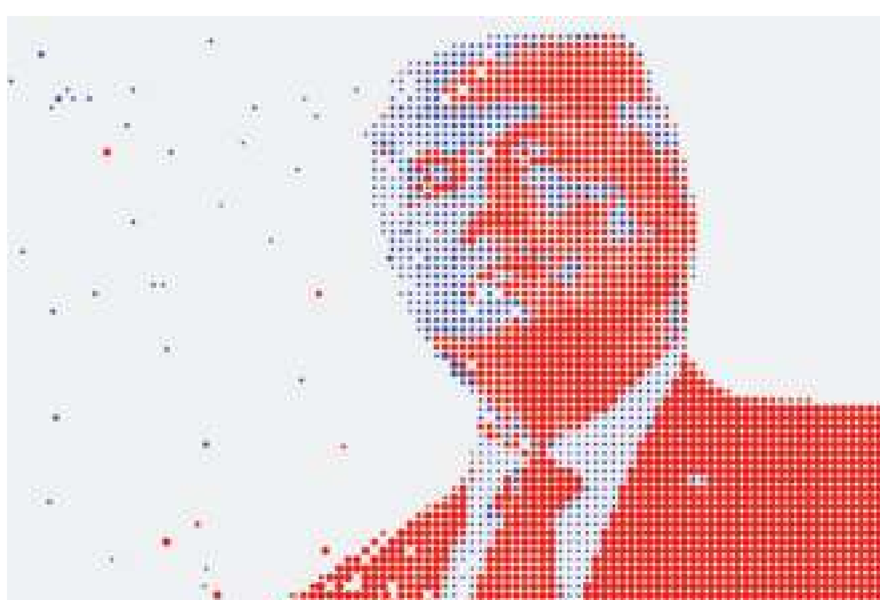
# Donald Trump's disintegrating coalition

**The swing voters of 2024 have abandoned the president**

Few places offer a better window into America's midterm elections than Toledo, Ohio. The modest industrial city, whose suburbs spill across the Michigan border, sits between two competitive Senate races. It is also at the heart of Ohio's ninth congressional district, which might change hands. In a bar on the city's edge Jake Linneburg, a 25-year-old building contractor, says he voted for Donald Trump in 2024 because he liked the president's America First message. So did many of his friends. But the war with Iran has changed his mind. He now accuses Mr Trump of spending billions overseas.

Mr Linneburg is one of the millions of Americans who will decide control of Congress and the trajectory of Mr Trump's presidency on November 3rd. To forecast how the election will play out, *The Economist* has reconstructed America's electorate. Our analysis is based on statistical modelling of 58,000 responses to opinion polls conducted by YouGov since the beginning of 2026. We created a database of 22m profiles, each representing a type of voter defined by demographics and voting history. The data show how Mr Trump's fracturing coalition could hand Congress to the Democrats.

To understand why Mr Trump's coalition is falling apart, recall how he won



election to a second term in 2024. Covid-era spending and Russia's invasion of Ukraine pushed inflation to 9% in 2022, the highest rate in decades. For a population accustomed to predictable prices, this was a profound shock. Even as the economy grew and inflation fell in 2024, Americans rated prices as their top concern (see chart). Accepting the Republican nomination in July of that year, Mr Trump promised that under his leadership "inflation will vanish completely". Democrats, meanwhile, struggled to persuade voters they could be trusted. The 81-year-old incumbent, Joe Biden, did not appear up to the job. A last-minute switch to Kamala Harris, Mr Biden's vice-president who had flailed in a presidential primary just four years before, was not enough to save the party.

Mr Trump's victory over Ms Harris, with a 1.5-percentage-point margin, rested on a fragile coalition of voters dissatisfied with Democratic leadership. In particular, his victory depended on young and minority voters who, as a group, leaned towards Ms Harris but backed Republicans in far greater numbers than in recent elections.

Mr Trump had long claimed he could make inroads among voters who had traditionally shunned the Republican Party. "I'm gonna win the Hispanic vote," he said in 2015. A year later he predicted that he would win 95% of the black vote. In 2024 he fell far short of his stated ambitions, but his gains among those and other groups seemed to mark a turning-point. Some Republicans hailed the result as proof that Democrats could no longer count on minority voters. Mr Trump called it a "historic realignment", one that united "citizens of all backgrounds around a common core of common sense".

But polls show many of these voters are already drifting left. Mr Trump's agenda seems almost designed to accelerate that movement. His policies have pushed up the prices of the goods that young and minority voters spend the most on, including food and energy. Tariffs, in particular, have become a source of resentment. Polling by YouGov for *The Economist* shows that 72% of Americans believe tariffs have increased prices; 64% disapprove of Mr Trump's handling of the issue. Among young, minority voters the numbers are even higher (74% and 71%, respectively).

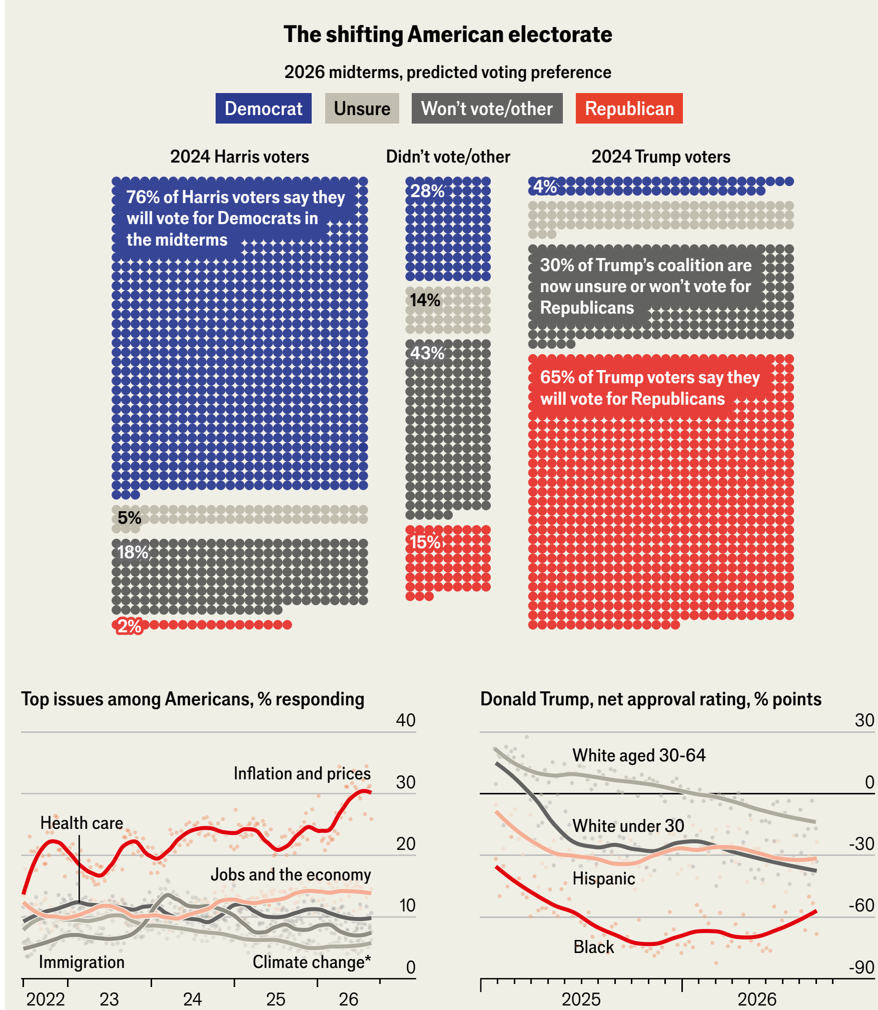
Mr Trump's approval rating has fallen more precipitously among black, Hispanic and young white voters than among other demographic groups. In our analysis, these are also the Trump voters most likely to say they will support Democrats in November. That includes 10% of Trump voters who are black, 7% who are Hispanic and 5% who are white and under the age of 30. Such defections may be enough to flip the House, where Democrats need to gain only a handful of seats.

America's war with Iran has reinforced those concerns about prices—and further eroded Mr Trump's ratings. An *Economist*/YouGov poll in August found that 57% of voters thought the war was a mistake, compared with 25% who said it was the right decision. By May, less than three months after the war began, Mr Trump's approval rating had sunk to the lowest level for any president since the *Economist*/YouGov poll began in 2009. The decline was concentrated among white, middle-aged voters. This traditionally Republican-leaning group now gives the president lower ratings than at any point in either his first or second term.

### The limits of discontent

Even so, white, middle-aged voters are less likely than other cohorts to switch to the Democrats. Among the fifth of Trump voters who now disapprove of the president, *The Economist* estimates that one-third would still vote Republican. Another 28% would probably stay home (including Mr Linneburg) and 17% remain undecided. This is particularly important because white, middle-aged voters make up a particularly large share of many of the districts and states that Democrats hope to win. That helps explain why Democrats lead the congressional ballot by only around eight points, even though Mr Trump's net approval rating among registered voters is 19 points underwater. It also helps explain why it remains a challenge for them to retake the Senate.

As it stands, *The Economist* reckons that control of the upper chamber is on a knife edge. Democrats must gain at least four seats, including at least three in states that Mr Trump won in 2024. With fewer seats at stake and campaigns that are more personality-driven, Senate races depend more heavily on the strength of individual candidates. Democrats in Republican-leaning states such as Alaska, Iowa and Ohio will have to win over Mr Trump's wavering voters who view the Democratic Party as ideologically extreme and weak on issues such as immigration and crime. Democrats' task is to convince those voters that they aren't so bad—or at least better than the alternative. ■



Sources: *The Economist*/YouGov; Current Population Survey; *The Economist*
*And the environment

Executive power

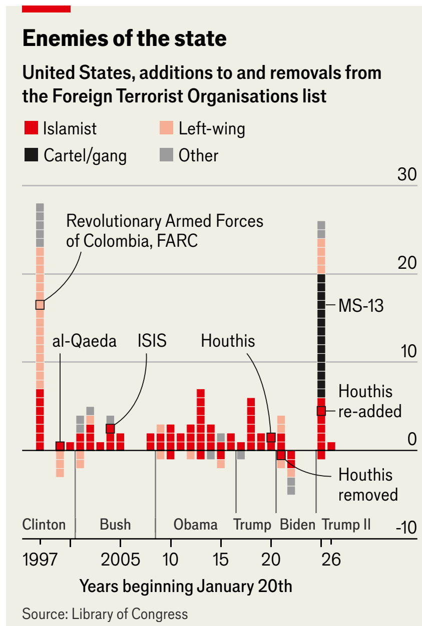
# Counterterrorism, revisited

WASHINGTON, DC

**It may at last be time to reform the policies inspired by 9/11**

TWENTY-FIVE YEARS after 9/11, the share of people with no direct recollection of the attacks is rising; just over 100m Americans, roughly a third of the population, were not alive at the time. Yet the counter-terror apparatus that President George W. Bush and Congress enacted in response—hastily drafted legal authorities to wage war, surveillance powers, permissive CIA operations and new bureaucracies—remains largely in place, even as the threat of jihadist violence has receded.

Donald Trump's adaptation of these powers may at last be seeding a debate about correcting the overreach. According to a new YouGov poll, 48% of Americans believe the expeditionary wars and surveillance that followed 9/11 have been worth the cost. But only 37% of Democrats agree, compared with 71% of Republicans. Talk of reform is growing in some Democratic circles. "We have an opportunity to rein in some of these authorities and remake agencies that have been abused," says Dan Herman of the Centre for America Progress, a Democrat-aligned think-tank.




America's counter-terror regime arose initially with overwhelming support from Democrats and Republicans alike. When the hijacked planes hit the World Trade Centre and Pentagon, the nation braced for further onslaughts. Spooks fretted that al-Qaeda might use chemical, biological or even nuclear weapons. Terrorism became the primary concern of voters.

But the dreaded wave of follow-up attacks never came. America launched expeditionary wars that ultimately cost $8trn, killed an estimated 900,000 people and may have provoked more terrorism than they prevented. Yet the initial counterattack in Afghanistan, followed by focused efforts against al-Qaeda, proved remarkably successful. Since 9/11 al-Qaeda has mustered just one fatal attack inside America, when a Saudi air-force officer killed three Americans at a naval base in 2019. Sporadic terrorism, largely by self-radicalised jihadists, has killed 122 people in the country since 2001—a tiny fraction of what officials feared at the outset. Today less than 1% of Americans say that terrorism is the top issue facing the country.

The vast resources America injected into its counter-terror apparatus played a part. Congress created the Department of Homeland Security (DHS) to "secure the United States from terrorist threats or attacks". The number of FBI joint terrorism task-forces—which fuse intelligence across federal and local agencies—ballooned from 35 to over 200 today. Better intelligence detection and sharing snuffed out countless plots. Surveillance was a factor, but the importance of sweeping powers to enable it is controversial. At the sharp end of the spear, America's aerial and drone campaigns smashed the main jihadist groups in Pakistan and the Middle East, albeit at a staggering cost.

Underpinning Mr Bush's "war on terror" were measures passed by Congress that remain potent tools today. Consider the Authorisation for Use of Military Force (AUMF), which permits attacks on al-Qaeda and associated groups. Presidents from both parties have stretched the AUMF far beyond what Congress intended. It has been used to conduct undeclared wars in far-flung places such as Syria, Yemen and Somalia. Last year Mr Trump invoked the AUMF to hit Islamic State targets in Nigeria, after accusing the country of failing to protect Christians.

Surveillance programmes, such as Section 702, allowed spooks to snoop on foreign suspects abroad without a warrant, sweeping up Americans' communications in their dragnet. Other statutes broadened the scope of the Foreign Terrorist Organisation (FTO) designation and bolstered the powers of the Treasury to go after the networks financing terrorist groups.

Since returning to office, Mr Trump has cynically repurposed these tools. The president has dramatically broadened the definition of terrorism. His administration has branded a range of Latin American drug gangs as FTOs (see chart). His air campaign against suspected drug-smuggling boats in the Caribbean and Pacific has killed at least 277 people so far. Narco-terrorists are "the ISIS and al-Qaeda of the western hemisphere", Pete Hegseth, the secretary of war, said recently, "and they should be treated as such".

The administration has used the 9/11 toolkit to advance its domestic agenda, too. DHS has become the engine of Mr Trump's deportation campaign, with thousands of its agents, some of whom worked

**Bravery and devastation**

in counterterrorism, reassigned to immigration enforcement. A presidential directive signed in September 2025 orders the FBI's terrorism task-forces to track loose, left-wing movements like Antifa, which the administration has labelled "domestic terrorists". The State Department has designated Antifa's overseas offshoots as FTOs and pressed allies to follow suit.

The administration is also pulling powerful financial counter-terror levers. In Minneapolis, for example, federal agents used authorities created by the Patriot Act of 2001 to seize financial records from labour unions and progressive groups without warrants. In Texas, eight anti-ICE protesters were sentenced in June on spurious charges of "providing material" support to terrorists, a statute designed for al-Qaeda and ISIS financiers.

Attempts at reform have so far been embryonic. Congress let Section 702 lapse in June, in part over concerns that Mr Trump is politicising the intelligence apparatus, though the authority will run until early 2027. What happens then will test the reform caucus in Congress. Democrats would like stronger safeguards, but have been unable to break through from their minority position in the legislature.

Tim Kaine, a Democratic senator from Virginia, has called on Congress to repeal the 2001 AUMF, but has struggled to garner support. Reforming other post-9/11 agencies like DHS could also prove politically fraught. Besides, though Democrats criticise overreach while in opposition, they may be less keen to dismantle counter-terror tools upon returning to office, argues Daniel Byman of CSIS, a think-tank.

Perhaps it will take a younger congressional intake, for whom 9/11 is a hazier memory, to move things along. Americans who came of age during the past 25 years, notes Mr Herman, "are eager to push back against the abuses that we're all seeing." ■

Campus politics

# DEI by any other name

**American universities are relabelling diversity offices faster than they are cutting them**

UNIVERSITY STUDENTS have long delighted in fashionable slang. Now their administrators are joining in. Amid a growing backlash against "woke" programmes for minority students, campus leaders are finding new names for their diversity, equity and inclusion (DEI) offices—ditching words such as "diversity" and "equity" in favour of ones like "well-being" and "community". In May George Washington University replaced its Office for Diversity, Equity and Community Engagement with an Office of Community, Culture and Inclusion. Earlier in the year the University of Illinois Urbana-Champaign renamed its Office for DEI to the Office for Access, Civil Rights and Community.

Behind this linguistic makeover lies a Republican-led crackdown on DEI at public universities. Since 2023 state lawmakers have introduced more than 150 bills targeting campus diversity programmes, according to the *Chronicle of Higher Education*. Donald Trump, who has called DEI "un-American", has added to the pressure by issuing orders dismantling DEI programmes in the federal government and threatening to withdraw funding from universities that embrace them. The campaign has yielded legislative results: 34 bills in 19 states have become law. But an analysis of university staffing data by *The Economist* suggests that, for all the political noise, the crackdown's impact so far has been limited.

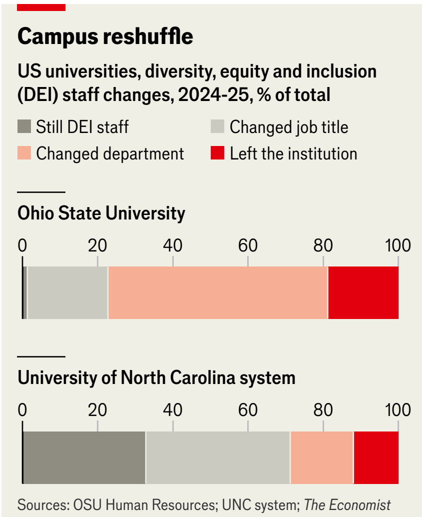
DEI offices typically help universities comply with civil-rights laws and oversee programmes to recruit and support underrepresented students and staff. They may also run training on topics such as unconscious bias and inclusive teaching. Supporters say such offices ensure broad access to higher education and foster inclusion. Conservatives argue that they promote racial preferences and progressive politics.

Universities have generally responded to the legal and political pressure in one of three ways. A handful have rejected calls to dismantle their DEI programmes, with Harvard the best-known example. Others have simply complied. Most universities, though, have chosen the third route, renaming and reorganising their DEI offices.

Dropping politically charged terms from office and job titles can allow universities to retain staff and pursue the same goals while attracting less scrutiny. Jerry Cirino, sponsor of Senate Bill 1, which banned DEI programmes at public colleges and universities in Ohio, says he's broadly pleased with compliance, but that "the practice is still going on, they're just calling it something different." Even some DEI advocates acknowledge this. "Some people have changed the language they use publicly, but the underlying work is very similar," says Emelyn dela Peña, president of the National Association of Diversity Officers in Higher Education.

*The Economist* obtained payroll records from several large state-university systems to measure the effect of the crackdown on staffing and salaries. These records cannot establish whether DEI work itself has been scaled back, only whether staffing costs have declined. The data show that spending on DEI staff is falling, not just in many Republican states but in several Democratic ones too. Yet the decline was modest—even at institutions that swiftly eliminated their DEI offices.

Take Ohio State University. Before Senate Bill 1 took effect in 2025 the university employed more than 150 diversity-related staff at an annual cost of some $11.2m. Afterwards, DEI-related job titles and departments virtually disappeared. Yet nearly




four in five employees remained on the payroll with new titles or in new departments (see chart). As a result, staffing costs for this group fell by just 14%. This does not mean that all these former DEI employees are doing the same work as before. Ohio State administrators say they are in compliance with the law.

The University of North Carolina system offers another example. Although North Carolina did not formally restrict DEI offices until 2026, the system's board of governors anticipated the crackdown, revising its policy in May 2024 to reaffirm "nondiscrimination" and renounce "administrative activism". Universities across the system responded by altering the job titles or department names of some 69 DEI employees. But headcount barely budged and salaries fell by just 5%. In many cases, vague titles became vaguer still. One well-paid associate dean moved from "inclusive excellence" to "well-being"; a vice-provost swapped "equity and inclusion" for "student health, well-being and thriving".

Legislators are stepping up enforcement. Texas has created an ombudsman who can investigate violations and recommend withholding funds. In February Ohio legislators proposed requiring universities to prove that reassigned DEI staff are doing substantially different work or risk losing state funding. A Tennessee bill introduced in 2024 would have prohibited any university department from performing the functions of a DEI office, "regardless of name or designation".

For all this, what conservatives call the "DEI bureaucracy" will be difficult to dismantle. Having spent more than a decade building diversity offices and hiring staff, universities are reluctant to reverse course. But cosmetic changes are unlikely to shield them from conservative broadsides. For many on the right, attacking DEI has become a useful weapon in the culture war—one they have little reason to abandon. ■

Water in the West

# High and dry

JACKSON HOLE

**Competing water uses are getting harder to manage**

THE TETON mountain range is a stunning sight from any angle. Reflections of the jagged peaks shimmer in the water below. Yet this summer, the biggest lake in Wyoming's Grand Teton National Park is suffering. Jackson Lake, which also serves as a reservoir, was just 20% full on September 6th. Usually tourists queue in Colter Bay to rent boats or buy berths for lake cruises. Right now, the docks resemble mud flats. The marina shut down in mid-July—two months early.

It is rare, but not exceptional, for Colter Bay to dry up. Jackson Lake's elevation has fallen below its current level on around 16% of days since record-keeping began in 1909. But high demand for the lake's water and uncertainty over whether the coming winter will bring much-needed snow have river-users in Idaho and Wyoming feeling anxious. The dry lakebed is not yet a catastrophe—but it is a warning. Jackson Lake's trials illustrate how it is becoming harder to balance competing demands for water across the American West.

It is tempting to think that abysmal snowfall in the Rocky Mountains last winter is entirely to blame for Jackson Lake's low water level. But the headwaters of the Snake River, which feed the lake, were "almost the only part of the West that had near-normal snow-water amounts", says Bryan Shuman of the University of Wyoming. In fact, the lake's plight owes as much to people and policy as to weather.

In western states, those who first settle an area usually hold senior water rights—a


doctrine known as "prior appropriation". On this part of the Snake River, the most senior rights-holders include irrigation districts and canal companies that deliver water to farmers in Idaho. In the early 1900s, after the federal government dammed Jackson Lake, irrigation allowed farmers to grow alfalfa, potatoes, sugar beets and more along Idaho's Snake River plain. An industry blossomed: agriculture in Idaho was worth nearly $45bn in 2025. "From a water-rights standpoint...they have all the cards," says Aaron Pruzan, a river outfitter in Jackson Hole.

Poor snowpack and drought in Idaho this year forced farmers to draw more heavily on the Snake's reservoirs. Some are routinely sucked dry. But farmers usually try to keep water in Jackson Lake because it sits higher in the mountains than the others. "Once you move water from the top, you can't move it back up," explains Jeff Van Orden, a potato farmer in Idaho. That Jackson Lake—their reservoir of last resort—is drying up, too, shows just how severe the situation has become.

Visitors to the lake can still trek to higher boat ramps if they want to kayak or paddleboard. Tourists are still thronging to the park. But the sad-looking reservoir reveals a tension: Idaho's farmers need Jackson Lake emptied to irrigate their fields, while Wyoming's recreation industry needs full rivers and lakes. The biggest misconception locals have is that water managers can alter flows out of Jackson Lake however they want, says Darren Rhea of the Wyoming Game & Fish Department. "But how you manipulate changes here influences everything else downstream."

The lake's recovery will depend on winter weather. The Snake's reservoirs are usually replenished by fresh snowmelt, but the El Niño weather pattern often deprives the Northern Rockies of snow. Long-term trends look grimmer because of climate change. On average, roughly 25% less snow falls in the greater Yellowstone area each winter than it did in the 1950s. Competing demands for water may become untenable, putting the Bureau of Reclamation, the federal government's water manager, in a difficult position. "The 'first in time, first in right' water-rights paradigm is definitely showing its age," says Scott Bosse of American Rivers, an advocacy group.

Still, water users along the Snake think they've been relatively lucky. They look around the West and see rivers in worse shape: some Colorado River states are bracing for water cuts; for hundreds of miles the Rio Grande resembles a dry riverbed. But they worry their luck is running out. "The weather trends have kind of favoured us since the beginning of this century and been less favourable to the southwest, but that can't be guaranteed," says Mr Pruzan. "Just pray for snow." ■

# LEXINGTON
## *His party, himself*

*Despite his unpopularity, Republicans must bet on Donald Trump to hold their congressional majorities*

HEADING INTO this autumn's midterm elections, the Republicans have one overriding liability—and, perversely and predictably, they are shining as bright a spotlight on it as they can. As Donald Trump did with every skyscraper he developed, and as he is doing now with the landscape of Washington, DC, he has remade the Republican Party as a monument to himself. He has been so successful at this, and his strategy of self-aggrandisement has made the party so vulnerable, that the Republicans are left with little alternative but to keep exalting him no matter how low his approval ratings sink.

Mr Trump's years of purging apostates, combined now with his unpopularity, have boxed Republicans in. Across statewide primaries, turnout by Democratic voters has outstripped that of Republicans, revealing a gap in partisan enthusiasm confirmed by polls. Independent voters who warmed to Mr Trump in 2024 have turned against him. Reminding Mr Trump's hard-core supporters why they love him, and why they fear or despise the Democrats, may be the party's best hope of hanging onto its congressional majorities, salvaging the candidacies of the MAGA loyalists Mr Trump endorsed over more electable Republicans.

Nothing better illustrates the dwindling returns of Mr Trump's politics of self than his choice to hold his midterm convention not in a traditional electoral battleground but in Texas, which he won in 2024 by almost 14 points. His decision to help Ken Paxton, the state's attorney-general, wrest the Republican nomination from Senator John Cornyn has put what would have been a safe seat in play. Only full-throated advocacy and millions of dollars from Mr Trump can save Mr Paxton's candidacy, in the view of Republican senators. This is just how Mr Trump likes things.

And so the convention, meant to rouse the faithful rather than persuade the doubtful, supplied the adoration Mr Trump needs. He may have failed to fill the arena, but the audience laughed along at his own familiar jokes and digressions and cheered his self-praise. He was repeatedly acclaimed by other speakers as the greatest president in history. "He's delivered more for this country than anyone before," a grateful Mr Paxton avowed when he got his turn on the podium.

Mr Trump's achievements have never been made to sound more awesome or America more successful. Nor has the danger from the opposition been cast as more existential. Speaker after speaker warned that if the Democrats gained some power they would abolish prisons, usher men into women's sports and bathrooms, and raise taxes on the working class to provide health care to the illegal aliens they would welcome to cross the border. How they would accomplish this with a Republican in the White House was unclear. But the extremism of Democratic Socialist candidates and of Hasan Piker, a streamer who has campaigned with Democrats, has supplied Republicans new, attention-grabbing material to frame this as an election between "common sense and Communism, between America-loving patriots and hate-America extremists", as Tom Emmer, the House majority whip, put it.

Dozens of Republican candidates in tough races skipped what the party's chairman called the "Trumpapalooza". Some may find ways to signal to enough voters that they are a different sort of Republican, not responsible for the price of diesel hitting its highest level on record or for waging trade war on Canada. But they have few votes to point to, and plenty of reason to fear Mr Trump if they voice serious criticism.

In 20 of the 22 midterm elections since 1934, the party of the sitting president has lost seats. But the Republicans have unusual advantages this cycle. President Trump's redistricting power-grab has helped protect eight more House seats for the party. That change came on top of an electoral map already rendered so rigid by gerrymandering that, for three cycles, neither party has won more than 222 seats out of the 435 in the House. In the Senate, the Republicans are defending only one seat in a state, Maine, that Mr Trump lost in 2024. To get a majority, Democrats must win at least one seat in a state Mr Trump won by double digits, while defending two seats and winning another in states he carried by narrower margins. Yet *The Economist*'s election model forecasts the Democrats will probably win the House and may take the Senate.

### Dust in his wind

Mr Trump's super PAC, MAGA Inc, which salted away $403m, is starting to come to the aid of troubled candidates like Mr Paxton. It is also pursuing a Trump-first strategy, financing two ads across the country that laud the president without mentioning Congress. The closest either ad gets to suggesting a Republican congressman might deserve a viewer's vote is a call to help Mr Trump "finish the job". To the majority that disapproves of this presidency, that might sound like a threat. But it is a bugle call to MAGA. That same devout audience might be willing to overlook Mr Trump's past proposals to pay dividends based on cutting government or imposing tariffs, and to be swayed now by his promise, in his convention speech on October 9th, to pay citizens a "dividend" of $5,000 if they elect Republican majorities. That audience would probably also buy Mr Trump's promise that if they vote Republican "we will leave the world in our dust for generations to come."

Mr Trump could well be digging his party a deeper hole. Still, even if he does not hold either majority, he will loom as large over the presidential race that will burst into the open after the midterms. He not only commands the party's base, he is what lends coherence to its contradictions—between deregulation and state capitalism, isolationism and military adventurism. Yet the day is approaching when Republicans will have to start asking themselves: what, if not Donald Trump, does the party stand for? ■

# The Americas

Argentina

## Milei reloaded

BUENOS AIRES

**One year from an election, Javier Milei's free-market experiment is struggling**

"MY FAVOURITE TOY," quips Javier Milei, glancing at the golden chainsaw in his office in the Casa Rosada, the presidential palace. "There's so much more spending to cut and so many more taxes to lower," he says, adding that he will really let rip once re-elected next year. If the reforms so far have been "more than everything that was done in the past 100 years in Argentina combined, let me assure you the next reform package will be far deeper." He promises that Argentina will embrace artificial intelligence like no other country and believes it could help it to "become a leading world power like the United States" in just 20 years. Get ready for Milei "reloaded", he grins.

Yet this is a delicate moment. After inheriting a dreadful economic mess Mr Milei has managed to reduce inflation and heavily deregulate the economy. Voters rewarded this at last year's midterm election, but today they tell pollsters that they care much more about job prospects and wages than inflation. Economic growth is spluttering, and there are only 14 months for new policy measures to deliver results before the president faces voters in October next year. With his personal net approval rating deeply negative, there is a risk that a big-spending rival from Argentina's left-wing Peronist movement, which champions an interventionist state, could capture voters' imaginations. Mr Milei's radical experiment, which has inspired free-marketeers worldwide, hangs in the balance. The big question for the coming year is whether doubling down—Milei reloaded—is the way to win re-election.

→ ALSO IN THIS SECTION

41 Rot at Brazil's top court

Mr Milei can boast remarkable successes. Before he took office in December 2023 inflation was running at 13% a month and government spending was out of control, financed by printing money. He took his chainsaw to spending and delivered fiscal surpluses. Inflation has fallen, to about 2% per month. This has helped reduce the share of people living in poverty in Argentina by about a third, to 28%.

Markets are much happier. The government has been paying back foreign debt and this year the central bank has been aggressively buying dollar reserves. This is made easier by booming oil exports. Mr Milei has thinned out Argentina's thickets of red tape. "We have got rid of 17,000 regulations," he says. Earlier this year he passed a sweeping labour reform.

Mr Milei remains an unabashed techno-optimist. AI "can only do good, the only harm that can be done is if states get in the way", he claims. Economic theory "proves" that. He wants to give companies run only by AI full legal rights. "Why should I discriminate against them?" he says—though the draft law that empowers AI does seem to require some human involvement.

His tight alignment with the Trump administration has also delivered. Before the midterms last year, with the spendthrift Peronists polling well, the Argentine peso was under such heavy pressure that the central bank spent over a billion dollars in two days trying to stop it plunging. Mr Trump came to the rescue with a $20bn swap line and direct purchases of pesos by the US Treasury. The currency stabilised, helping Mr Milei's party turn a probable defeat into a strong win.

And he has shown pragmatism on China, a giant trading partner. Before winning office, Mr Milei branded the Chinese leadership "assassins". Now he purrs that "working with the Chinese is very agreeable". This too has paid off. Last month China extended a vital $19bn swap line with the Argentine central bank. Mr Milei says they asked for nothing in exchange.

And yet the president has problems. The economy is on track for a second consecutive year of growth, a rarity in Argentina, but at a slower pace than planned. His government had budgeted for 5% growth this year, but after several months of contraction most analysts expect nearer half that. Growth is concentrated in sectors such as hydrocarbons, mining and agriculture, which are not labour-intensive. Economic activity in industries that are more so, such as manufacturing and construction, is still at least 10% lower than when Mr Milei took office. In part, this is because Mr Milei is exposing Argentina's protected factories to foreign competition. That is sensible, but the transition is painful. "It's as if we are financing our own self-destruction," says Martín Rapallini, the head of the Argentine industrial association, who pleads for a sweeping tax overhaul that Mr Milei has not even attempted.

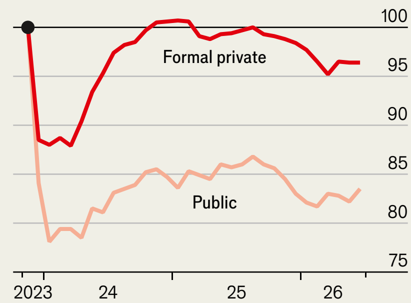
The result is 230,000 fewer formal private-sector jobs than in 2023, a decline of 3.6%. Mr Milei boasts of cutting 86,000 posts in the public sector. The unemployment rate has only gone up by two percentage points because filings under a tax scheme for small contractors with low incomes have grown sharply. So has informal work. "It still is work," retorts Mr Milei. Salaries are another worry. In the formal private sector they are still below what they were when Mr Milei took office (see chart 1). In the public sector they are dramatically lower, a fact Mr Milei celebrates.

Many Argentinians are struggling. Nearly 6m people are more than 90 days behind on debt payments. High and volatile interest rates do not help. To fight inflation the central bank has kept the money supply tight and intervened to keep the peso strong. But this hurts growth because it limits lending. It also weighs on manufacturing by making imports cheaper and exports expensive. Mr Milei, focused on inflation, simply denies that his efforts come with any costs at all for growth.

This single-minded focus risks diminishing electoral returns. When Mr Milei took office voters ranked inflation as their

**Liberalism's dividends** 1

Argentina, real wages by sector
November 2023=100




Source: Invecq

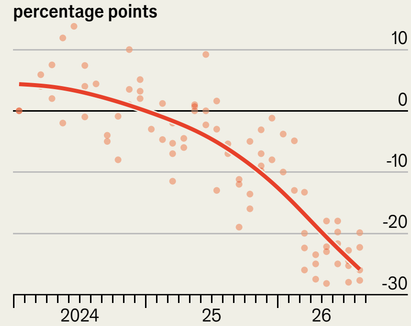
top problem by far. It now ranks eighth; lack of jobs and low wages top the list. Voters are also unimpressed by a series of corruption scandals in his government. His net approval rating is nearly minus 30 (see chart 2).

This seems to be irritating Mr Milei. He is furious at Argentine journalists for questioning his economic achievements and writing about alleged corruption. "HUMAN SHIT" is his favourite insult for them. He sometimes attacks the press multiple times a day on social media. When asked about economics in the opening question of *The Economist*'s interview, his reply included attacks on the "truly shameful" Argentine press and their "blood-curdling" lies. His allies worry his aggression is turning off voters. "I don't justify it, I don't do it," says Patricia Bullrich, a leading senator for his party.

With difficulties at home, the president appears ever more tempted by foreign affairs. Since taking office he has visited the United States around 17 times and Israel thrice, but still has not visited eight of Argentina's 23 provinces. Yet travel does not seem relaxing for Mr Milei. In neighbouring Brazil, at a campaign rally for Flávio Bolsonaro, a right-wing contender in its presidential election, he referred to the incumbent, Luiz Inácio Lula da Silva, known

**Hating the medicine** 2

Argentina, Javier Milei's net approval rating, percentage points




Sources: AtlasIntel; CB Global Data; UdeSA; Vozna

as Lula, as a "thief" and "convict". Brazil, Argentina's biggest trade partner, withdrew its ambassador in response. Mr Milei is unrepentant. "The communist Lula" has "contaminated the whole continent with 21st-century socialism", he says. On September 3rd in an announcement on national TV he ramped up his rhetoric on Argentina's claims to the Falklands Islands. That looks like a crude effort to rally support.

Might job worries and sagging polls prompt changes ahead of the elections? "I won't stop doing what is right just for the sake of an election result," he says. "If the Argentine people decide to turn their back on the model of freedom because I have remained true to my convictions...well that's up to the Argentine people." Mr Milei's convictions are behind much of his success, but he will be unable to achieve lasting reform without a second term.

He insists that his core policies will soon boost growth and wages. Still, his government has recently made several small changes that seem particularly growth-friendly: allowing interest rates to fall a little, using the state pension fund to help banks to lower mortgage rates, and allowing banks to lend more in dollars rather than pesos. Mr Milei says he is merely "releasing restrictions". Whatever it is called, if it delivers better wages and more jobs voters would like more of it.

Mr Milei's saving grace may be his rivals. The leading challenger is probably Axel Kicillof, the Peronist governor of Buenos Aires province. A former finance minister deeply associated with past spending excesses, his net approval rating is as bad as Mr Milei's. Mr Kicillof insists that right now he is not a candidate, but is still at pains to highlight Mr Milei's economic woes. Yet his own unorthodox economics terrify markets and scare many voters. He does not accept that the main cause of inflation has been money-printing. Instead, he says, it's "very complex".

The Peronists are also divided. Sergio Massa, who lost to Mr Milei last time, may try again. Juan Grabois, a firebrand congressman, may run, too. He promises social justice financed by dramatically higher taxes on the rich. "You don't have to fear Axel [Kicillof]," he chuckles, "you have to fear me, you have to fear Myriam Bregman." She is a high-profile Trotskyite, to the left of even the Peronists. Strikingly, her approval rating is much better than Mr Kicillof's and Mr Milei's.

With the main contenders so disliked, many others are also eyeing a run. Hernán Lacunza, a centre-right former finance minister, offers Milei-style economics without the swearing. Provincial governors and Pentecostal television pastors are sniffing around. Mr Milei is still the favourite. But while the economy splutters, it looks uncomfortably tight. ■


Democracy in Brazil

# The watchmen, tarnished

RIO DE JANEIRO

**Brazil's Supreme Court is essential, and degraded**

When Jair Bolsonaro plotted a coup after losing his bid for re-election in 2022, it was Brazil's Supreme Court that held him to account. In the face of constant threats, including from Donald Trump, the justices proceeded calmly with prosecuting the populist former president, handing him a 27-year sentence in September 2025. Most Brazilians cheered that their young democracy was saved.

Now, as a general election approaches on October 4th, democracy's defenders have become a threat. The Supreme Court is at the centre of an ugly, ever-expanding corruption scandal. In the middle is the justice who oversaw Mr Bolsonaro's prosecution, Alexandre de Moraes.

Mr Moraes made several questionable decisions when he went after Mr Bolsonaro. He took down social-media accounts, especially of *bolsonaristas*, that he claimed threatened the Supreme Court. The "fake-news inquiry", as the Brazilian press dubbed it, continues to this day and remains confidential, so it is impossible to know how many accounts Mr Moraes has censored or why.

Abuse has become more common: Mr Moraes has used the probe to shield himself and his colleagues from allegations of impropriety, including by going after tax officials and journalists' sources. Mr Moraes was also compromised in the case because of his roles as victim, prosecutor and judge. Mr Bolsonaro's underlings planned to assassinate the justice, yet he oversaw the collection of evidence against them and delivered a guilty ruling.

At the time much of Brazilian society brushed these concerns aside in the face of the greater threat. But now Mr Moraes is under scrutiny once again. Last November Brazil's central bank shut down a lender, Banco Master, run by a playboy called Daniel Vorcaro. All the signs are that Mr Vorcaro's bank was a Ponzi scheme with an influence-peddling operation attached. He invited politicians to lavish parties with sex-workers and feted several Supreme Court members, including Mr Moraes.

## Perdeu, playboy

Since the bank's collapse, investigators have found worrying links between Mr Moraes and Mr Vorcaro. Mr Moraes's wife, who is a lawyer, had been hired by Mr Vorcaro to represent the bank on an unusually vague and expensive contract. On September 1st Brazil's federal police published a report which revealed a second draft contract giving Ms Moraes's law firm the right to use a private jet and helicopter owned by Mr Vorcaro. Mr Moraes apparently also gave advice to Mr Vorcaro on using a feature on WhatsApp in which messages disappear after they are read. The frequency of these messages increased shortly before Mr Vorcaro was arrested trying to flee the country, raising fears about what kind of advice Mr Moraes was giving the fraudster. Mr Moraes denies any wrongdoing.

That a powerful Supreme Court justice has any links at all with Brazil's biggest fraudster is disappointing. Worse is Mr Moraes's response. When connections between the two men first emerged, the court's upright president, Edson Fachin, proposed adopting an ethics code which would require judges to account for outside earnings, among other proposals. Mr Moraes scoffed at the idea.

Then, on September 3rd, Mr Moraes requested that his fellow justice, André Mendonça, who is leading the Banco Master case, be criminally prosecuted under the "fake-news inquiry". He accused Mr Mendonça of abusing his authority by publishing messages between him and Mr Vorcaro, and said the judge, who was appointed by Mr Bolsonaro, was politically motivated and deliberately selective. Mr Fachin threw out the request and said the "fake-news inquiry" should be closed.

Mr Moraes may have a point. Mr Mendonça has not yet published evidence against other justices who also had dealings with Mr Vorcaro. The federal police have accused Mr Mendonça of meddling in the collection of evidence. On September 8th he tried to suspend the head of the federal police and bar the production of intelligence reports on judges. Yet in 2020, when Mr Mendonça was serving as Mr Bolsonaro's justice minister, he oversaw the compilation of a dossier on hundreds of police officers and academics that Mr Bolsonaro considered enemies.

## How democracies die

Dysfunction on the bench is boosting Mr Bolsonaro's allies in Congress, who are promising to impeach Supreme Court justices after the election and pardon the former president. Mr Mendonça's procedural missteps and Mr Moraes's brazen attempts to shield himself could also provide legal justification to shut down the entire Banco Master investigation. That would not only benefit Mr Moraes and some of his colleagues, but also dozens of politicians with links to the fraudster. One would be Flávio Bolsonaro, the eldest son of Mr Bolsonaro and the right's leading candidate for the presidency. Having claimed he had never met the man, Flávio was caught out in May after audio messages leaked in which he can be heard asking Mr Vorcaro for millions of dollars.

The biggest loser would be Brazil's democracy. Brazilians are tired of the corruption scandals that tarnish their political class every few years. They used to trust their top court, which has sent dozens of politicians to jail for graft. Now that trust is fraying. This is the tragedy of Brazil: corruption at the heart of its institutions could undermine trust in democracy more than Mr Bolsonaro ever did. ■

# Asia

Japanese political economy

## Executive-in-chief

TOKYO

**Takaichi Sanae is putting the state at the centre of the economy**

IN 1999 A little-known second-term parliamentarian contributed an essay brimming with ambition to a volume about Japan's future. Takaichi Sanae imagined that in October 2010 she would be elected prime minister and create a regular Sunday morning TV programme to reach the public directly. Ms Takaichi was off only on the timing and the medium: she became prime minister in October 2025; instead of TV, she posts on X. The essay collection gathered graduates of the Matsushita Institute of Government and Management, where Ms Takaichi learned from Panasonic's well-regarded founder to see politics as the art of "national management".

Ms Takaichi has applied that lesson as prime minister. "She thinks like the CEO of Japan," says Wakatabe Masazumi, a former Bank of Japan (BOJ) deputy governor and now one of her closest economic advisers. And the CEO believes it is time for big investments. As Ms Takaichi's first full budget comes together, the scope of her turnaround plan is becoming clear. Her growth strategy foresees ¥370trn ($2.3trn, or 55% of GDP) in public and private investment across 17 sectors between next year and early 2041. To facilitate this, she has changed the budgeting process to allow all ministries to make multi-year requests. The initial asks for next year's budget, announced on September 4th, add up to a record ¥143 trillion, up from ¥122.5 trillion. Markets are antsy: fiscal concerns briefly sent yields on ten-year Japanese bonds over 3% for the first time in three decades (see chart on next page).

For years Ms Takaichi presented her economic policy as an extension of Abenomics, the market-friendly programme of one of her mentors, the late Abe Shinzo. As prime minister from 2012-20, Abe unleashed monetary stimulus to fight deflation; he used corporate-governance reform to discipline the torpid leaders of Japan Inc. At the end of his premiership Morgan Stanley, an investment bank, compared his legacy to that of Margaret Thatcher.

Ms Takaichi shares Abe's drive for a national revival and the Iron Lady's strong will. Yet Sanaenomics has neither the same ring nor the same ethos as Abenomics (not to mention Thatcherism). "Takaichi has no inbred conviction that markets are the best way to do things," says Jesper Koll, a Tokyo-based economist. Instead, she often looks to the state. Where Abe's brain trust plotted how to push companies to improve their return on investment, Ms Takaichi's advisers debate which industries to direct investment towards.

The aim is to use government seed funding to catalyse private investment across a swathe of critical industries. Ms Takaichi has empowered bureaucrats from the Ministry of Economy, Trade and Industry (METI), which helped direct the Japanese economy during its post-war boom, and clipped the wings of fiscal hawks at ⏩

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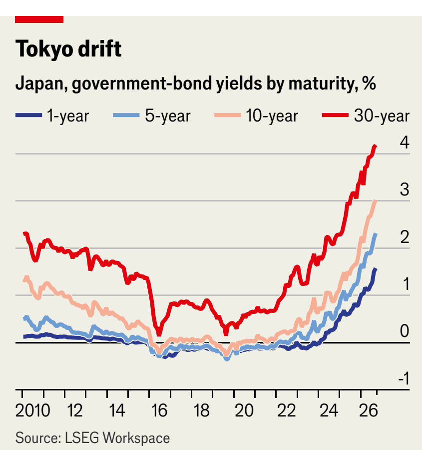
45 Myanmar's black gold
45 Indians say cheese

the Ministry of Finance. Rapidus, a government-backed cutting-edge semiconductor firm, is a model. "They want to do a Rapidus for everything," says Tobias Harris of Japan Foresight, a consultancy.

Ms Takaichi's allies say global trends justify the approach. "The world has changed since Abenomics," says one official. "She's not against the market, but in today's world it's not enough." Under Joe Biden, America embraced industrial policy. China's state-backed firms compete ever further up the value chain.

Takaichites also reckon Japan's fiscal trajectory affords a window of opportunity. Thanks to inflation and growing tax receipts, Japan's gross public debt has fallen from a peak of 230% of GDP to less than 210%; taking into account the government's substantial financial assets, its net debt now stands at around 130%. As long as the government's debt-to-GDP ratio remains on a downward trajectory in the long term, her administration argues it should not matter if the government fails to achieve a primary budget surplus in the short term, a goal previous governments thought important. The initial budget requests are expansionary, but not drastically so: they amount to ¥2.4trn more than the cumulative total of the past year's main budget and supplemental budgets, which Ms Takaichi wants to phase out.

Yet scepticism abounds. In one recent survey of 48 prominent Japanese economists, 35 of them did not believe the government's investment plans would produce sufficient growth to maintain the decline in the debt-to-GDP ratio. The new budget could easily balloon. Though the administration promises to scrap supplementary budgets, these tend to come in response to unexpected shocks. The budget also includes an uncapped category for investment in a "Strong and Prosperous Japan", financed with "bridging bonds" that will not count against the official debt-to-GDP ratio. Ministries have already requested ¥12trn through it, mostly for AI and space-related projects. The Ministry of Defence has yet to specify its bid. A consumption-tax cut promised by Ms Takaichi also takes effect next April and will further strain government finances.




Debt-servicing costs, meanwhile, are already on the rise. Next year's budget includes a record ¥36.6trn for them, up 17% from the previous year. Ms Takaichi would prefer that the BOJ keep interest rates lower for longer; her first two appointments to its policy board were diehard doves. But it already raised rates from 0.75% to 1% in June; persistent inflation and a weak yen strengthen the case for more hikes. American officials have also bristled at Ms Takaichi's expansionary policies, which they believe have unsettled Treasury markets, and chastised the BOJ for not raising rates faster. Markets expect another hike at the next meeting on September 17th and 18th; the yen, in turn, has reached its strongest level against the dollar since February.

Even if Ms Takaichi manages to push Japan's fiscal limits, it is unclear the spending will deliver the promised growth. METI's record of picking champions is disappointing. Even Rapidus, despite much progress, has yet to deliver on its promise. Structural reforms have fallen by the wayside. While Ms Takaichi has been expanding state investment channels, she has been narrowing paths for migrant workers to come to Japan, as is necessary to prevent Japan's population shrinking faster still. Her main deregulation effort has been rolling back restrictions on overtime.

Yet Japan's executive-in-chief is undeterred. After the initial budget requests, Ms Takaichi posted on X to defend her approach. "Spending ceilings should not prevent good ideas from receiving the necessary funding," she wrote. "This does not mean all such requests will be approved...We will carefully evaluate whether the policy is genuinely effective." Much depends on the CEO's judgment. ■

South-East Asian economies

# Powering up

JOHOR BAHRU

**Malaysia is enjoying a massive data-centre boom**

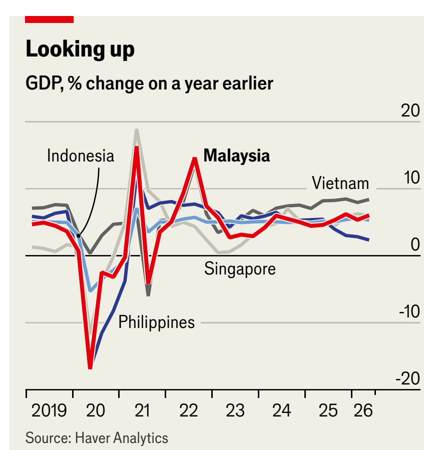
HOW DO YOU placate locals worried about a data-centre build-out? One way, perhaps, is to have construction companies declare their love for their hosts. That seems to be the plan in the southern Malaysian state of Johor, which is undergoing one of the world's most frenetic data-centre expansions. The barricades of construction sites are emblazoned with the slogan "I love Johor" (the "love" is a cutesy heart symbol).

Firms have been drawn to Johor by cheap land, reliable energy and welcoming policy. Five years ago the state had 10MW of data-centre capacity. Now it has 110 times more. And the boom extends beyond that state's borders: Malaysia as a whole may have around 7.7GW of capacity by 2030. Data-centre investment amounts to 18% of the country's GDP, the highest share in the world, according to HSBC, a bank.

All of this is helping charge up Malaysia's economy. It grew 6% year on year in the second quarter, up from 5.4% in the first quarter (see chart). Growth was driven by manufacturing and construction, both tied to data-centre building. Exports have surged too. Malaysia has long assembled basic semiconductors; that has now given it a foothold in the artificial-intelligence supply chain.

Sound economic management has helped, says Yeah Kim Leng of Sunway University in Kuala Lumpur. Relative political stability and clearer economic policy over the past few years have restored foreign investors' confidence, he says. The country has benefited from tensions between America and China: exports to America have soared (up 80% year on year in July) in part because firms of all sorts are moving production to Malaysia as part of "China-plus-one" strategies. Investments in data centres, meanwhile, have been coming from both superpowers.

Now Malaysia wants to move up the AI value chain. Despite hosting so many servers, little cutting-edge work—such as chip



design or AI model training—is done there. The government says it will make Malaysia an "AI nation"; it wants to rank among the world's ten leading countries on measures of AI development by 2030. It is becoming more picky about what kinds of new data centres it will accept. It wants ones that will create high-skilled jobs, support research and develop domestic suppliers.

One challenge is to make sure the benefits of growth are widely spread. GDP per person in Kuala Lumpur, the capital, is around eight times that in Kelantan, a northern state. Export-oriented industries are doing well, but domestically oriented businesses much less so, says Dr Yeah. Wage growth has failed to keep up with rising living costs.

Another challenge will be handling growing concerns about the data centres' energy use and effect on the environment. Their power requirements currently amount to around 7% of Malaysia's available generating capacity. That share could reach nearly 31% by 2035, reckons S&P Global, a rating agency. Earlier this year dozens of residents of a town in Johor protested against dust from data-centre construction and pressure on local water supplies.

Yet unlike in the West, isolated opposition to data centres has so far not turned into a wider backlash. In July voters returned Johor's state government to power with an increased majority, thanks partly to solid growth. For now, at least, Johor seems to love its data centres back. ■

## ASHOKA

# *Why India baffles China*

*Chinese scholarship on India has grown in breadth but not depth*

IN THE SEVENTH century a Chinese monk named Xuanzang undertook a journey to the west. His destination was India, which China then held in high regard as the birthplace of Buddhism. When Xuanzang returned home after 16 years, it was with dozens of scriptures whose translation would profoundly influence the religion's development in China. But he came back with other useful knowledge too, including about Indian politics, economics and geography. This he set down in his "Records of the Western Regions". The Buddhist monk was, perhaps inadvertently, also an early scholar of India.

Much has changed in the 14 centuries since then, not least China's view of its neighbour, which these days is rather less rosy. Another big difference is in how China builds up expertise about the outside world. Until 2022 research about a country or region was spread across disciplines—a scholar might study India in the department of history before taking a doctorate in political science. That year China's education ministry accorded "first-level" status to area studies, allowing universities to create interdisciplinary departments and award degrees focused on particular bits of the world. The restructuring reflected China's need to better understand the world it seeks to influence.

India has long been an important place for China to study. It is a neighbour, a potential rival and the only other member of the billion-plus club. It is also a fellow member of many international forums including the BRICS, whose summit Narendra Modi will host in Delhi on September 12th and 13th. Xi Jinping is expected to attend, on his first trip to India since 2019. As India's economy, global heft and bilateral relations with China have grown, so have the ranks of researchers dedicated to studying it.

For all that, the quality of much of this research is poor. Rising interest "has also exposed clear shortcomings", note Lin Minwang of Fudan University in Shanghai and Mao Keji, a doctoral candidate at Tsinghua University in Beijing, in a survey of the field published last year. "Many of the viewpoints lack sufficient depth, historical perspective and the necessary intellectual grounding," they write. Indian analysts who look at China have reached much the same conclusion. Raj Verma, a political scientist who spent 11 years in China and has published papers exploring Chinese scholars' attitudes towards India, says that while older researchers are "sensible and moderate", younger ones can be "aggressive and hubristic". Even as China produces more research about India, it seems to understand it less. Why?

Many Chinese scholars point to a lack of access. India has always been cagey about granting visas to researchers and journalists of any nationality. But ever since a lethal high-altitude clash between the two countries' troops in Ladakh in 2020, Chinese researchers have been barred from India. A thaw in relations in recent months has seen the issuance of tourist visas resume, and there is talk that the pair might even allow back each other's journalists. Perhaps scholars will follow.

Opening up the borders may help. But it will not change the historical attitudes Chinese scholars come loaded with. Since at least the late Qing era, more than a century ago, China's elites have looked down on India for allowing itself to be colonised for so long. China's revolutionary leaders were unimpressed by India's non-violent freedom struggle. India's precocious democracy, too, is seen as a weakness that holds it back. Upon that foundation of condescension, younger researchers now encounter a country much poorer and less militarily capable, but which likes to talk a big game. No wonder they are dismissive of India's ambitions.

A lack of introspection also plays a part. Indian analysts publish extensively on their country's policy missteps towards China. Writing in his newsletter earlier this year Ananth Krishnan of the *Hindu*, a newspaper, noted the lack of similar self-reflection in Chinese analysis of India: "A conversation can't go very far if the basic premise is that every problem in the relationship is because of the other side's insecurities, which is what I increasingly hear and read in Beijing."

India is, admittedly, a baffling place. Not even those who have lived in it their entire lives can claim to understand it. Yet a good way to approach it is with humility. Xuanzang walked thousands of miles to partake in its treasures. Foreign researchers can start the journey simply by opening their minds.

Drug control

# Black gold

### Opium is pouring out of Myanmar

THE GOLDEN TRIANGLE—a mountainous forestland where Laos, Myanmar and Thailand meet—was once the centre of global opium production. Drug lords called the narcotic juice of the opium poppy their black gold. Refined, it is flogged as heroin. In the 1990s two-thirds of the world's opium poppy plants were found in the region. Then came government crackdowns, among other shifts. By 2006 the region accounted for only about 5% of all illegal opium produced.

But in Myanmar, at least, the black gold has returned. The country is again the world's main known source of illicit opium, according to the United Nations Office on Drugs and Crime (UNODC). Many of the poppies are grown in Shan state in the east.

Myanmar's opium trade has bounced back in part because of goings-on elsewhere in the world. Take Afghanistan, another producer. Its ruling Taliban has since the 1990s taken various approaches to poppy farmers—including for some periods formalising the industry. But since regaining full control of the country in 2021 the Taliban has reverted to prohibition. The prices farmers in Myanmar can get for their poppies have risen as a result.

Yet domestic strife has also made the trade much more appealing. "It's a poverty issue," says Jeremy Douglas of the UNODC. Myanmar's civil war, which began after the army mounted a coup five years ago, has displaced some 5.2m people and killed tens of thousands. Half the population lives in poverty, double the share in 2017. For local farmers, opium is a boon. Last year land under poppy cultivation in Myanmar rose by 17% to a ten-year high, according to the UNODC.


Myanmar's neighbours are concerned. Poppy fields are spreading in Chin state in the west, which borders the states of Manipur and Mizoram in India. Biren Singh, who was the chief minister of Manipur until last year, has lamented "the shifting of the Golden Triangle towards India" and urged "all authorities to confront this menace with an iron hand".

Thailand worries, too. Drug traffickers like to use its decent roads to move their wares. Rates of drug use in some Thai border towns have tripled in five years; more local opium is one reason why. In August Min Aung Hlaing, Myanmar's general-turned-president, met Thailand's prime minister in Bangkok for the first time since Myanmar's coup. The pair "agreed to step up joint efforts" to tackle the problem.

Thai experts are working with the UNODC to help Myanmar's ruling junta try techniques long ago used to push poppy farms out of Thailand's own territory. Chief among those is crop substitution. That involves paying farmers to swap their poppies for other cash crops, such as fruit. In Myanmar the UNODC works with villages around Taunggyi, the capital of Shan state, to support coffee production. The programme has been successful in areas where the UN has gained access, says Mr Douglas, but scaling up the projects is a big challenge.

There are doubts about the junta's determination to tackle the problem, given that it has long been accused of profiting from the poppy trade. Control of border areas is split between the junta and various ethnic armed groups (some of them allied with the generals, some in rebellion against them); that makes eradication efforts more complex. As for farmers, many of them consider opium to be a more reliable money-spinner than other goods. For one hectare of farmland, dry opium is roughly three times more profitable than some coffee crops.

It took half a century for Thailand to push poppy farms from its hills after it banned the trade in 1958, and it had peace and cash. Myanmar has neither of those. ■

Indian cheese

# Paneer pressure

DELHI

### India is at last acquiring a taste for cheese

FOR MILLENNIA Indians resisted cheese. Cow-worshipping Hindus consider milk to be sacred. Souring cow's milk to make yogurt was OK, but ageing it into cheese using an enzyme from a slaughtered calf's stomach in the style of uncivilised Europeans was a bit much, and cheeses made from yak, goat or sheep milk never really caught on. Cheese can also upset Indian palates. Give a grey-haired Indian something punchier than the bland paneer used in curries, and even today they may recoil.

Yet change is under whey. India is the world's bovine superpower, churning out almost 250m tonnes of milk a year, a quarter of global supply. Its middle class is growing keen on foreign foods. And the diets of less well-off Indians are being reshaped by fast food. In short, the time is ripe for a subcontinental cheese boom. India's $1.5bn cheese market is growing at almost 20% a year.

On a typical supermarket shelf in Delhi you may now find five or six cheeses, including Indian-made mozzarella, cheddar and feta (these days mass-market cheeses can be made with enzymes derived from vegetables). Many are branded, humbly, as "melting cheese". Amul, a dairy behemoth, leads the market. Its 500g "cheese block"—available for 300 rupees ($3.14) on Blinkit, a quick-delivery platform—is rubbery but not bad under the grill.

"For most Indians the entry point to cheese was pizza," explains Tanushree Bhowmik, a food writer. Pizza Hut, an American chain, opened its first branch in India three decades ago. Now it has nearly 1,000. Many Indians make pizza at home, using shop-bought bases or yesterday's chapatis. "The Italians might not approve," concedes Ms Bhowmik. Cheese-draped burgers, wraps and sandwiches are also common fare.

In April Eleftheria, an Indian company, won an international award for its Brie. But what Indian foodies are really celebrating is the revival of indigenous cheeses, like *churpi* (a smoky yak cheese, which also won gold), *kalari* (salty and squeaky) and *kalimpong* (mild and crumbly). All three are on the menu at Olive, an upmarket restaurant in Delhi. Dhruv Oberoi, the head chef, says that in the past he had to rely on imported ingredients; most of his dishes now showcase Indian products. His customers, he adds, are happy converts.

# China

A theory of the leisure class

## Can China finally relax?

PU'ER AND QINHUANGDAO

**Not Crazy Rich Asians, but contemplative, affluent Chinese**

NEAR BEIDAIHE, the seaside resort where China's leaders gather for their summer conclave, sits Aranya, a gated complex known as "a middle-class utopia". Visitors kite-surf, meditate and stroll down manicured streets where many have second homes. More than 4.6m tourists visited last year, up from 3.4m in 2024. They queue for the minimalist canteens, attend theatre, music and film festivals, and admire the brutalist library. The emergence in China of a bourgeoisie has not led to democracy, as many hoped. But it has fuelled a leisure industry catering to affluent, overworked people in search of personal fulfilment. "Aranya is so popular because it embodies the way people were meant to live," says Gao Pei, a teacher from Beijing who bought a holiday home there this year.

The "leisure class", defined by Thorstein Veblen, an American economist, in the late 19th century, is made up of people showing off how little they need to work. In China, it is still small. But a much broader swathe of society values leisure. By 2025 more than half of urban Chinese households (around 200m of them) counted as upper-middle class or above, making at least 165,000 yuan (about $23,000) a year, reckons McKinsey, a consultancy.

Discussions of China's work culture stress two extremes: "996" (working nine to nine, six days a week); and "lying flat" (quitting the rat race altogether). But most of China's middle class lies in between. They want to work a bit less. And they want to get more out of their free time.

Spending on culture, sport and other leisure is a bright spot in a gloomy retail sector. Some hiking guides who previously counted only foreigners as clients now serve Chinese customers decked out in new gear as more take to the hills for the first time. The Communist Party seems happy for people to enjoy leisure, which can open their wallets and recharge them for work, so long as they do not drop out in disillusionment or rise up in disaffection. In a bookshop in Aranya a visitor photographs a fridge magnet proclaiming: "It's legal to take a break."

China long needed that reminder. Its work ethic is deeply entrenched. The proverb *wanwu sangzhi* warns that "indulgence in play ruins ambition." Attitudes began to shift after Deng Xiaoping spearheaded radical market-oriented economic reforms in the late 1970s. Then in 1995 the government introduced a two-day weekend (laxly enforced) and in 1999 three week-long holidays called "golden weeks".

As China got richer, working hours declined. Leisure became a "standard feature of life", as a recent report by a government think-tank put it. Wang Qiyan of Renmin University, who has for decades surveyed how people in China spend their time, points to 2017-18 as when they started "living like real humans" and were happiest: sleeping enough, playing more and making decent money. Slower economic

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growth has recently cut urban residents' leisure time from 5.91 hours on weekdays in 2024 to just 3.66 hours in 2025, according to the think-tank survey. But that bucks an upward trend. Mr Wang, a government adviser, advocates a four-day working week.

Shen Huishan, a 24-year-old working in e-commerce, says her generation works to live, not the other way round. She recently took three days off, unpaid, to explore Pu'er, a city in south-western China famous for its tea and coffee. At a local roastery, she and 50 other rapt tourists listened to a barista explain the bean-to-cup cycle. Her parents were baffled by why she would throw away wages to travel.

Many in China complain that effort is no longer rewarded. Only a few young people have jumped off the treadmill altogether, but most have lost faith in China's traditional work culture, says Xiang Biao of the Max Planck Institute for Social Anthropology in Germany. Many long to slow down, even as a weak economy and the threat to jobs from AI oblige them to speed up. Mr Xiang argues that leisure "soothes" this intensifying tension, as unhappy workers turn to the gym, microdramas and games.

Chang Chen of One-Way Space, a bookshop chain with a branch in Aranya, notes how book displays have shifted from management studies towards self-reflection and time allocation. "In the past people just wanted to know how to succeed," he says. Now "it's more about...how to cultivate self-awareness, how to relax, how to rest." Catering to this, the shop hosts bookshop sleepovers and tipsy reading nights.

The party knows that leisure helps boost consumption and keep workers happy. It is trying to promote holidays and curb overtime. In August a notice from Henan's provincial government, asking bosses to simplify leave approvals and set an example by using all their own holiday, went viral. Other provinces also attacked the "unhealthy work culture", in which many dare not take leave. But the party fears workers taking it too easy. The cyberspace regulator has censored "excessively pessimistic emotions" like "lying flat"—which the Ministry of State Security this year blamed on foreign "brainwashing".

### Work, rest and pay

For many embracing leisure, politics feels far away. "The Communist Party does most things well, so we just let them handle it," says Jason Ji, an engineer from Shanghai, at a show at the Aranya Art Centre. That leaves more time for pursuing personal interests, he says, such as Hyrox, a German fitness competition that has caught on in China, or family "staycations" in architect-designed hotels.

Pu'er has now become a popular destination for hobbyists. Tourists come to the unhurried city to reset before returning to work, says Wang Yan, a 27-year-old local burned out from her solar-industry job. She opened one of the many handicrafts workshops around town. Adults deprived of play by an intense education system can finally cut loose. "It's all about making it up to your younger self," she says, as patrons hammer flower prints onto bags and tie-dye clothing. Meanwhile, a foraging guide identifies mushrooms resembling trumpets and brooms for city folk. "I feel like I'm still alive," says 26-year-old Wang Keyi as she scans the forest floor.

At a café in Aranya, Zhang Lin attributes her life of leisure to graft and luck. The 42-year-old and her husband started a gaming company as the industry was taking off two decades ago. Work swallowed everything as they saved for a house, a car and Beijing residency permits. They benefited from China's boom years and now think less about work. After six weeks driving through the mountainous north-west with their seven-year-old, they ended the summer in Aranya. They don't buy handbags or jewellery, and spend most on education and "going out to play," she says.

Her lifestyle will be harder for the next generation to achieve, she reckons, noting a divide among her young employees. Those from Beijing are "very free" because their richer families support their far-flung holidays, while the migrants, like their parents' generation, work to save, not to play.

But it is the relaxed Beijingers who represent the future. China's reassessment of leisure is a reflection of the changing nature of the tacit deal between the party and the people. "The social contract can no longer be, you can make as much money as you want," says Arthur Kroeber of Gavekal Dragonomics, a research firm. It has shifted to "you will have an OK life and we will keep you secure" and give free rein for personal activities—so long, of course, as they are not political. ■

Marriage in China

## Someone just like me

**Only children prefer to marry other only children**

Unlike some of her friends, Kalinda Duan, a 28-year-old woman from Shanxi province, is not opposed to marriage. Having grown up without siblings, she thinks the companionship of matrimony wonderful. But she has one firm requirement of a future husband—he must also be an only child. No one can persuade her otherwise—"even if it's the son of the party secretary of the State Council".

In China's cut-throat marriage market, cars, houses and savings are all topics for a first date. More offbeat is the number of siblings. In Shanghai Mr Yue (who does not want to share his full name), the organiser of a matchmaking group with thousands of members on WeChat, a messaging app, says that many will politely turn down

someone who has a brother or sister. They are typical. A working paper by Fangqi Wen of Ohio State University finds that only children are more likely than others to marry only children. Their chances of such a match are about 18 percentage points higher than those of their peers with siblings, even after accounting for things such as education and family background.

Contrary to popular belief, only children are not even in the majority among young Chinese today, so they do have the choice. Though China had a one-child policy from 1979 to 2015, it was never uniformly enforced, especially in the countryside. From 1984 a "1.5-child policy" also allowed some rural couples to have a second child if the first was a girl. Only children make up little more than 40% of all university-age students, according to a nationally representative survey in 2019.

These departures from the one-child model appear to have created a rift in values between different-sized families. Only children are used to having it all, rather than sharing (and bickering) with the other little emperors in the home. So they think that a spouse's ties with his or her siblings would be bothersome, says Mr Yue. They don't like the thought of devoting energy to managing such relationships. "There's nothing wrong with it," says Ms Duan, "but I can't accept that my partner could love his sister so much. I just can't."

Money matters, too. Ms Duan's father financially supported his brothers, and, she thinks, neglected her mother. Only children inherit their parents' entire estate. Some siblings make bigger claims on the family silver than others. A man with brothers is in the worst position: when a bride price is paid to help a son marry, it leaves less for the other boys.

The peril posed by sisters is different. If a man has several older sisters, it suggests his parents were trying hard for a son. That could be a warning sign that patriarchal attitudes run in the family, which might also deter some potential brides.

The single child does not have it all easy. The windfall of an undivided inheritance is often preceded by the undivided burden of caring for two frail parents. But siblings cannot always be relied on to bear their fair share of the responsibility, and the uneven division of care can lead to arguments. At least for only children, the responsibility is clear, says Ms Duan.

These attitudes may seem heartless or mercenary. But good jobs are scarce—and a date's financial standing is important. Economic anxiety will not help China's marriage rate. In the first half of this year 3.3m couples got married, down by 7.5% from a year earlier, and the lowest number on record. For a government worried about the shrinking population, sibling-phobia is yet another headache. Oh, brother. ■

Hong Kong

# The first emperor

**Tung Chee-hwa's impossible job**

WHEN THEY first met, Chris Patten, the last British governor of Hong Kong, took a shine to Tung Chee-hwa, who would become, in effect, his successor, as the first chief executive from 1997 of what became a Chinese Special Administrative Region. "Not a bad man at all," he noted in his diary in 1992. "Indeed, I rather like him." He had just appointed Mr Tung, who died on September 8th at the age of 89, to his executive council (Exco), or cabinet, valuing him as a link to Hong Kong's future rulers, the Chinese Communist Party.

Probably even then, the party had earmarked him as Hong Kong's first Chinese ruler. He met several criteria. First, he was a businessman, not a politician, and China's leaders had long insisted that Hong Kong must be an "economic city", not a "political" one. Mr Tung had inherited the shipping firm, Orient Overseas, that his father had founded. Second, he was in Beijing's debt. An ill-advised fleet expansion led the firm to bankruptcy in the mid-1980s from which it was rescued by a property tycoon with close ties to the Beijing government and by Chinese state enterprises.

And third, his politics suited China. As Lord Patten noted in 1992, he "plainly thinks that democracy is not something that flourishes in Asia". Lord Patten's five years as governor were defined by his quixotic attempt to squeeze a quart of democracy into the pint pot of the constitutional

Dazzled, but not dazzling

arrangements that had already been agreed. In Exco, Mr Tung opposed his reforms but was not a fierce public critic.

A fourth, minor, qualification for the job in China's eyes may have been that he was not a scary zealot. Cosmopolitan and genial, he counted George Bush senior as a family friend. He was born in Shanghai; his family moved to Hong Kong when he was ten. He studied marine engineering at Liverpool University. (The first leader of Hong Kong to be born in China was probably the last to support Liverpool Football Club.) He then went to America to work for the family firm and General Electric.

So in 1997 Mr Tung inspired neither wild enthusiasm nor rush-for-the-exits alarm. But circumstances were, to put it mildly, unpropitious. The soggy, rain-soaked pageantry with which Hong Kong was returned to China, on July 1st 1997, was graced by the then Prince Charles and China's late president, Jiang Zemin. Mr Tung's stint as, in effect, Jiang's viceroy, began with as much trepidation as hope.

The next morning the region woke up to the onset of a financial crisis, which started in Thailand, but soon engulfed much of Asia. Hong Kong suffered plunging asset prices and record unemployment. As the property market struggled, Mr Tung quietly abandoned a bold plan to build 85,000 flats a year. No sooner was Hong Kong on the road to recovery than another crisis hit, when in early 2003 a coronavirus caused an outbreak of Severe Acute Respiratory Syndrome (SARS), which killed hundreds of people and dented growth.

If the economic challenges were severe, the political ones were insurmountable. Mr Tung was caught between a government in Beijing intent on stamping out any germ of freedom in Hong Kong that might infect the motherland, and a populace fearing the erosion of liberties it had taken for granted. He lost the trust of both sides.

A massive protest in 2003 led to the deferral of national-security legislation China wanted to see in place. It can be patient, however. It got the laws it wanted in 2024. But it has little patience for underperforming local leaders, and Mr Tung clearly was one such. Forced to resign in 2005, he was not disgraced, but was given a prestigious advisory post and grew even richer with the sale of Orient Overseas to a state-owned Chinese firm in 2018. When he died, his fortune was estimated at $3.2bn.

Hong Kong, after all, is an economic city. But running it is not just an economic job. Mr Tung did not have the necessary administrative, political and communications skills to reconcile Hongkongers to their new rulers. Lord Patten, for all his early warmth, later wrote that the choice of Mr Tung as Hong Kong's first chief executive was "probably one of Beijing's biggest errors". ■

# CHAGUAN
## *All is quiet*

*A natural disaster and a comedy mishap testify to the party's silencing power*

For something deemed so subversive, the act was understated, even underwhelming. During a live performance in mid-July, Guo Degang, a comedian, tweaked a popular Chinese revolutionary song. Instead of "all is quiet on Weishan Lake", where Communist guerrillas hid while fighting the Japanese, he sang "all is quiet in the Forbidden City", the old imperial centre of Beijing, and next to the home to China's leaders. His precise meaning was ambiguous, not pointed. He drew little more than a light chuckle from the audience. But he elicited more from state authorities: a crackdown that epitomises China's narrowed space for speech.

Mr Guo's apparent sin was that he violated entertainment laws by not seeking approval for his modified lyrics. His shows stretching to late September have been cancelled. News of his travails sparked flickers of astonishment at such heavy-handedness. But much criticism itself had an ephemeral life online. "If a culture doesn't leave room for a little harmless banter, aren't we being wound too tightly?" wrote one observer—only for his post to be deleted from WeChat, a social-media platform.

The curtailment of public discourse has also been on display in more tragic circumstances: the mudslide and floods that last month killed more than 1,000 people on the border of Nepal and Tibet in south-western China. State media have reported at length on the landslide, so this is no cover-up in a conventional sense. Rather, the disaster has revealed just how little latitude remains for critical discussion of anything considered sensitive.

Videos of the disaster, including one showing a mud torrent overwhelming a border crossing, were scrubbed from online platforms. Only a handful of journalists from big state organs were allowed into the flood zone for the first ten days. Authorities publicised penalties for people who had "spread rumours" online, including one who merely speculated that thousands might be buried in the rubble. There are questions to be asked. Had China shared enough weather data with Nepal before the glacial collapse? How could Nepal, with fewer resources, update its casualty list rapidly, whereas China's barely budged?

It was a striking contrast with coverage of a massive earthquake in south-western China in 2008. Then, online spaces bristled with anger about the shoddy construction quality of schools. Reporters produced moving portraits of families torn apart. This time, reporting has focused not on victims but on indefatigable rescuers. Chinese journalists have been told to stick to whatever big state outlets are reporting. The government has not blocked news so much as drawn the parameters of what can be said.

Neither Mr Guo's travails nor the circumscribed flood coverage will surprise those who track Chinese speech. Both are grim markers of how far the information environment has shifted. In the early 2000s the internet seemed to offer an opening for debate. Chinese journalists sometimes pursued courageous investigations. But Xi Jinping made clear soon after taking power in 2012 that the unruly internet had to be tamed and the media must serve the party. On his own terms, he has been successful. China still has plenty of commentary beyond pure state media, especially in "public accounts" on WeChat. Yet anyone posting there knows that taboo topics get accounts closed, a strong incentive to play it safe. More recently, artificial intelligence has given censors great power to survey the digital landscape in all its vastness and to speedily delete undesirable content. The party used to be a big step behind China's once-rumbustious online chats; now it undoubtedly has the upper hand, says Xiao Qiang of China Digital Times, a site that monitors censorship.

It is natural to think about what the state blocks, be it foreign websites or domestic critics. But the system is far more ambitious than that. The bigger goal is to manage "the broader information landscape such that it alters what citizens know, and even what they think", Jessica Batke and Laura Edelson wrote last year in a sweeping analysis for the Asia Society, a think-tank, about how China controls its internet. Residents of China can still tunnel outside the country's online firewall to see what the rest of the world is talking about. But only a small minority are so motivated, and even if someone forms dissenting views, they cannot transport them back into Chinese online discussions. Mr Xiao says his team manages to archive just one or two posts per day before they are wiped from the internet. And they have become "less and less interesting", often quite minor in their critical scope—testimony, he believes, to China's well-oiled information-control machine.

### Sense and censorship

The chill also filters into the offline world. With friends and family, people are still highly opinionated and do not hold back from complaining, whether about work or school. But online limits affect debates in the flesh—information has to come from somewhere. People also seem to be internalising some of the censorship. Stage performers who follow in Mr Guo's wake are bound to be more careful. A WeChat post about Mr Guo, subsequently deleted, says the caution has reached dinner tables: "If the conversation approaches a sensitive topic, we look around first and lower our voices, like we're underground operatives making contact."

What is lost in all of this? Limits on free speech hurt China, by making it harder to spot problems early and deal with them rationally. They may ultimately hurt the party, too, by letting grievances bubble undebated until they boil over. Yet that is surely not what China's leaders think. They have their own internal sources of information; the public, in their view, need not be concerned by affairs of the state. This is what they have been building towards. For the party, the power to set the agenda in the modern age—to control so much of what people see and say—is a triumph. ■

# International


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None too clever

## Are teenagers growing dimmer?

**The latest global school tests reveal shocking new declines**

EVERY THREE years the OECD, a club of mostly rich countries, releases the results of international school tests sat by 15-year-olds all across the world. There were reasons to hope that the latest data, published on September 8th, would bring good news. Marks in mathematics, reading and science had collapsed in the previous round of testing, which was carried out just after the pandemic. Policymakers dared hope that, with the calamity well in the past, grades might start to rebound.

That is not what happened. On the contrary, in rich countries—the primary focus of the tests—scores have fallen further (see chart 1 on next page). In literacy, the decline is actually speeding up. These data suggest that there are long-running factors pushing down achievement in schools, and that without swift correction, pupils' abilities could plumb yet further depths. Anyone who cares about the young of today—and in turn the societies of tomorrow—ought to be alarmed.

The OECD's project, known as PISA, takes a measure of young people's aptitudes as they approach the end of their compulsory school days. The number of school systems taking part has expanded over the years: the latest tests were sat in all 38 OECD member-countries and in 53 other places (many of them developing economies). The results are used to create an international league table of sorts.

This year, as in almost every round of tests since 2000, Asian school systems rule the roost. Children in China—taking part for the first time since 2018—came at or near the top in all disciplines. But scores for that country are unrepresentative because, among other issues, the tests are sat in only four provinces. There are fewer doubts about the high marks recorded in places such as Singapore, Taiwan and Japan. Children in those countries also seem to be scoring some way ahead of peers in other parts of the world.

Estonia still looks the best school system in the West. Turkey is rising very fast. And there is heartening news for Britain, whose youngsters now rank inside the world's top ten in all three disciplines. Compared with three years ago, Britain has pushed up its science results and held reading and mathematics broadly steady. That counts as a good result when many others are heading down.

Yet zoom out, and the dominant story is of long-term decline. The average scores in the 23 OECD-member countries that have taken part in every edition of PISA reached a peak around 2012 and have been falling ever since. In both maths and reading, 15-year-olds in OECD countries are now testing at levels that might have been achieved by 14-year-olds a decade ago (see chart 2 on next page). Findings for American schools are clouded by low response rates, though the available data suggest that in the latest testing round their scores in literacy have tumbled in line with the rich-world trend. Trends are a little less gloomy in developing countries, where achievement is lower to begin with. But even in many of those places, scores in maths and reading are declining.

Children who were already among the poorest performers are falling even further behind. Across education systems, the gap between low- and high-performing students is now the largest ever recorded by PISA, in all the disciplines it tests. Some 20% of 15-year-olds in OECD countries are considered low performers in all three of reading, mathematics and science—up from 16% when the tests were run four years ago. The OECD argues that these youngsters will struggle to understand anything but the simplest texts, or to make sense of a utility bill. ▸▸

What is causing this decline? The lingering impact of the pandemic doubtless has a role. The youngsters who participated in this year's PISA tests were about ten years old when covid-19 hit; it is possible they were hurt more by the disruptions of that era than teenagers who were further into their school careers.

The pandemic also created new problems that continue unchecked. Rates of absence remain much higher than before covid spread, for reasons that are much contested. Across rich countries about 15% of pupils miss at least a day of primary school every fortnight, up from about 10% in 2019; absences are up in secondary schools, too. Missing even a few days of lessons can have a big impact on grades.

But falling scores will also intensify long-running worries about the impact of technology on children's learning—and on their reading skills in particular. Ubiquitous phones and widespread access to social media mean young people are getting less practice making sense of complex texts, argues Andreas Schleicher, head of education at the OECD. He points to an increase in the number of test-takers classed as "hasty readers" who blast briskly through the literacy assessment while getting many of the answers wrong.

### Is our children learning?

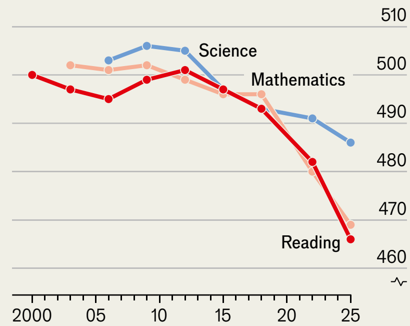
Screens are clearly diverting children from books: just 37% of nine-year-olds in America say they read them for pleasure now, down from nearly 60% in the 1990s. Declining literacy could well be dragging down marks in other disciplines—because reading well is key to progressing in subjects such as maths and science, too.

Tackling these challenges requires first-rate policies in schools. But on a wide range of issues, education ministries seem to be dropping the ball. Mr Schleicher worries that schools have become "complacent" and that they are increasingly inclined to tell pupils and parents that "mediocre work is great." He criticises overzealous and haphazard use of educational software in classrooms, arguing in a guest essay for *The Economist* that pupils have too often become "crash-test dummies" for unproven kit. Some data suggest that schools have been allowed to grow rowdier. In one recent survey rich-world teachers reported that the amount of time they spend simply keeping order is creeping up.

PISA may itself share some blame for setting school reformers on a dodgy course. When the tests were first carried out in 2000, Finland shocked the world by coming top of the table. Policymakers who trekked to Helsinki for lessons returned with messages that teachers in their home countries were only too happy to receive. Finland appeared to have achieved striking results with only limited testing and inspections. Its educational establishment espoused "play-based" learning, especially for younger children. It argued that teachers should spend less time talking in front of blackboards and more time helping pupils work things out for themselves.

**Free fallin'** 1

**OECD-23 countries, average PISA test scores**



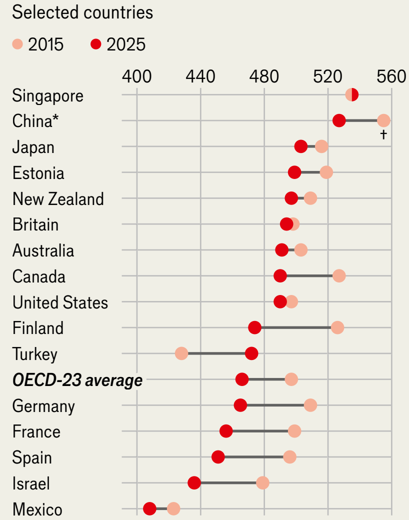

Source: OECD

Yet since that first test almost no country has seen its scores fall as steeply as Finland—a slide that continues in the latest results. Finland's critics posit that the high marks it achieved in 2000 in fact reflected old-fashioned educational approaches that were still prevalent in its schools well into the 1990s—and not the newer "progressive" policies for which it became famous. If that is the case, the error may have set dozens of school systems off-course.

What countries could serve as new models? Asian school systems have shared somewhat in the declines recorded in recent years, but generally less than other rich places. The big gap in scores between East and West suggests policies in East Asia deserve another look. Parents there are fanatical about schooling and often dig deep into their pockets for extra lessons.

**Slip slidin' away** 2

**Average PISA test scores for reading**
Selected countries




Source: OECD *Data from Beijing, Shanghai, Jiangsu and Zhejiang provinces †2018

Critics are right to point out that such social factors are difficult to replicate. But the region's politicians have made a number of wise decisions, too. Asian countries are much less obsessed than are Western ones with keeping classes small: they generally choose to have fewer teachers, whom they can then pay better and train more intensely. That seems to work better than adding ever more staff to schools—the main way that America, in particular, has long tried to drive up scores.

Britain's march up the rankings deserves more attention than it has received. Starting some 15 years ago under a Conservative-led coalition government, school reformers in England—by a long way the largest of the country's four separate school systems—zigged when much of the rest of the world zagged.

The nation made its curriculums more fact-filled (some prefer to say "knowledge-rich") at a time when policymakers elsewhere had been waxing lyrical about instilling vague soft skills. It made exams more rigorous, deprioritised coursework (on which it is easy to cheat) and toughened inspections. Politicians also sought to steer schools away from newfangled styles of instruction that are fashionable but untested, and back towards methods that are more dyed-in-the-wool.

That England's policies have had some protective effect on school marks is most evident when comparing it with school systems just next door that have chosen a starkly different path. Twenty years ago children in Scotland outperformed their peers south of the border. Now they tend to do worse—even though school spending per pupil is much higher. Scotland's critics blame a modish curriculum, as well as a lax approach to discipline. Covid or screens do not explain the disparity, given that these scourges have affected all children in Britain in a fairly similar way.

Test scores are not the measure of a person, nor proof that they are destined for failure or success. But good grades are highly predictive of fatter earnings, better health and longer lives, among a world of other benefits. At the national level, improvements in a country's braininess appear to track closely with later bursts of economic growth; one analysis by Ludger Woessmann and Eric Hanushek, two economists, concludes that increasing PISA test scores by 25 points could push up annual GDP growth in rich countries by half a percentage point. There is not yet much evidence that artificial intelligence will reduce the returns on a top-class education, but there are plenty of reasons to think the technology will make mincemeat of the weakly skilled. Time for school-reformers to hit the books. ■

# THE TELEGRAM

## *World leaders are losing their terror of nuclear war*

*Presidents Putin, Trump and Xi control the most powerful arsenals on Earth. They should take nuclear risks more seriously*

FEAR CAN paralyse, but sometimes it saves the world. More than once in the cold war a shared dread of nuclear annihilation led American and Soviet leaders to pause and seek better ways to manage arsenals whose power defied decency and reason. Sometimes the terror felt by superpower rivals averted imminent disaster, as when John F. Kennedy and Nikita Khrushchev overruled their hardline counsellors to end the Cuban missile crisis of 1962. On other occasions the salutary effects of fear took longer to show themselves. A film, "The Brink of War", has just been released to mark the 40th anniversary of a meeting between Ronald Reagan and his Soviet counterpart, Mikhail Gorbachev, in Reykjavik. Held in a cramped, reputedly haunted seaside house, the summit was intense and claustrophobic. Diplomats who took part recalled the two officers, one American and one Russian, who stood outside the leaders' meeting room holding the "footballs" that controlled 60,000 nuclear warheads between them.

The meeting, in October 1986, was seen as a failure at the time. Later, though, Reagan's secretary of state, George Shultz, credited it with laying the groundwork for subsequent treaties that scrapped whole categories of nuclear weapons. Gorbachev called Reykjavik the place where the cold war's ending was set in motion. A big breakthrough involved a mutual admission by the American and Soviet leaders that they feared and despised nuclear weapons and—shocking their more hawkish advisers—that they aspired to eliminate them all, perhaps as soon as within ten years.

Talks were derailed by a dispute about Mutually Assured Destruction (MAD), the doctrine that, to avoid war, nuclear attacks must end in doom for all sides. Reagan, hating the idea of seeking peace through vulnerability, refused to halt his Strategic Defence Initiative (SDI), his (never-realised) dream of an interceptor shield against nuclear missiles. "I will not have future generations of Americans live in fear," the film's Reagan declares, echoing declassified transcripts. Gorbachev asks how he can begin to disarm, if a shield might let America renege and strike the USSR with impunity. He dismisses Reagan's offer to share SDI as a "fantasy".

Today the world has a new problem: its strongest countries are insufficiently horrified by their own nuclear firepower. America, China and Russia are all bent on enlarging or modernising their nuclear arsenals. As a result, they are either reluctant to join arms-control talks or have allowed previously agreed pacts to lapse.

President Donald Trump has called nuclear war the ultimate catastrophe, though he doubts people have the rationality needed for MAD to work. He told *Playboy* magazine way back in 1990 that it was "bullshit" to believe that nuclear weapons would never be used "because everybody knows how destructive it will be." Yet now that he is commander-in-chief, Mr Trump treats nuclear risks with a startling lack of seriousness.

America long worked to stop new countries from joining the nuclear club, though for reasons of realpolitik it forgave India, Israel and Pakistan after they built nukes. Mr Trump's views on nuclear arms races are hard to pin down. While still a candidate for the presidency in 2016 he said that it might be better for Japan to have nuclear weapons to deter North Korea than for it to rely on America for help. Now, in his second presidency, he has sought to sell nuclear technologies to such partners as Saudi Arabia and South Korea with fewer limits or safeguards than were seen in previous, similar deals. At home Mr Trump has pledged to build a "Golden Dome" interceptor system to shield America from missile attack. Belying the apparent sincerity of that ambition, he repeatedly picks fights with Canada, whose territory is needed for the radar stations that would make such a shield fully effective.

China's leader, Xi Jinping, is on record as sternly opposing nuclear wars. Not for him the revolutionary fanaticism of Mao Zedong, who appalled communist-bloc leaders gathered in Moscow in 1957 by seeming to welcome a nuclear conflict that killed half of humanity, since "imperialism would be razed to the ground and the whole world would become socialist." Xi-era China has ambitions to be so powerful by mid-century that no other country could or would dare to defy it. A world war would disrupt that rise.

At the same time, though, China rejects calls from America to take part in three-way talks with Russia on nuclear arms control. Its officials argue that the (growing) Chinese arsenal remains much smaller than those of its fellow great powers. Though China may not love North Korea's nuclear warheads and missiles, or Iran's attempts to get a bomb, it appears much less willing than it was a decade ago to support or enforce international sanctions designed to curb either country's nuclear ambitions. Nor has China bowed to American demands that it bilaterally use its economic might to coerce them. Given that North Korea already has nuclear weapons and Iran's rulers fear for their very survival, the sort of pain needed to change those countries' calculations would have to threaten their regime security. China will not impose such pressure, because it loathes American-led campaigns of regime change more than it dreads roguish client states getting nukes.

### They stopped worrying and learned to love the Bomb

Not for the first time, the most shocking change involves Russia under its president, Vladimir Putin. Far from aspiring to a world without nuclear weapons, Mr Putin these days uses nuclear threats and brinkmanship to intimidate, and to demand that his bankrupt mafia state be treated as if it were still a superpower.

The cold war was a time of cruelties and horrors. Yet just occasionally, a dread of global annihilation moved its leaders to greatness. Today the men who run America, China and Russia are not without fear. But too often, their concerns are selfish and inward-looking. Saving the world? Let someone else worry about that. ■

# APPOINTMENT IN GQEBERHA

*Muhsin Hendricks was the world's only openly gay imam. As Alex Perry reports, he knew that put his life in danger*

A photograph of Muhsin Hendricks is displayed during his memorial service at St George's Cathedral in Cape Town

Muhsin Hendricks, the world's first openly gay imam, stepped out of a small bungalow in Bethelsdorp, a suburb of Gqeberha (formerly Port Elizabeth) on South Africa's southern coast, just after 10am on Saturday February 15th 2025. He was 500 miles from home on a lightning trip hardly anyone knew about—and, he must have thought, safe.

Hendricks, from Cape Town, had flown the night before into Gqeberha, an hour by plane to the east, to officiate at two marriages. According to Hendricks's office both weddings were interfaith, between a Muslim and a Hindu—many Muslims consider Hinduism to be sacrilegious idol worship. Neighbours in Bethelsdorp told me that the first union was also same-sex, between two women, which doctrinaire Muslims regard as a sin punishable by death. No local imam was prepared to sanctify either wedding, so the families had turned to Hendricks, 57, the founder of a gay-friendly mosque in Cape Town, where women were allowed to lead services and couples could be married regardless of faith or sexuality.

Hendricks cut an exuberant figure, a Muslim Jesus Christ Superstar in flowing white robes and red silk scarves, with the hair, beard and teeth of a Bee Gee. He had come out in 1996, divorcing the mother of his three children and going on to marry a Hindu man. His radical reinterpretations of the Quran—which he broadcast on TikTok, Instagram and YouTube every week—had won him a global following. But his showiness and unorthodox beliefs came at a price: threats against his life from Muslim hardliners which, in a country with one of the highest murder rates in the world, had to be taken seriously.

On home turf, Hendricks was unruffled. "Put your faith in God, and do what you need to do," he said. He invited imams who called for his death to his house to examine his scriptural theses, and drove himself to gay-activist meetings on the Cape Flats, the tin-shack ganglands to the east of the city where many extremists were known to live.

But Hendricks did not know Bethelsdorp well. It was rough even by South African standards—in 2020 it had an attempted murder rate worse than any other municipality in the country, and 70 times that of London. Accordingly, Hendricks had accepted the families' offer of a driver and a car for the 24 hours that he was going to be there.

Hendricks had begun the first wedding promptly at 9am, marrying the two women before family and friends at their home. The formalities over, he said his goodbyes and climbed into the back seat of a gold-coloured Volkswagen SUV, which was waiting in the driveway to take him to the second ceremony, a few minutes away. The driver pulled into the street and a security camera captured what happened next.

As the Volkswagen pulled out of a turning circle, a silver Toyota Hilux with blacked-out windows came speeding up the wrong side of the road, blocking Hendricks's car head-on. Hendricks's driver braked, then tried to manoeuvre around the Hilux. In response, the other driver swerved in front of the Volkswagen a second time, forcing its driver to brake again.

The Toyota's passenger door opened. A man jumped out. He was of medium height with a paunch, and wore a black cap, black sneakers, black joggers and a black hoodie over an untucked white T-shirt. The security-camera image of him is pixellated, but he was either white or fair-skinned, or wearing a white face-mask. In his right hand, he held a pistol.

When European colonisers ventured into north Africa in the 14th century, their plan was to counter Muslims menacing Christendom's southern border. For privateers, there were additional commercial incentives: circumventing the grip that Middle Eastern Muslims held over the spice trade, and stealing the gold of African Muslims. Over the next six centuries, discovery and plunder escalated to conquest and enslavement. The fiercest defenders of Africa, in its north, west and east, were often jihadis tracing their lineage to Muhammad's first disciples, who had settled in Ethiopia in 615AD. In the 18th and 19th centuries, two new literalist strains of Sunni Islam, Wahhabism and Salafism, emerged in Saudi Arabia and Egypt and spread around the globe. Their absolutism lent Africa's Muslim rebels a resolve that may have hastened the end of imperialism. That heritage later encouraged Osama bin Laden to create a base for al-Qaeda in Sudan, and stage his first big attacks in Kenya and Tanzania. The same sense of unyielding righteousness still animates the continent's Islamist militias today, from Mali to Mozambique.

Hendricks preaching at the gay-friendly mosque he founded (*above*). Nearly 100 people of different faiths attended Hendricks's memorial service (*opposite top*). Mourners carry an effigy of Hendricks's body in protest against the police's lack of progress in investigating his murder (*opposite bottom*)

**Hendricks cut an exuberant figure, a Muslim Jesus Christ Superstar in flowing white robes and red silk scarves, with the hair, beard and teeth of a Bee Gee**

South Africa was always different. Islam was introduced there in the 17th century by Dutch imperialists, when they tried to stem insurrection in their colonies in what are now Malaysia and Indonesia by deporting potential rebel leaders. Dozens of Sufi holy men and noblemen were exiled half a world away to Cape Colony, a waystation for the Dutch East India Company, along with thousands of Malay slaves who worked as labourers. Islam in northern and southern Africa may share a history of dissent, but they have traditionally been worlds apart in character. Wahhabis and Salafis were prescriptive, militant and segregationist, purifying their land by the sword. Sufis were tolerant, meditative and integrationist, turning their mosques in the Cape into sanctuaries for the oppressed of any colour or background. Tuan Guru, who arrived from the Spice Islands (now called the Malukus) in the 1740s and became the Cape's first chief imam, preached patience. "Be of good heart," he told his followers. "For one day, your liberty will be restored to you, and your descendants will live within a circle of *kramats* [Sufi tombs], safe from pestilence, flood and famine."

For all their meekness, however, Cape Muslims were subversive. Every Friday under apartheid, says Shafiq Morton, author of "The Circle of the Saints", a history of the *kramats*, "the face of every nation in the world" gathered for prayer at mosques across the country, in hushed defiance of the regime. Cape Muslim activists such as Ebrahim Rasool, jailed under apartheid and later premier of the Western Cape, one of South Africa's provinces, founded the Call of Islam, a group that staged mass rallies in the townships alongside Nelson Mandela's African National Congress (ANC). The Cape Malay spirit of endurance was a constant on Robben Island, a prison colony off Cape Town where Tuan Guru was imprisoned for a dozen years and where Mandela later spent 18 years in jail.

The counter-culturalism of Cape Islam extended to sexuality. The apartheid regime considered homosexuality a sin and made it punishable by seven years in prison. The army tried to "cure" 900 gay conscripts with electric-shock treatment and chemical castration. In Sufi art and poetry, by contrast, homosexuality was a metaphor for divine love and spiritual transformation. Cape Malay culture reserved roles for gay men, such as hairdressing, dressmaking and entertaining. The icon of District Six—Cape Town's most prominent Cape Malay area until it was made whites-only in 1966—was Kewpie, a transgender hair stylist who held drag shows in her salon. Gay men, says Ziyaad, a gay Muslim activist from the Cape and one of Hendricks's assistants, "were part of the community".

When apartheid ended in 1994, Mandela tasked ANC leaders, lawyers and activists, including Rasool, with drafting a new national constitution. The ambition, Rasool said, was to liberate all previously designated "second-class" citizens and bind them together in a unified Rainbow Nation. The final text of South Africa's new founding document forbade discrimination on grounds of "race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth". That made South Africa the first country in the world to recognise and protect gay rights in its constitution and Cape Town—a city which had been liberated to become the gay capital of Africa—as good a place as any for a 29-year-old Muslim scholar to come out as the world's first gay imam.

Hendricks, who was born in Cape Town into a family of imams and scholars, had known he was gay from the age of five. Initially, he tried to suppress his feelings. He put aside dreams of a career in fashion design and moved to Karachi to study Arabic and Islamic jurisprudence. There he learned how orthodox Sunni Islam interpreted the Quranic story of Sodom and Gomorrah—the city was destroyed as punishment for its men's habit of raping passing male travellers—as a blanket prohibition on homosexuality. "I thought, 'OK, this is what God thinks of me,'" Hendricks told "A Jihad for Love", a documentary about gay Muslims broadcast in 2007. "I decided that maybe I should try to get married to a woman."

But his attraction to men persisted. In 1991, a week



**It followed, Hendricks argued, that Allah would wish gay men and women to live authentically; Allah would love them as they were because he is "the most compassionate, most merciful"**

before his marriage, Hendricks confessed to his fiancée that he was gay. The couple decided to see if getting married and having a family would change him. But a few years later, Hendricks burst into tears after a male friend in Karachi moved away. "My wife said, 'So were you in love with him?' I said: 'Yes. I was.'" Even then, the couple tried to stay together for the sake of their two daughters and one son.

After the family returned to South Africa in 1994, Hendricks was traumatised by the suicide of a gay Muslim friend, who was unable to reconcile his faith and sexuality. Two years later, in the grip of a crisis of his own, Hendricks moved into the stables on a friend's farm outside Cape Town and vowed not to emerge until God showed him a way forward. He stayed there for 80 days, eating and drinking sparingly. Deep in meditation one night, he saw a vision of his father, who told him to accept himself. "One morning, I just woke up, and I decided, 'OK, I'm done fasting. I'm coming out,'" recalled Hendricks in "The Radical", a documentary made about his life in 2022.

Hendricks emerged with a solution that squared his sexuality with his faith. Every Muslim acknowledged Allah as the author of all Creation. Every Muslim also believed that Allah didn't make mistakes. It followed, Hendricks argued, that Allah would wish gay men and women to live authentically; Allah would love them as they were because he is "the most compassionate, most merciful". The verses on Sodom and Gomorrah were a condemnation of rape rather than an injunction against all homosexuality, Hendricks said.

Hendricks's arguments carried weight because he was a scholar. His reasoning also spoke to what many gay Muslims felt to be true. To Sanah Ahsan, a British poet and psychologist who identifies as a queer Muslim and became a member of Hendricks's congregation, the idea that there was "only this portion of people worthy of God's love" had always seemed implausible. "No one is outside that love," said Ahsan.

Still, even the most tolerant Cape Malay clerics regarded homosexuality as a sin. Days after Hendricks came out, his fellow imams expelled him from the madrasa at which he taught. Though he was supported by his ex-wife and children, much of his wider family also shunned him. "Family members would say, 'Your Dad's going to be stoned to death. You can't be around him,'" says his eldest daughter, Batul, in "The Radical".

It was then that Hendricks decided to set up his own mosque. He called the place the Inner Circle or, more formally, al-Fitrah—Arabic for the state of innocence at birth. Hendricks held prayers every Friday and, in an experiment unique in Islam, ran courses on how to reconcile religion with one's sexual inclination. Ziyaad was among his dozen or so original congregants. "I was so confused, so disheartened by the verses on Sodom and Gomorrah," he told me. But with Hendricks, he said, he found his "safe space".

In those early days, al-Fitrah was little more than a fringe operation for troubled souls, some of whom attended as much for Hendricks's free home-cooked biryani as any spiritual nourishment. The word from Cape Muslim leaders was that if Hendricks and his followers kept to themselves and didn't publicly challenge the orthodoxy, there wouldn't be a problem. Perhaps the only Muslim leader paying close attention to Hendricks was another radical, also cast out by Cape Islam, who was setting up his own community just a few streets away.

Jameel Adams was born a decade after Hendricks in 1977, in Mitchell's Plain, a part of the Cape Flats where thousands of Black and Coloured people (the South African term for mixed-race, indigenous Khoi and San, and those of south and South-East Asian descent) were forcibly resettled under apartheid. Like Hendricks, Adams came from a line of preachers. He also studied Islam in Cape Town, then headed overseas for further instruction (in Adams's case, to Yemen). On his return in 2002, Adams, again like Hendricks, found himself "unsettled" by traditional Cape Islam. He joined, then left, two Islamist organisations in quick succession: the Tablighi Jamaat, a strict Sunni movement, and People Against Gangsterism and Drugs (PAGAD), a vigilante group in the Cape Flats, which lynched gang bosses and bombed gay nightclubs and Western restaurant chains in Cape Town in the late 1990s and early 2000s. (Adams did not reply to requests for an interview for this article.)

For Adams, even PAGAD wasn't extreme enough. "He rejected them all," wrote Yunus Dumbe and Abdulkader Tayob, two academics who interviewed him in 2008 as part of a project into Salafism's growth in the Cape. "In his view, all other religious groups and movements had deviated from the true path." Adams saw himself as a missionary, the researchers wrote, "on a path to 'purify' Islam in Cape Town and South Africa". Barred from at least one Cape Town mosque for his virulence, he installed himself in a prayer room in the suburb of Wynberg in the early 2000s, within walking distance of Hendricks's mosque, from where he issued stinging criticisms of Tuan Guru, *kramat* pilgrims and the Cape's Muslim leaders.

Over the next three decades Hendricks and Adams became two of the most prominent Muslim voices in South Africa. The controversy around the men meant they continued to draw only a few dozen worshippers in person. But online was a different story.

Hendricks catapulted himself to global fame when he began posting videos about his beliefs on social media. He broadened his appeal by declaring his mosque a haven for people from any sex or faith, from Islam to African spiritualism. A banner from his window in Wynberg declared the Inner Circle to be "The People's Mosque". In 2021 he helped form the Queer Faith Collective, a body that brought together leaders from across Cape Town's gay and religious communities. Among them, Hendricks was the undisputed star. "Talk about flamboyant," said Reverend Nima Taylor, former Buddhist nun, unitarian minister and Queer Faith Collective co-founder. "The big banner. The pamphlets. We were all chasing his awesomeness."

A few streets away, Adams's practice of releasing the most reproachful extracts from his sermons online was also winning him thousands of followers around the world. He was broadcasting at a time when Africa was experiencing a wave of socially conservative, anti-Western, anti-gay sentiment funded and encouraged by evangelical Christians, and Salafis and Wahhabis from the Middle East. Adams attracted support from Wahhabi groups, which allowed him to open offices for his foundation, Ahlus-Sunnah, in Mitchell's Plain, and satellite operations in several South African cities, including Gqeberha.

The Cape's best-known imams took very different approaches to their fellow Muslims. Hendricks was theatrical, but presented himself as fallible, and his faith as an endless struggle to please God. He ministered to all religions, sought compromise and gladly met his opponents. (He gave up in-person scriptural debates when a Salafi preacher he invited over informed him that the only debate over gays in Islam was "how that person should be killed".)

**According to gay activists, ten gay men and women have been publicly lynched in the past few years, though the true toll is almost certainly higher**

Adams dressed with puritan drabness, and presented himself as without fault but surrounded by sin. He tolerated no debate, and delivered an endless stream of judgments and denunciations. He described as "poison" other Muslim sects, those who trusted science over faith, gossips and people who observed incorrect etiquette on their way to the mosque. He reserved a special fury for interfaith and same-sex relationships. Muslims who allowed their daughters to marry Hindus (whom he referred to as *kaafir muskrik*, or "cursed pagans") were *mudhiel* (disgracers) and *murtad* (apostates). Gay people were even worse. "Islam will never, ever make an allowance for [their] filthy…insanity," he said.

Given Cape Islam's tradition of inclusion, one might have expected the Muslim establishment to rebuke Adams. In fact, its members said nothing. But they slammed Hendricks. In 2006, when Hendricks married his Hindu boyfriend in a ceremony conducted by a woman, Cape Muslim leaders said they were triply insulted. After "The Radical" aired in 2022, the Muslim Judicial Council of South Africa issued a fatwa, condemning Hendricks and gay Muslims as apostates. Not to be outdone, al-Jama-ah, an Islamic political party, began a campaign protesting against what it perceived to be the alarming influence of gay people on public life.

The new intolerance of South African Islam reflected the spread of Salafism and Wahhabism. But it is also true that Adams's bigotry found a ready audience in South Africa. The optimism of the Mandela years gave way to disillusion. The end of apartheid is now taken for granted, and South Africans complain about crime, corruption, shoddy public services and persistent inequality. Some search for scapegoats, encouraged by incendiary politicians. Mobs attack and kill dozens of immigrants from other African nations every year. According to gay activists, ten gay men and women have been publicly lynched in the past few years, though the true toll is almost certainly higher.

By the 2020s Hendricks was cast as part of the problem. "The murders and the rapes and LGBTQI+…why do you think all these things are happening?" asked al-Jama-ah's spokesperson, Shameemah Salie, in a TV interview in 2023. Because, she said, "we are living in Sodom and Gomorrah." Hendricks's daughter, Batul, told "The Radical" that when Hendricks left the house

Members of Hendricks's congregation hold mourning prayers for their imam (*left*). Jameel Adams, an ultra-conservative preacher, gained a large following for his inflammatory sermons posted on YouTube (*opposite bottom*)

each day, it was like he was "going to war". One difficulty, paradoxically, was Hendricks's persuasiveness. "When you challenge people to debate, and they're not confident," said Morton, the historian, "then you're going to create a very adverse response."

With hindsight, some of Hendricks's friends believe he became complacent. "There was maybe some ease, and not taking precautions," said Ahsan, the British poet. "Because you've been out and working in Cape Town so publicly for so many years." But it was also true that Hendricks had long ago passed from fear to acceptance of his fate. Jacqui Benson-Mabombo, a Jewish activist and another co-founder of the Queer Faith Collective, said that as Hendricks's fame grew, he found himself constantly having to "grapple with what happens if something happens to him". As a result, said Benson-Mabombo, he was at "far greater peace than most people" with the thought of his own mortality. Even though part of Hendricks's daily prayer was a plea that he wouldn't "die at the hands of ignorant people", he told the makers of "The Radical", that "the need to be authentic [is] greater than the fear to die." Benson-Mabombo said Hendricks accepted he was "a conduit, a channel" for a mission that would almost certainly outlive him. "He could have stopped," Benson-Mabombo said. "Most people would have. And we would all have said, 'That's understandable.' But he didn't. He kept going. He got louder."

As the gunman approached, Hendricks's driver tried to back up. But the shooter was quicker. He jogged the eight steps to the Volkswagen's right rear door, bringing his left hand in front of him as he moved, so that both hands were cupped around the pistol butt by the time he reached the car.

From a foot away, the gunman assumed a target shooter's stance: left leg out in front, right leg braced underneath, both arms horizontal, hands on the grip. His posture—confident but relaxed—suggested training. A soldier, perhaps, or a policeman.

The man fired into the Volkswagen's rear seat. The car's window shattered. The assassin's arms barely moved, absorbing the recoil with practised ease.

He fired a second time.

The driver of the Volkswagen tried to reverse, but found himself hemmed in by the kerb. Keeping his pistol trained on his target, the gunman pivoted around his forward foot to adjust to the new angle.

He fired a third time.

For a moment, the man examined his target through his gun sights. Satisfied, he lowered his pistol, ran back to the pickup, and jumped in. The pickup driver backed up sharply, then made a wide U-turn, bouncing across both verges, before speeding away. Just 21 seconds had passed between the pickup entering and leaving the CCTV frame.

Hendricks was shot in broad daylight, by an assassin who appeared to be a professional. There was a possibility that the man was white or light-skinned. That unusual combination ought to have shrunk the pool of suspects. Many houses in Bethelsdorp have security cameras pointed at the street, which would have captured dozens of images of the killer and his driver. To spring their trap so effectively, they would probably also have had to wait hours for the right moment, and may have tailed Hendricks's car from the airport the night before, throwing up the likelihood of hundreds of CCTV recordings. Then there was the Toyota itself, an expensive model that looked new. Its licence plates would have allowed a detective to determine whether it was privately owned, rented or stolen. In addition, there was only a small number of people, at Hendricks's office and among the families of the two couples, who were familiar with his travel plans.

Yet in the year and a half since Hendricks's death, police investigators have made no progress. On one level, this is not unusual. Every day around 63 people are murdered in South Africa, but only a tenth of those crimes are ever solved. However, given Hendricks's prominence and the plethora of leads, the lack of progress is striking. Gay-rights groups have protested that the inaction shows that, 32 years after apartheid, parts of the South African state still condone violence against outsiders. The accusation is understandable. On the road where Hendricks was shot, I could not find a single resident who had been interviewed by the police. No officer had collected CCTV along the assassin's possible routes, or traced the pickup. The only contact the Hendricks family have had with the police since August 2025 is a single phone call.

**Every day around 63 people are murdered in South Africa, but only a tenth of those crimes are ever solved**

One person detectives should have talked to—about his advocacy of violence, if nothing else—was Jameel Adams. There is nothing to suggest that Adams had any role in or knowledge of the killing. Speaking on Mitchell's Plain on February 20th 2025, five days after the killing, he also told his congregation it hadn't been "permissible" to kill Hendricks under South African law. But he immediately qualified his statement by adding that, under sharia (Islamic law), Muslims were required to "execute" all gays in their ranks. "Execute him, right?" Adams said. "Must be executed." Of Hendricks he said, now "that this person was killed…you are allowed to be happy. We are happy. We are free from him. May he get from Allah what he deserves." That opinion was shared by Adams's followers in Bethelsdorp. Ten minutes' drive from where Hendricks was shot is the local base of Adams's Ahlus-

A float at Cape Town's Pride March in 2026 commemorating the South Africans who have died as a result of homophobic violence

Sunnah foundation at ibn Taymiyyah mosque, a sparsely furnished room on the ground floor of a small shopping centre. There the resident imam, Zaahir Abrahams, told me that he believed Hendricks deserved to die, although it would have been preferable had he been executed by a sharia court. The killing had its benefits, Abrahams added, however it happened. "There is less noise around gay marriage and homosexuality in Islam," he said.

To date, no police officer has spoken to Adams or anyone from his foundation. Sibonela Ncanana-Trower, the Hendricks family's liaison with the police, said he was also unaware of any attempt to trace people who had posted comments online in support of Hendricks's killing, or to track down the authors of a hit list circulated on social media of 200 supposedly gay Muslims. Nor, beyond taking statements from three staff members at Hendricks's mosque, have police looked into an incident two months before Hendricks was killed, when a bearded stranger in orthodox dress showed up unexpectedly at Friday prayers, filmed the service on his phone, then left when staff challenged him. Hendricks, then at the centre of a fresh controversy for posting a video of a woman leading the Muslim call to prayer, was so unnerved that he confided to a friend: "I think they're going to kill me."

A possible explanation for the police's lack of progress came this April and May in several phone calls and texts to Hendricks's supporters from a man who introduced himself as Mr Ngalo from East London—a city 200 miles east of Gqeberha. Ngalo said he was friends with the killers. In one conversation, he identified them as black Xhosa speakers hired for "a lot of money" by South African Muslims—"Indian peoples"—whose names he did not know, but whose faces he would recognise. The killing was well planned, he added. "I knew [about] the murder of Muhsin Hendricks before he was gunned down," he said. He wanted to help solve the murder for Hendricks's family's sake and was willing to give a statement—but only to the national police, he insisted, not local officers. "Because the police investigators know the killers," he said. "Because the killers bribed the investigative officers on the case. These friends of mine…are working with corrupt officers, you understand? If I spoke to them here, my life will be in danger."

On the first anniversary of Hendricks's death this February, I asked the police about their lack of progress. Brigadier Nobuntu Gantana, a spokesman for the Eastern Cape police, said that "as this case remains an active and ongoing investigation, it would not be appropriate for us to conduct interviews or provide briefings" as the investigation might be jeopardised.

**"It isn't often that we get to celebrate the life of someone who…refused to cower in a corner or be silenced by threats. The world needs that kind of courage"**

In August, I put the allegations of corruption to Gantana. She urged anyone making such accusations to do so "through the official channels". She also disclosed that a "special detective task team" had taken over the murder investigation. In early July that team submitted a file to state prosecutors and had received additional instructions. "The investigation into the murder of Mr Muhsin Hendricks is ongoing," she said. "No arrests have been made in this case to date."

This February, exactly a year after Hendricks's assassination, 70 people gathered for a memorial at St George's Anglican Cathedral in Cape Town. It was from St George's pulpit that Desmond Tutu, the city's former archbishop, once railed against apartheid as a sin against a merciful and compassionate Christian God. Recalling those days in his address, Dean Terry Lester said that "it isn't often that we get to celebrate the life of someone who…refused to cower in a corner or be silenced by threats. The world needs that kind of courage."

South Africa in 2026 needs it more than most. After Hendricks's murder, the Muslim Judicial Council condemned the killing "unequivocally" then immediately qualified its statement, noting his death "might have been motivated by hatred…due to his views on same-sex relationships" which were "incompatible with Islamic teachings". Sensing widespread tacit approval of Hendricks's murder, his family took down all his social-media posts and the landlord evicted his foundation. Without a home, his congregants stopped gathering. It was a measure of the fear spread by Hendricks's assassination that, a year later, his memorial was held in a church. Even then, most of his former students and family, and every orthodox imam in the Cape, stayed away. Though a nearby mosque allowed a second, Islamic ceremony that day, its elders did so only on condition that the service was held in secret.

That stealth evokes an earlier era. Centuries ago, when Sufi leaders died in the Cape, their followers often buried them in secluded spots out of sight of the Dutch authorities—deep forest gulleys or windswept mountain ridges with lonely views of the ocean. As Morton writes, many *kramats* remained hidden for centuries, tended to by a handful of faithful. Only recently has their existence become known. New *kramats* are being added to this day, such as the tomb of a descendant of Muhammad who died in 2005 and is now buried behind Cape Town's docks.

On the day that Hendricks was killed, his body was released to his family, transported to the Cape and buried in the earth of his ancestors as quickly as possible, in keeping with the rituals of his faith. In his tirade against Hendricks five days later, Adams instructed his followers: "He's not [to be] washed, not shrouded, not prayed over, and he should not be buried with the Muslims." To his relatives, Adams's words were a threat: if the location of Hendricks's grave became known, hardliners might desecrate it.

The family decided on a traditional Sufi solution. Each swore never to reveal Hendricks's burial place. Instead, like his forefathers, the world's first openly gay imam lies in secret, in peace, as his God made him. In a circle of saints. ■

**Alex Perry**'s latest book, "Blood Will Flow: The Murderous Business of Oil and Gas", is out now. Photographs by **Chris de Beer Procter**

# Business

Carmaking

## Cross-country drive

**China's disrupters are bringing their factories to the world. Incumbents will have to accelerate to compete**

When Ford opened the industry's first big overseas outpost, in Manchester in 1911, it set the route by which ambitious carmakers went from dominating at home to spanning the globe. Over a century later, with Ford in retreat, it is the Chinese who are setting up factories abroad. They will not be able to bring all of their advantages with them. But many will travel—to the dismay of incumbents.

China's mighty carmakers, which pump out around a quarter of the world's cars, have competitors on the run everywhere. The situation is intensified by a home market forecast to shrink 10% this year, with the resulting price war encouraging overseas sales. In five years foreign firms' share of the Chinese market has roughly halved, while exports from the country, of which local brands make up four-fifths, have risen seven-fold. In 2026 exports could hit 10m vehicles, over 40% more than last year, according to AlixPartners, a consultancy.

Even so, just as in Ford's day, there are plenty of reasons to manufacture closer to foreign customers, starting with tariffs and the expense of shipping vehicles. A presence on the ground also helps with spotting and adapting cars to local tastes and conforming with local regulations. And governments may dangle subsidies and other inducements to attract factories and manufacturing jobs.

China's firms are already assembling cars, or have plans to do so, across much of the developing world (see map on next page). But it is the vast European market they regard as their biggest prize. If tariffs imposed by the EU in 2024 have hurt Chinese vehicle imports, it hardly shows. Schmidt Automotive Research, a data provider, calculates that Chinese carmakers captured 11% of sales in western Europe in the second quarter of this year, overtaking their Japanese rivals. Tougher deterrents are in the works, however. The EU's proposed Industrial Accelerator Act, which is currently weaving its way through the bloc's tortuous policymaking process, would tie the availability of purchase subsidies and tax breaks for corporate fleets to vehicles that meet certain local-content thresholds, alongside other measures favouring production within the region.

These rules may not be in place for a year or more, and could yet be watered down. Nonetheless, the Chinese are hurriedly updating their plans. Consider BYD, the biggest of the lot, which is close to opening a plant in Hungary that may eventually churn out 300,000 cars a year. It has put on hold another new factory in Turkey intended to serve the European market, as it searches for a pre-existing site in Spain or France. A brand new factory takes around three years to get up and running; acquiring and retrofitting an existing plant is quicker and cheaper. The number available is sure to increase in the years ahead: on September 3rd Volkswagen gained ▸

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approval from its supervisory board for a restructuring that will involve phasing out production at four sites in Germany.

An even swifter approach is to take over part of a factory that is under-used. AlixPartners reckons there is spare capacity to make 2.5m cars a year across European factories. A deal Chery signed in June with Nissan to use part of its Sunderland factory in Britain, and a similar one in July allowing Geely to build EVs at a Ford plant in Valencia, may be just the start.

Still, such deals are a temporary measure to speed market entry, says Pedro Pacheco of Gartner, another consultancy, and the next stage will be independent production. Indeed, SAIC recently confirmed plans for a new factory in Spain, while Xpeng is said to be searching for a permanent European base.

European car bosses may hope that the cost advantage of around 30% that their Chinese rivals currently enjoy will be eroded by localised production. But they are bound to be disappointed. China's edge comes from a combination of lean corporate structures, streamlined manufacturing and a high degree of vertical integration, with economies of scale compounding the benefits over time. Chinese cars typically contain around 1,000-2,000 different parts, whereas European competitors are still wrangling 3,000-10,000, notes Fabian Brandt of Oliver Wyman, another consultancy. China has also mastered the "software-defined vehicle", based around a central computer that controls all functions, rather than the dozens of microcontrollers used by Western incumbents, says Andrew Bergbaum of AlixPartners.

All this lowers costs. It also makes the Chinese much quicker at developing new cars, which typically takes them around two years, compared with at least double that for foreign competitors—a trait the industry has come to refer to as "China speed". Much of their advantage will persist as production moves abroad. Research and development will remain in China, and the manufacturing methods perfected at home will be replicated globally.

Chinese carmakers will not be able to escape some new costs. Establishing a retail and after-sales network in 30 or so markets adds expense and complexity. And while some of their cheap suppliers have also set up in Europe, they will still have to use many of the same vendors that their local competitors do, particularly if policymakers in Brussels get their way.

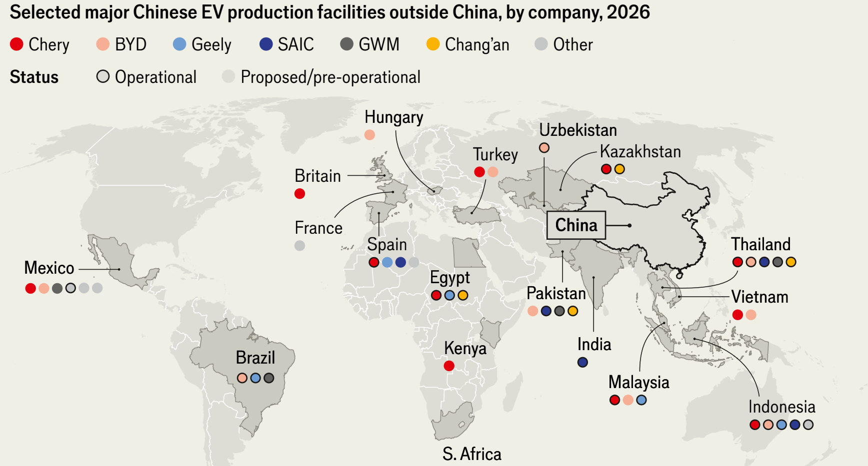
Then there are labour and energy costs. These are the same whether a factory is owned by a European carmaker or a Chinese one. But whereas European firms' footprints are largely fixed, Chinese firms can be choosy, opting to manufacture in cheaper countries such as Hungary or Slovakia, rather than, say, Germany. Mr Pacheco reckons that costs in eastern Europe's carmaking centres are not quite as low as in China, but are not far off.

Moreover, local labour costs may soon matter less. In China carmakers are working on "dark factories", so automated that the absence of human workers means that lighting is not required. Once a dark factory is ready the Chinese will "just pack it, ship it over and unpack it," reckons Daniel Hirsch, also of Oliver Wyman.

The pace at which China is expanding abroad makes forecasting difficult. AlixPartners reckons that its firms will have the capacity to make 3.4m cars overseas by 2030, up from 1.2m last year. Others put the figure as high as 6m. According to Mobility Global, an information provider, Chinese brands will manufacture 90,000 cars in Europe this year, accelerating to as many as 1m by 2030. What is certain is that China speed will not slow soon. ■

**Extended range**

**Selected major Chinese EV production facilities outside China, by company, 2026**




Sources: AlixPartners; press reports

Alcoholic drinks

# Fermenting strife

**As booze sales fall, competition among drinks-makers intensifies**

Once upon a time brewers, vintners and distillers had little to fear from one another. Each beverage had its occasion to shine: people imbibed beer as they watched a game, sipped wine over dinner and downed spirits as they partied late into the night. Some consumers defied convention, but drinks-makers themselves stuck to their terroir. No more. With the booze industry facing an uncertain future, old boundaries are being crossed.

Over the past five years the combined market value of the West's ten largest listed alcoholic-drinks companies has fallen from $500bn to $320bn (see chart on next page). Investors have grown nervous that abstemious youngsters may never drink as much as their forebears. Global alcohol consumption fell by 2% in 2025, the third straight year of decline, according to IWSR, a research firm.

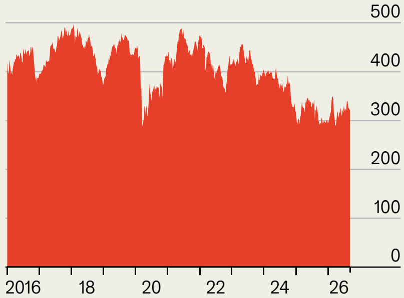
One of drinks-makers' responses has been to roll out countless non-alcoholic beers (quite good), gins (passable) and wines (don't bother). Another has been to gatecrash occasions that their tipple has not traditionally been selected for. Beer, for instance, has long been the dominant beverage for outdoor events such as sports matches. As was to be expected, this year's football World Cup brought a boost in volumes for big brewers such as AB InBev and Heineken. But others are eager for a slice of that business. Diageo, which owns Guinness but makes the vast majority of its money from spirits such as Johnnie Walker and Casamigos, sponsored this year's tournament across North America. Jameson, owned by Pernod Ricard, is the official whiskey of Major League Soccer, the top league in the United States and Canada.

Spirits-makers' offensive goes well beyond sponsorship. Campari, the Italian company behind Aperol, has been experimenting with putting drinks based around its aperitifs on tap. At a recent Bad Bunny concert in Milan 22,000 glasses of Aperol Spritz were sold to fans. Campari says its cocktails-on-tap have already claimed 1.5% of Italy's premium-beer market, and the firm is now launching the concept elsewhere, including Germany and Britain.

At the same time, brewers and vintners are expanding into canned cocktails—once the domain of distillers. So-called "ready-to-drinks" (RTDs), including everything from pre-mixed gin-and-tonics to piña coladas, have soared in popularity. ▸▸

**Hammered**

Top ten Western alcohol companies, market capitalisation, $bn




Source: LSEG Workspace

Global sales rose by 3% last year, reckons IWSR, with premium versions up by more than 15%. A big part of their appeal comes from their convenience. "Say you're hosting ten people but you don't want to be there in the kitchen catering for each and every person," explains Michel Doukeris, boss of AB InBev. "It's easier to open a can of margarita or a Tetra Pak that has wine punch inside."

Mr Doukeris's company has expanded enthusiastically into RTDs over the past few years. AB InBev has invested heavily to grow Cutwater Spirits, a maker of canned cocktails it acquired in 2019. Earlier this year the brewer also bought a majority stake in BeatBox Beverages, a seller of wine-based concoctions in cartons. Others have followed suit. In March Molson Coors, another beer giant, acquired the maker of Monaco Cocktails, which sells its mixtures in fluorescent cans. Vintners are in the business, too. Gallo, an unlisted Californian firm that is the world's biggest wine-maker by volume, is also one of the top sellers of RTDs in America, thanks to its High Noon brand.

Spirits-makers, having established the RTD category, are falling behind. Partly that reflects a reluctance to cannibalise their core business. The products they have launched have tended to be designed around their existing brands, which has failed to give young consumers the novelty they crave. As BCG, a consultancy, points out, purpose-built brands dominate the market for RTDs in America. Beer companies also tend to have far more extensive distribution networks, giving them an added advantage. Pessimism over the outlook for the spirits industry may explain why earlier this year both Pernod Ricard and Sazerac, another distiller, tried (unsuccessfully) to combine with Brown-Forman, maker of Jack Daniel's.

If all else fails, there is at least one other category booze businesses could pursue. Soft drinks laced with cannabinoids are all the rage among youngsters. They might just give drinks-makers their buzz back. ■

Oura

# One ring to track them all

NEW YORK

**How a Finnish device found its way onto millions of fingers**

When Oura started out in 2013, wearable health devices, such as FitBits, were mostly the purview of fitness-neurotics. The startup's Finnish founders, however, had two convictions. First, that a ring would less intrusively yet more accurately monitor vital signs than a wristband, because of its proximity to blood flow. Second, that it could be used to track not just exercise, but many other health indicators.

Both beliefs turned out to be correct, and today Oura's rings adorn millions of fingers around the world, including those of A-listers such as Kim Kardashian, a reality-TV star, and Tom Holland, a film actor. On September 3rd the business filed to go public in America, reportedly seeking a valuation of more than $16bn. In the nine months to June it generated $1.2bn in sales, up by 74% on the same period a year earlier. Unlike many other buzzy startups seeking to go public, it is also profitable.

Oura's rise was slow at first. In an interview with *The Economist* last month, Tom Hale, the company's chief executive, recalls hearing time and again from would-be customers some variation of: "I love the idea, but it's a bit big for me." Biohackers and Silicon Valley nerds accounted for most of the early demand. Over time, however, technological advances, particularly around battery life, have allowed Oura to slim its devices down dramatically. "No one looks at this and thinks it's a piece of technology anymore," says Ben Wood of CCS Insight, a research firm. "It almost looks the same as my wedding ring."

Part of Oura's appeal also lies in its user-friendly app, which presents vast amounts of data in an easy-to-parse way. That allowed it to launch a lucrative subscription business in 2021 which today makes up a fifth of its revenue. For paid-up members, the app will give detailed analysis of their sleep patterns at night or stress levels through the day, and offer personalised suggestions to improve their habits. The number of subscribers doubled in the year to June, to 5m. About 85% stick around after 12 months—"better than Netflix or Spotify", says Mr Hale.

Oura has benefited from consumers' growing interest in taking charge of their health, and greater willingness to spend money now to prevent or lessen illness as they age. A sizeable share of its business comes from Americans buying rings using tax-advantaged accounts for health spending, which have soared in popularity.

For now, the smart-ring market remains tiny. Of the major wearables categories tracked by IDC, a research firm, it is the smallest, with roughly 5m units set to ship this year, mostly from Oura, compared with 40m for wristbands and 160m for smart watches. But it is growing fast. That is attracting rivals, including startups such as Ultrahuman and giants such as Samsung. So far Oura has kept them at bay. But it would face a bigger threat if Apple, which leads the smart-watch market, decides to enter the business.

Mr Hale remains confident that Oura's head start—as well as its patents—will make it difficult to catch. "We're the only people on the planet that can do this," he insists. That is a big claim. Oura will be hoping it rings true for investors. ■

**On the pulse**

Investment in the Gulf

# Silicon dunes

DUBAI

### War has not halted the region's data-centre boom

SOON AFTER war broke out in the Gulf, Iranian drones targeted Amazon's data centres in the United Arab Emirates (UAE) and Bahrain. But at Stargate UAE, a 1-gigawatt data centre being built on a 5GW campus in Abu Dhabi, work "never stopped," says an executive at a state-backed artificial-intelligence firm. The first 200-megawatt phase is almost complete.

Last year PWC, a consultancy, predicted that across the Gulf data-centre capacity would rise fourfold within five years, to about 4GW. The outbreak of war has not halted the boom. HUMAIN, an AI company established by Saudi Arabia's sovereign-wealth fund, announced last month that it would build a facility with DataVolt, another Saudi firm, at Oxagon, an industrial city on the country's west coast. Two other Saudi outfits, Axelerated Solutions and Al Moammar Information Systems, have also trumpeted new data-centre investments.

America's hyperscalers, too, seem to have lost none of their enthusiasm. In September Amazon Web Services said it was expanding a partnership with HUMAIN to provide more data-centre capacity by 2028. Last month Microsoft, which has leased Saudi sites from Al Moammar and is working with Du, an Emirati telecom firm, to build a data centre in the UAE, said it would bring more regional capacity online in November.

Several factors explain the region's continued attraction, despite the conflict. One is cheap energy: electricity tariffs in the Gulf are around six cents per kilowatt hour, compared with between nine and 15 cents in America, reports PWC. Vast amounts of renewable power and new transmission infrastructure have pushed costs lower. Another is cheap land: according to PWC, industrial land for data centres in Saudi Arabia costs $10-50 per square metre, well below the $150-600 in northern Virginia, where many of America's server farms live. McKinsey, another consultancy, puts the cost of building and powering a 100-megawatt AI data centre in the Gulf at $200-220 per MW hour, nearly as low as in China.

The Gulf has also established itself as a hub for industry talent: last year the UAE and Saudi Arabia were among the countries that recorded the highest net inflow of AI workers relative to their workforces. There is no evidence that war has sent this flow of talent into reverse.

Then there are the Gulf states' deep pockets. In July MGX, an Emirati state-run fund, raised $50bn to invest in AI. Most of that money will flow to overseas companies, but those wanting a slice of it will be eager to keep their paymasters happy by investing in the region.

Domestic policies in the Gulf will require more data centres, in effect underwriting demand. In April the UAE said it would deploy "agentic AI" across half of the government. The country's National Cloud Security Policy requires "operational sovereignty" for government entities and operators of critical infrastructure, further supporting the build-out, while Saudi Arabia's financial institutions are generally required to use cloud services within the country. Luca Bennici of McKinsey notes that private firms in the Gulf have "growing concerns" of their own about data protection and sovereignty.

What is more, there is little of the public opposition to data centres increasingly on show in the West, where many people resent power-hungry facilities on their doorstep. Bashing data centres has turned into a popular campaign strategy in American politics. In the Gulf, not so much. "Centralised decision making" helps, says an executive in the region.

True, the war has disrupted the Gulf's carefully crafted economic boom. It has also made the region's rulers more determined to make their digital investments secure. Kurt Davis junior of Alvarez & Marsal, one more consultancy, notes that plans to make data centres as safe as embassies, even putting them underground, are being mooted. Nevertheless, the build-out continues. ■

The food business

# For the chop

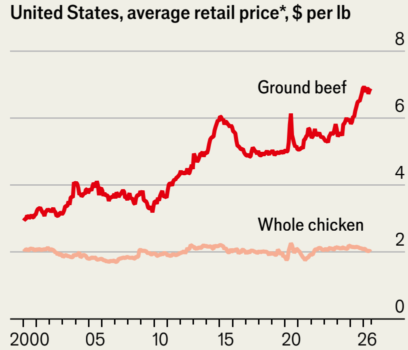
### Beef has never been pricier—and meatpackers are suffering

SINCE 2020 the price of beef in America's shops has soared by around 70%, more than twice the general inflation rate. Americans are disgruntled, and the president knows whom to blame: the middlemen. Meatpackers, who buy cattle from farmers and turn steers into beef, "are a nasty monopoly", Donald Trump declared on Truth Social last month.

The industry certainly is concentrated. Just four companies—Tyson Foods, Cargill, JBS and National Beef—slaughter 85% of America's cattle. Trustbusters have had the oligopoly in their sights for some time now. Tyson, Cargill and JBS have each settled lawsuits in America alleging they fixed prices between 2014 and 2022. (All firms have denied wrongdoing.)

**Hard to stomach**

United States, average retail price*, $ per lb




Source: FRED *At July 2026 prices

Yet despite record beef prices, the "Big Processors", as Mr Trump calls them, are not thriving. Shares in Tyson, the largest, have tumbled by 40% since 2021—and by 7% since it cut its earnings forecast on September 3rd. It now expects its beef business, which brings in 40% of revenue, to lose as much as $775m this year. Trouble in the division has dragged the company's overall operating margin down from 8.5% in 2021 to 2.6%. JBS, which is Brazilian, has said its North American business lost $427m in the first half of 2026.

"Beef is a boom and bust industry, in part because it is at the mercy of biological cycles," says Joshua Specht, author of "Red Meat Republic", a book tracing its history. Usually a bust begins with a drought, which pushes up the cost of feed, prompting ranchers to reduce their herds. When cattle become scarce, prices rise, which encourages them to increase herds again. Because herds take about five years to rebuild, a typical cycle in the industry lasts for about a decade.

This cycle largely explains meatpackers' current troubles. By 2014, years of drought had forced American ranchers to cut their herds. Cattle then became scarce. "When prices peaked, ranchers all jumped in and started growing their herds as quickly as possible, and basically crashed the market in a very short space of time," says Alexia Howard of Bernstein, a broker. There is no sign yet that ranchers are rebuilding. "Everybody's got this once-bit-ten, twice-shy mentality," says Ms Howard.

Since 2020 America's herd has shrunk by nearly a tenth, to its smallest since 1951, and the price of a steer has risen by 120%. Meatpackers are thus paying more than ever to fill their slaughterhouses. But on the other side, retail prices have not kept up. As beef has become dearer, shoppers have turned to chicken, the price of which has remained stable, adjusting for inflation (see chart on previous page).

To cut costs, meatpackers are taking a knife to their operations. In August Tyson shut factories in Illinois and Utah, cutting around 3,200 jobs and about 15% of its beef-processing capacity. This year Cargill has closed a plant in Wisconsin. JBS has shut facilities in Pennsylvania and Tennessee, shedding 2,000 jobs.

But they will keep bleeding—and beef will stay pricey—until ranchers rebuild their herds. Mr Trump is reluctant to say so: after all, many of them voted for him. Instead, on August 31st his agriculture secretary announced the Ranchers First Initiative, which makes it easier for farmers to bypass middlemen by processing their own meat, and also provides financial support to small slaughterhouses. None of this will make much of a difference to prices, argues David Anderson of Texas A&M University: "The numbers would be so small…it wouldn't change the broader market at all." American consumers hoping for some relief may be waiting until the cows come home. ■

## BARTLEBY

# *Group dynamics*

*Are you committed to your company or your team?*

HUMANS ARE conditioned to form allegiances extremely quickly, a type of behaviour sometimes called the "minimal group effect". In a famous series of experiments, a social psychologist called Henri Tajfel found that you can divide strangers into groups on totally arbitrary grounds—how good they are at estimating the number of dots on a chart, say, or how much they like a certain type of abstract art, or even just on the basis of a coin toss—and they will immediately start to favour members of their own group when then asked to distribute rewards.

If people are prepared to start dividing the world into "us" and "them" based on whether someone likes Mondrian, it's no surprise that they form strong identities and loyalties based on where they go to work every day. One of the small diversions of office life is watching to see how quickly joiners start using the word "we" to refer to their new employer: it's usually instantaneous and occasionally takes place during the interview.

But if you work for a large enough company, you do not belong only to the organisation. You have "nested identities": you are also a member of a department, and of a team within that department, and perhaps of smaller groups as well. These other in-groups can really matter. A research meta-analysis by Michael Riketta of the University of Tübingen and Rolf van Dick of Goethe University finds that on average employees identify more strongly with their work group than with their organisation.

That ought not to be a huge surprise. Proximity, familiarity and shared routines bind people from a specific team together. Identities at work also depend largely on which department you are in. If you are at a staff event for Widget & Sons and a colleague asks what you do, you don't say "I work for Widget & Sons" but tell them which group you work in.

Identifying with a sub-group is not necessarily bad. It makes perfect sense for organisations to divide labour up among departments. A bit of friendly competition between teams can be useful. But a strong sense of group identity can also impede co-operation across the wider organisation. It becomes natural to blame the general uselessness of other departments if things go wrong. Budget allocations are framed as victories and losses. Information may well be hoarded in silos rather than shared. A paper by Jeanine Pieternel Porck of Oklahoma State University and her co-authors finds, for example, that a strong sense of group identification is associated with reduced understanding of an organisation's strategy.

For executives, therefore, the challenge is to reconcile strong bonds within teams with a sense of commitment to the organisation as a whole. An example from outside the office helps explain how to go about this. A long long time ago, when Manchester United was a dominant football club, a group of researchers wondered whether being a fan of the team would affect someone's willingness to help a supporter of a rival outfit. Mark Levine of Lancaster University and his co-authors ran an experiment in which self-identified fans were first reminded of their allegiance to Man Utd and later encountered a jogger who deliberately slipped and fell in front of them. The participants were more likely to offer help if the stranger was wearing a Man Utd football shirt than if they were sporting a Liverpool one or a plain top.

The thought-provoking part came next. The researchers ran the same experiment with another group of United supporters, but this time the participants were primed to think of themselves as fans of the beautiful game rather than of a specific club. Now, when they saw someone appear to injure themselves, they were equally likely to offer help to anyone wearing a football shirt, their own or Liverpool's. It's not a watertight experiment. Nor is it a heart-warming story: whatever happens, some poor soul in a plain top is left hurt and unaided. But it is an instructive one.

Employees will naturally form in-group relationships with their closest team-mates. Bosses often have to work harder to ensure that people also feel like members of the wider organisation. That might mean making efforts to bring people from different teams into contact with each other, through project-based work or social events or the physical layout of the office. It definitely means explaining to members of departments how their work contributes to the health of the overall organisation. People are quick to divide into "us and them". "Us and us" takes a bit more thought.

# SCHUMPETER
## *Retrofuturism*

*A new aesthetic is taking hold in Silicon Valley and beyond*

ASTRA, THE latest artificial-intelligence model from OpenAI, is a technological leap forward and an aesthetic jump backward, going by its promotional video. The clip begins with grainy footage from 1979, of a Massachusetts Institute of Technology researcher testing voice-command software. Cut to the present. The Eames chair and projector screen remain. But now workers assemble presentations and fiddle with contracts via dictation as they pace around the brown carpet. Another chills out by building and playing a rocket-ship game. The whole thing is, in a word, retro.

A retro revolution is under way in Silicon Valley. Outside Elon Musk's diner in Los Angeles, a homage to 1950s Americana, can be spotted at least a few Cybertrucks, Tesla's beefed-up version of the 1981 DeLorean. Palmer Luckey founded not just Anduril, a defence firm named after the sword from J.R.R. Tolkien's middle-earth, but also ModRetro, which makes replicas of video-game consoles from the 1990s. Andreessen Horowitz, the world's largest venture-capital firm, has re-branded itself in the art-deco style. Anyone who's anyone has an opinion on the fallen beauty of the world. The boss of Stripe, a giant payments firm, has given out grants to projects in search of "new aesthetics". But many more techies think the answers lie in the past.

Some dismiss all this as the mid-life crisis of an industry whose power has outgrown its casual look. Much has been written about Mark Zuckerberg's tough-guy transformation, but he still works at "1 Hacker Way". Sam Altman, boss of OpenAI, rarely uses capital letters in his earth-shaking correspondence. The glass boxes techies live and work in are far less grand than those of tycoons past: a visit to the soaring art-deco tower General Electric erected in Manhattan or the kitsch castle William Randolph Hearst built in California would make any billionaire consider refashioning himself as a mid-century mogul or a neo-classical titan.

It cannot be a good business decision to be of one's time when that time is so unpopular. According to a survey from Pew, nearly half of Americans say they would rather live in the past (only a small group would prefer the future). The past has always found fans among the very young and the very old. But hardly ever has the future seemed so toxic, if the opposition to data centres is anything to go by. Politics in the rich world is mostly an exercise in promising, however fancifully, to make the economy look like it did decades ago. Among the many re-s that comprise the populist agenda are rearmament, reindustrialisation, renationalisation, reshoring and even remigration.

The screen will be the front line of the retro revolution. For decades these portals to the digital world got thinner, bigger and more numerous. In his first big announcement John Ternus, Apple's new boss, unveiled a foldable iPhone, making the devices larger still. Yet as least as much energy is going into replacing the screen with objects that blend into ordinary—which is to say, retro—life. Rings, glasses, watches and even pendants are all "wearable" vessels that promise their host an unconstrained 20th-century experience with the perpetual assistance of a god-like computer from far in the future.

The first retro billionaires are already being minted. Kim Kardashian, a reality-television star, might seem like a mogul at peace with her time. But her underwear brand, SKIMS, is a well-marketed reboot of SPANX from the 2000s, which is itself a reboot of the Victorian-era ladies' corset. Last year OpenAI paid an astonishing $6.5bn to acquire the services of Sir Jony Ive, a British designer responsible for many of Apple's greatest hits in the 2000s, in pursuit of an attractive (and reportedly screenless) vessel for its AI bots. But it is Sir Jony's business partner, Marc Newson, whose work truly encapsulates the coming retro style: his bright and boxy Ford 021c concept car, unveiled in 1999, is among the greatest retro products never built.

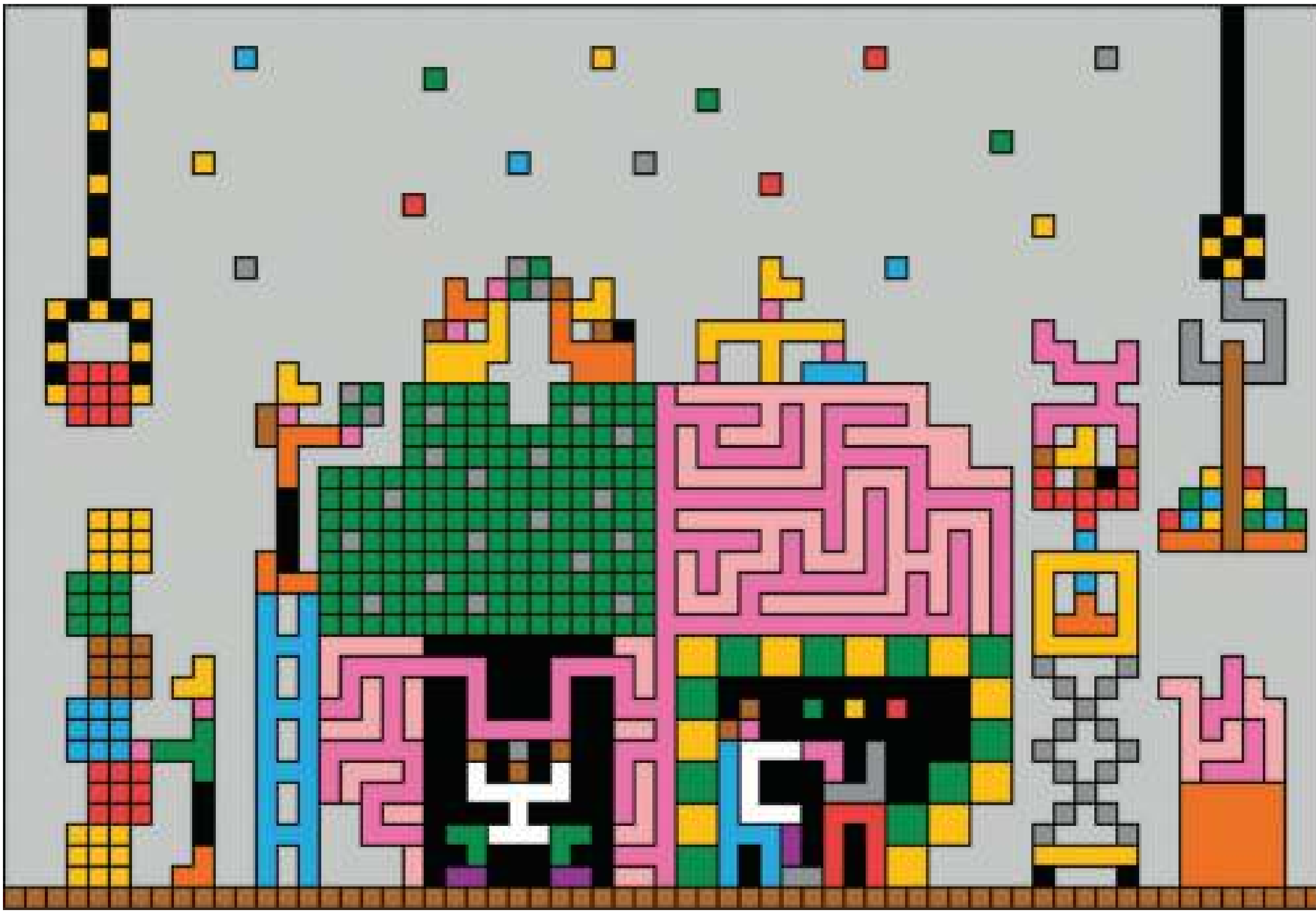
Capitalism has not generally been kind to those who try too hard to put back the clocks. Any backward technological tendencies a modern worker has (like using an old phone) are crushed on contact with the real world. History is littered with companies that try and fail to revive their fortunes by returning to a former design, particularly in the car industry. Already the latest retro wave is creating casualties who misjudge the delicate balance between new technology and old design. The Ray-Ban Wayfarer frame used for Meta's new AI glasses is surely meant to distract from the cameras peeking from their corners. Yet to interact with someone wearing them can be doubly unnerving, since they are both pointing a camera at you and, often, wearing sunglasses.

Even so, profits will flow to those businesses that can make their customers feel as if they are inside a Faraday cage, undisturbed by the digital world. That is already the goal of some trendy nightclubs, which require that phones stay in pockets or bags, and those few restaurants snooty enough that diners are dissuaded from photographing their food. Schools and universities will increasingly pitch themselves as sacred, tech-free environments. A decade ago a child with an iPad might have been a marker of affluence; now it is a sign of neglect. Bosses might soon find themselves attracting workers to their firms with the promise of retro cubicles and formal dress codes.

**The times they are a-changin'**

It is a great irony that American capitalism should be so obsessed with the past as it hurtles ceaselessly towards the future. Reviving some version of the old world might be the best chance that tech bosses have to stem the growing hostility towards them. But it is also a warning. If society continues to turn on them, it may take to winding the clock back itself—threatening the whole edifice, and the futuristic dreams of Silicon Valley, in the process. ■

# Finance & economics



Technology and labour

## Help wanted

WASHINGTON, DC

**The jobs apocalypse is postponed. An AI jobs boom is here**

PERHAPS MACHINES will make many humans unemployable eventually—but there is no sign of it yet. On September 4th the Bureau of Labour Statistics reported that the American economy added 162,000 jobs in August, far above expectations. The unemployment rate is 4.1%, lower than in almost 90% of months over the past half-century. Young workers, often cast as the first victims, of artificial intelligence, are doing just fine: the gap between unemployment among 20-24-year-olds and the overall rate is close to a multi-decade low.

Some companies and workers are being severely disrupted by AI. Hiring in professional and business services is running about 10% below the average in 2015-19. Tech giants such as Microsoft and Meta are trimming headcounts as they reorganise their businesses around the technology. Smaller firms such as Block, the owner of Square and Cash App, and Intuit, the maker of TurboTax and QuickBooks, are replacing people with bots. American companies have announced some 16,000 AI-related job cuts a month on average so far this year, according to Challenger, Gray & Christmas, an employment consultancy.

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But AI-related lay-offs gets lost in a churning jobs market where employers shed roughly 1.7m workers in a typical month. And the evidence so far is that AI is already creating a lot of jobs to replace those it has destroyed. The vast sums pouring into data centres and power generation have set off a race for construction and infrastructure workers. AI startups are hiring like there is no tomorrow. Incumbents racing to keep up are creating new AI roles. And by making some workers more productive, AI may be increasing demand for their services.

Add it all up, and *The Economist* estimates that AI has so far created around 1m new jobs in America. That easily exceeds the roughly 200,000 lay-offs attributed to AI since mid-2023, and appears more than enough to offset weaker hiring in many back-office roles. America's AI infrastructure splurge has created many of them. The spending on the kit needed to make AI run—from chips and servers to data centres, cooling systems and power—is roughly $500bn a year above what it was in 2022, when the world got to know ChatGPT, calculates Goldman Sachs, a bank. Data- ▸▸

centre construction alone is proceeding at an annual rate of more than $75bn, nearly 60% higher than a year ago, according to data from America's Census Bureau. That building spree requires armies of workers: electricians to wire server racks, HVAC specialists to stop these from overheating, grid engineers to hook them up to the power supply and technicians to install and maintain the machines.

The hiring boom is visible in the numbers. *The Economist* tracked five industries at the heart of the data-centre build-out, from electrical contracting to equipment manufacturing. Since 2023 employment in them has risen by roughly 320,000 more than broader construction and manufacturing trends would suggest (see chart 1, left panel). The Bureau of Labour Statistics (BLS) expects utilities to be the fastest-growing big sector between now and 2035.

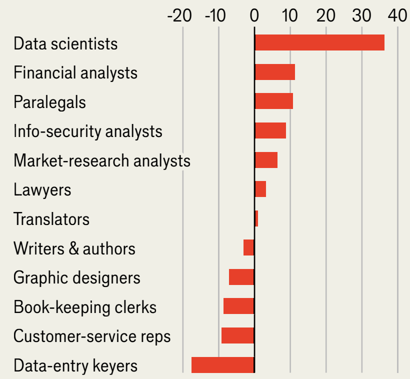
Not all of those jobs owe their existence to AI—grid upgrades and other factory building matters, too. But lots of them do. Indeed, a jobs website, finds that data-centre vacancies have more than doubled in two years even as job postings overall have fallen. LinkedIn, a social network for strivers, estimates that nearly half a million data-centre jobs were created between 2023 and 2025 in America, with technicians and engineers among the most common recent hires.

The scramble for workers is showing up in pay cheques, too. Indeed finds that installation and maintenance jobs at data centres advertise wages about 40% above similar work elsewhere. Official data tell a similar story. Between January and June average hourly earnings rose by over 13% in electrical-equipment manufacturing and nearly 8% among electrical contractors.

Even with the pay gains, workers are still not easy to find. On a recent visit to a transformer factory, Donald Leavens of the National Electrical Manufacturers Association asked the company's chief executive what help she needed most. "Can you come up here and run one of our lines for me?" she replied.

**Differential calculus** 2

**US, employment, % change May 2023-25**
Selected sectors




Source: Bureau of Labour Statistics

It is not just hard hats that are proliferating. AI is also creating a new class of white-collar jobs. Engineers build the models, data annotators label their inputs and judge their answers, "forward-deployed" engineers adapt them for customers, and newly minted "heads of AI" decide what companies should do with the technology. Some of these roles barely existed until recently. Many are quickly growing in number. Postings for heads of AI, AI engineers and directors of AI have roughly doubled since 2023-24, according to LinkedIn.

The numbers are starting to add up. Preliminary research by Gad Levanon, chief economist at the Burning Glass Institute, uses the research outfit's career history database (which mostly relies on LinkedIn career histories) to identify jobs that would not exist without AI, whether at AI-native firms or because they are AI-specific roles at other companies. He reckons roughly 1% of professional jobs are now "AI jobs"—on the order of 1m positions in America. In computer occupations and life sciences—including researchers using AI to discover new drugs—the share is 4-5%. LinkedIn's own analysis points to roughly 640,000 new AI-specific jobs between 2023 and 2025. "To date, the evidence suggests that AI has been a net job creator," says Kory Kantenga, head of economics for the Americas at LinkedIn.

*The Economist* tracked employment in professional occupations closest to the AI boom—engineers, software developers, mathematicians and data scientists—and compared their growth since 2022 with professional employment overall. These roles have added roughly 730,000 jobs above trend in recent years (see chart 1, right panel). AI will not have created every single one of them. But it has almost certainly created quite a few.

A third source of jobs comes from productivity gains. AI allows lawyers to draft contracts faster and analysts to comb through financial filings in minutes. If higher productivity lowers the cost of professional services, it is possible that demand for them can rise enough to create more work overall.

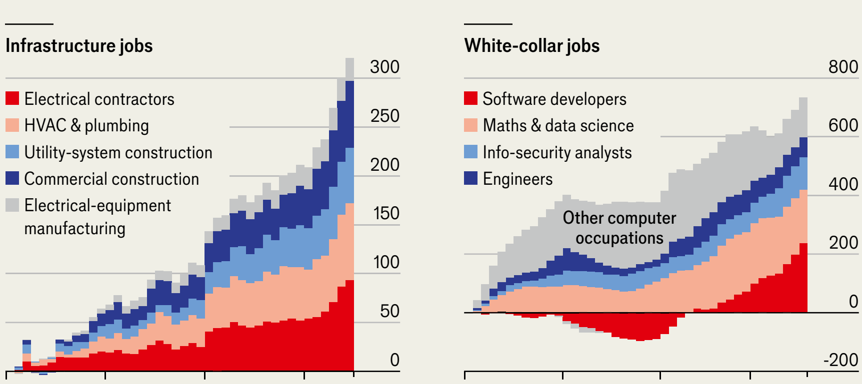
Some of the occupations once believed to be most vulnerable to AI appear to be benefiting from this effect. Between 2023 and 2025 employment among paralegals rose by about 11% and among market-research analysts by 6%, compared with a national average of around 2% (see chart 2). Despite dire warnings of imminent lay-offs, professional services are projected to keep growing rapidly thanks to demand for AI systems and consulting, according to BLS forecasts.

Some professions are suffering. Since January 2023 employment has fallen by about 10% among customer-service workers, and by roughly 15% among secretaries and administrative assistants. All three are heavy on routine tasks at which AI agents increasingly excel. The BLS expects office and administrative-support occupations to shed 752,000 jobs by 2035.

But as AI's capabilities expand, it is likely to keep creating new jobs. More than 6m Americans now work in computer-related occupations that did not exist in the pre-computer era. Another 8m work in new industries like the gig economy, e-commerce and content creation. Tomorrow's workers may supervise teams of autonomous agents or settle disputes between them. Fanciful? Maybe. But so was being an influencer a decade or two ago. ■

**Collars of all colours** 1

**United States, additional AI-related jobs*, '000**




Sources: Bureau of Labour Statistics; *The Economist* *Actual jobs minus jobs expected if sectors followed broader hiring trends

The return of inflation

# Last mile

**Central banks are raising interest rates again**

WHO REMEMBERS the "soft landing"? In 2022-23 central bankers dreamed of bringing high inflation down without triggering a recession. Some countries came awfully close to success. Now central banks are recalibrating their instruments as price pressure builds. The world is a long way from the pain of four years ago, but the flight path is newly perilous.

On September 2nd New Zealand's central bank raised rates. Rate-setters across the Tasman Sea have done so three times this year. The Bank of Japan did it in June and the Bank of Korea in July and August. As we published this on September 10th, the European Central Bank (ECB) was expected to raise its deposit rate to 2.5%. Many traders reckon the Federal Reserve will follow suit on September 16th.

Policymakers are responding to data (see chart, top panel). Average annual inflation across rich countries has stopped falling towards 2%, the target in most of them, and has instead edged up in recent months. In August it reached 3.3% in the euro zone, the highest in three years. Switzerland has inflation of just 0.8% a year, reflecting economic policy that is a wonder of the modern world. But that is a two-year high. And some places are reliving the "cost-of-living crisis". Inflation is close to 6% in Lithuania, up from 3.1% in January.

Energy is the main culprit, but not the only one. War in Iran has caused the price of oil and natural gas to rise. In Europe, natural-gas prices are more than twice as high as before the war. They could go further as the continent's storage tanks are refilled for the winter. Already euro-zone energy inflation is in double digits. The typical American, meanwhile, is paying just over $4 for a gallon of petrol (or $1.06 per litre), up from less than $3 in January.

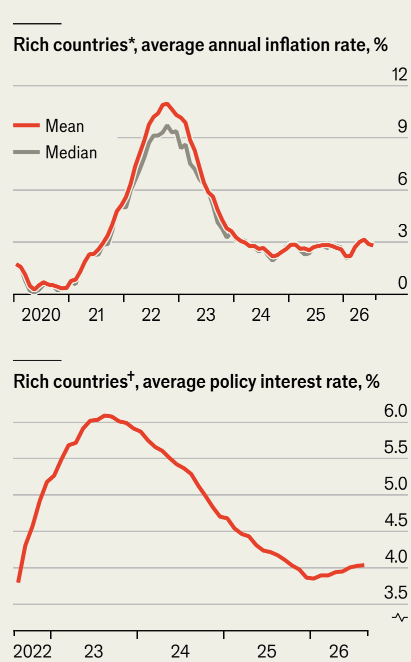
The problem is bigger than fuels, however. *The Economist* estimates that across the rich world, average annual "core" inflation, which strips out energy and food, has risen from 2.7% in early 2026 to 2.9%. To examine countries' underlying price pressure in more detail, we assembled comparable figures for 23 rich countries on services prices, which are largely determined by the price of labour (rather than more volatile commodities). Services inflation is rising in two-thirds of our sample, even as measures of wage growth continue to decline in many places. (One explanation for this puzzling result is that wages are not well measured; another is that falling productivity growth in services makes it harder for firms to absorb pay rises.)

So far little evidence points to people revising up the price rises they anticipate in the future—which would really spook policymakers. Most market-based measures of inflation expectations have not moved meaningfully in recent weeks. A survey by the ECB suggests that consumers expect lower inflation over the next year than they did a few months ago. Fancy leading indicators of inflation—including from Alternative Macro Signals, a consultancy, which analyses millions of news articles—do point to strengthening global inflationary pressures. But these tools' predictive record is patchy.

Many central banks are in no mood to take chances (see chart, bottom panel). Policymakers who were criticised for dawdling in response to surging inflation in 2022 do not want to make the same mistake twice. They "shouldn't wait" for inflation to become entrenched before acting, Slovenia's central-bank governor has counselled. Isabel Schnabel, who sits on the ECB's board, has warned that if rate-setters wait until energy costs pass through to pay, they could be late again.

A new tightening cycle may, then, just be getting started. UBS, a Swiss bank, reckons many of the central banks which have not yet started hiking will do so soon. Candidates include Sweden's, and even Switzerland's. For all the appearance of a soft landing, the flight never really ended. ■

**Where is that runway?**




*31 advanced economies †23 central banks, simple average
Sources: Bank for International Settlements; OECD; *The Economist*

Chinese banking reforms

# Drip feed

SHANGHAI

**Old problems bedevil balance-sheets and hold back lending**

IN A BANKING system with a $74trn balance-sheet, $54bn is a drop in a bucket. But that is the sum China's Ministry of Finance plinked into eight state-owned lenders and insurers on September 6th, with most of it going to two giant banks. The capital injection was unexpected, but it also underwhelmed. Listed banks' shares sold off briefly.

Admittedly, the funding is not a one-off but part of a flurry of activity meant to put the Chinese economy back on track. Much of the central government's economic planning relies on emboldening a banking system that is nearly three times the size of America's. Capital markets provide just a fraction of what is needed to fund the technological ambitions of Xi Jinping, China's supreme leader, making innovation and economic growth unhealthily reliant on stodgy state banks. The capital boost is intended to give them more scope to lend.

The government has worried about growth prospects since a bad spell of economic data in July. In a series of anonymous articles in the *People's Daily*, a party mouthpiece, members of an economic planning commission have pointed out that the clean-up of local-government debt, the property sector and small and medium-sized banks is still taking a toll.

Central authorities have already acted to ease some of these problems. Issuance of government bonds has picked up. New housing regulations, released on August 28th, will further slow the decline in property prices by limiting funding for builders, thus inhibiting supply. On the same day China's top planning body urged local officials to step up investment.

State banks have been receiving small capital injections since 2024. The new $54bn is part of a ten-year effort to spruce up the financial sector. Regulators began cracking down on off-balance-sheet bank lending, often called shadow banking, in 2016. The next year they attacked fintech banking, where lenders and borrowers were connected via tenuous online platforms that often disappeared.

Since then leverage in the property sector has been severely tightened, causing a crisis. Companies set up by local governments to borrow on their behalf, and then to build, have been forced to confront at least some of their vast borrowings. Morgan Stanley, a bank, thinks that around 84trn yuan ($12.2trn) in debts were digest- ▸▸

ed or resolved between 2019 and 2024.

Mr Xi can be credited with avoiding a financial meltdown—he has presided over nothing more than the collapse of a few medium-sized banks in 2019. But Chinese households have paid a heavy price for the repairs. Millions of investors in wealth products sold by banks have not been repaid. A property slump has led to one of the largest wealth wipe-outs in history. The process has been messy for the regulators, too. Countless bank officials and financial regulators have been investigated, sacked or imprisoned. The first head of China's new financial super-regulator, Li Yunze, was recently shown the door.

The clean-up is far from over. About 60% of 2.3trn yuan in real-estate debts have been resolved so far, according to some estimates. Local governments' financing firms are believed to be on the hook for around 70trn yuan. Banks, however, report very few duff loans connected to these groups because they prefer to keep rolling over these credits rather than recognise an abrupt increase in bad debts. Extending and pretending is also common for the debts of sluggish state firms.

The biggest banks have also been given the task of fixing problems at small ones, by swallowing them. China's myriad county and village banks are riddled with non-performing loans. Consolidation began in earnest in 2024. By the end of this year the number of banks in China may fall to around 2,300, estimates Gavekal, a re-

## BUTTONWOOD
### *Test match*

*India offers a way to decide between competing theories of the global bond sell-off*

When glass-half-empty types look at bond yields surging around the world, they blame feckless politicians. In America Donald Trump is presiding over huge deficits and trying to bully the Federal Reserve into easy money. Politicians elsewhere are similarly blasé about borrowing, and only a bit less about central-bank independence. Higher yields reflect, on this theory, investors' alarm that all this will lead to higher inflation.

The glass-half-full view, championed by America's treasury secretary, Scott Bessent, is that bond markets are reacting to prospects of faster long-term economic growth. The artificial-intelligence revolution will raise productivity in the future but needs plenty of capital in the present to build data centres and electricity generation to power them. The public sector is thus competing for money with the private sector.

One test of the two theories is India. The yield on ten-year Treasuries is up by 0.67 percentage points this year, to 4.8%. That on the equivalent Indian government securities (Gsecs) has risen by 0.37 points, to 7%. That spread remains near historic lows. Whatever is causing bond yields to spike is having less of an effect on the world's largest democracy than on its oldest one. Why?

Growth in India is blistering. In the second quarter GDP expanded by 7.8% year on year; the figure for the preceding three months was 8.6%. Private investment shot up by nearly 12%. The Centre for Monitoring the Indian Economy, a private data-compiler whose numbers market-watchers trust more than the official ones, reckons new projects, particularly data centres and nuclear power plants, were up by 27%. If exchequers are competing with a newly capital-intensive private sector then Gsecs should be feeling it more than many rich-world bonds. A wicket against the growth theory, then.

What about economic policy? Early during the recovery from the covid-19 pandemic in 2020 and 2021, rich countries ignored inflation risk and overstimulated their economies. Poorer ones, by contrast, raised rates swiftly and were less profligate. Once you strip out a few defaulters, the spread between poor-world debt and Treasuries is the narrowest since early in the global financial crisis of 2007-09.

India is a case in point. In the decade since the Reserve Bank of India (RBI) has had an inflation target (of 4% plus or minus two percentage points), prices have risen by an average of 4.6% a year, compared with 8.1% in the previous ten years. The primary fiscal deficit (ie, before interest payments) is back below 2%, near to where it had fallen before covid forced governments everywhere to spend more. This year the government is raising subsidies for fertiliser and fuel, whose prices have rocketed owing to the war in Iran.

But it may offset part of this with revenue from privatisations of some large state-owned firms. A run for the rich-world institutional-decay hypothesis.

Test match over? Not quite. The Indian bond market is, as in many other large emerging economies, full of captive investors who have no choice but to lump it and accept lower yields than they would like. Big domestic buyers of government bonds, such as life insurers, banks and pension funds, do not have the option of shifting capital out of the country. Much of the $127bn that the RBI has attracted to Indian banks with a scheme that subsidises foreign-currency deposits of non-resident Indians will be parked in Gsecs.

And since getting capital out of India is hard, foreign investors are reluctant to provide lots of it in the first place. Only around 3% of Gsecs are owned by foreigners. This limits the need to worry about bond vigilantes.

Rich countries may look at all this and conclude that the way to contain bond yields is to meddle in capital markets. Ahead of America's midterm elections in November, Mr Bessent has tried to lower long-term yields, which determine the interest rates on things like mortgages, by announcing that the Treasury Department would buy up more long-dated bonds.

That is precisely the wrong lesson to draw. India's experience shows the importance of cleaning up public finances and letting central bankers fight inflation in peace. It is also trying to attract more foreign capital, even introducing a tax break for bond investors (vigilante or not). The country may be an imperfect test of what is going on with bonds. But it shows that institutions matter—and that investors know it.

search firm, from more than 4,000 in 2019.

All of this activity has eaten away at banks' profitability and ability to make new loans. The banking sector's net interest margin has fallen from 2.1 percentage points in 2022 to a measly 1.4 points since 2025. The capital injection is not meant to rescue banks, but to give them more room to write off bad debt while continuing to lend to a long list of prioritised industries, such as advanced manufacturing, argues Zhou Hao of Guotai Junan International, a Chinese broker.

This will not be enough to bankroll Mr Xi's grand tech plans. In "Broken China", a new book on the Chinese economy, the author, Logan Wright, describes such efforts as adding "dribs and drabs" of capital to a financial system that must undertake a thorough reckoning with its toxic assets if it wants to free up lending capacity. Mr Xi is no fan of upheavals. Economic planners are more likely to continue providing relief to banks in small doses—even if it does little to increase the flow of credit to favoured tech firms. ■

**Germany's economy**

# The convalescing man of Europe

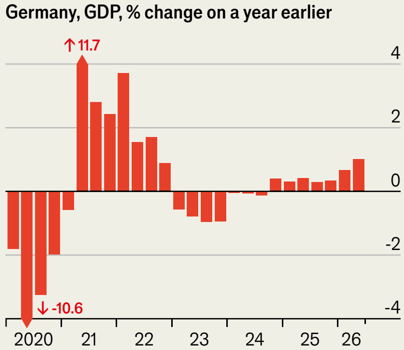
BERLIN

**Can the economic recovery outrun the AfD?**

MANY GERMANS are in shock after the unexpectedly strong showing for the far-right Alternative for Germany (AfD) at state elections in Saxony-Anhalt on September 6th. One of them is Friedrich Merz. The chancellor sounded unusually contrite after the results came in, describing the AfD's landslide victory as the most serious ballot-box defeat his Christian Democrats have suffered in years, even decades. He was less penitent when vowing not to resign—and to see through his unpopular reforms to the ailing public-pension system, ossified labour market and other ills plaguing Europe's biggest economy.

**It's alive!** 1

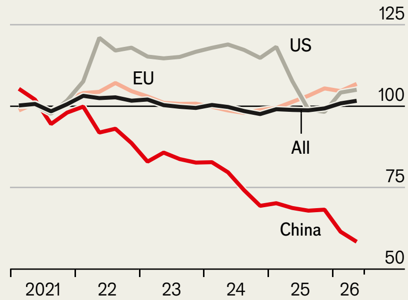
Germany, GDP, % change on a year earlier




Source: Haver Analytics

**Go west, young manufacture** 2

Germany, value of goods exports, 2021=100
By destination




Source: Ifo Institute

Mr Merz's political setback comes just as it is beginning to show signs of life. Although industrial production unexpectedly fell in July, owing chiefly to longer-than-usual summer stoppages at several car factories, GDP is looking positively sprightly going by its recent moribund form. Output grew by 0.3% in the second quarter, compared with the first, and by 1% year on year (see chart 1). The Ifo Institute for Economic Research, a respected think-tank, has raised its growth forecast for the whole year from 0.8% to 1.4%. Two other similarly august outfits, the Kiel Institute for the World Economy and RWI, have both increased theirs from 0.8% to 1.3%.

Other indicators also point to a resuscitation. In 2025 inbound foreign direct investment increased by 50%, to €86bn ($100bn, or 1.9% of GDP). In the first six months of 2026 exports rose by 3.9% year on year. In August Ifo's export-expectations index, calculated by subtracting the share of manufacturers that think exports will fall from the share that think they will rise, was at its perkiest since before Russia invaded Ukraine in February 2022. Fewer exports are going to China and more to America (see chart 2). The decline in industrial production notwithstanding, factory orders climbed in July for a third consecutive month. Builders of artificial-intelligence data centres are snapping up German electrical and power equipment.

More notable still is a revival of German entrepreneurs' animal spirits. More than 3,000 startups were founded in the first half of 2026, an increase of 88% over last year, observes Deutsche Bank (see chart 3); one in three has an AI focus. In the same period venture-capital investments grew by 44%, to €5.8bn—puny by American standards but none too shabby by German ones. In June Neura Robotics, which makes industrial robots in Baden-Württemberg, announced a funding round raking in up to $1.4bn. The same month Isar Aerospace, a Bavarian rocketry firm, raised over $300m. On September 5th Isar's Spectrum rocket blasted off from Norway carrying five tiny satellites, the first time a private business has launched a craft into orbit from Europe.

All this points to Germany "renewing its economy", says Jens Südekum, an adviser to the finance minister, Lars Klingbeil. Under pressure from foreign rivals and changing technology, once-mighty industries such as carmaking and chemicals are shrinking. Last week the supervisory board of Volkswagen, Europe's biggest carmaker, approved a plan involving 50,000 job cuts and several factory closures.

Clemens Fuest, president of the Ifo Institute, agrees that Germany is starting to reinvent its business model. At the same time, however, he worries that the economy's nascent recovery is "borrowed" courtesy of exports and debt-fuelled government spending on the energy transition, infrastructure and defence. The public sector now accounts for 50% of economic output, up from 45% in 2019. In relative terms, Mr Fuest notes, private investment has retreated. Structural problems such as an ageing population and high energy prices have not gone away.

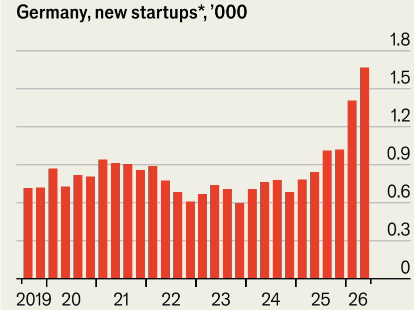
**AfDerthought**

Roland Busch, chief executive of Siemens, an engineering giant, also believes that more is needed for a sustainable recovery. "The economic outlook remains fragile as we continue to lose competitiveness day by day," he says. The signs of life are welcome but weak, he adds. Business sentiment could shift rapidly.

Mr Busch and many other business leaders insist that the only way to ensure that the recovery does not peter out prematurely is for Mr Merz to accelerate his reforms. The populist triumph in Saxony-Anhalt, the second-poorest of Germany's *Länder* and with the oldest population, makes the politics of these vote-losing measures harder than ever. Their sensible economics has never been more vital. ■

**The startup Volk** 3

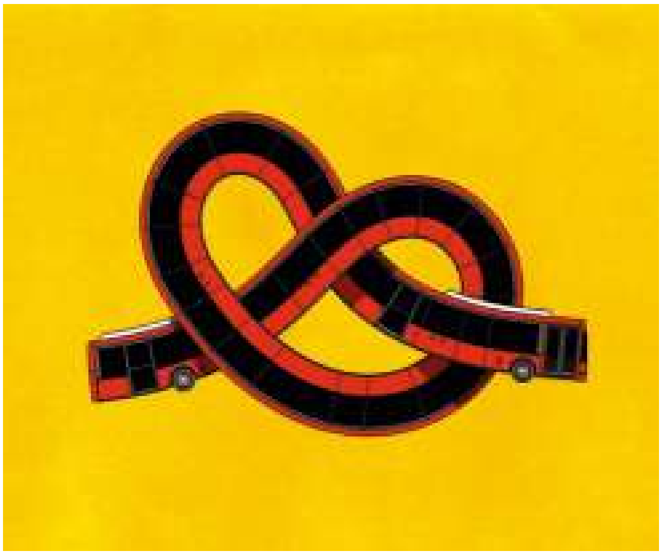
Germany, new startups*, '000




*New companies with an innovative product/business model and/or high growth potential
Source: Startupdetector

# FREE EXCHANGE
## *The trouble with free riding*

*Subsidised public transport is politically popular—and economically foolish*



ZOHRAN MAMDANI, New York's leftie mayor, campaigned on the promise to make them free. They already are for residents of Tallinn, Estonia's capital, and in several French regions. In Germany they were at one point so heavily subsidised that they might as well have been. Voters love them—and so do politicians, especially populist ones. Free buses, or extremely cheap public transport in general, are all the rage. They are also terrible economics.

Advocates of the idea proffer three main arguments. First, fares discourage use, raising the system's cost per passenger. This in turn may lead to underinvestment and, as a consequence, a sparse and low-frequency service that is not as economically efficient as it could be. Lowering the cost barrier encourages ridership, a denser network and a better service for everyone. Second, free transport takes cars off the road. Because motorists do not pay the full social cost of congestion, pollution and other "externalities", they do too much motoring. A zero-cost alternative makes even socially underpriced car journeys less attractive, cutting traffic and accidents or making room for trees and playgrounds. Third, low or no fares make it easier for poorer households and non-motorists (including the young, elderly and disabled) to participate in public life. They also promote physical activity (ie, walking or, if you see your bus about to leave the stop, sprinting). That is free public transport as social policy.

All three arguments have merit. But none of them justifies giving public transport away for nothing or nearly nothing. Take economic efficiency. For this to rise, subsidised schemes would have to increase ridership substantially. Yet evidence on the ground suggests that their effect on passenger numbers is at best marginal. In other words, public transport turns out to have what economists call low price elasticity of demand.

In Tallinn, where public transport has been free since three-quarters of voters backed the idea in a referendum in 2012, the related rise in trips was just over 1%. In Santiago, Chile's capital, a randomised trial in which some commuters got a two-week pass found a bump of 23% but only during off-peak hours. The German scheme, which charged €9 ($9.50 at the time) a month to travel on any public transport anywhere in the country when it was introduced in 2022, looks effective only by comparison. A new study in the *Journal of Public Economics* finds that train trips longer than 30km rose by 35%. But the largest increases were recorded on weekends and to rural tourist hotspots, which fills spare capacity but does little to encourage network expansion. Another new study using mobile-phone tracking data, by Daniel Horcher of the Corvinus University of Budapest and co-authors, shows that the initial pick-up in leisure trips faded quickly.

Ultra-low fares can also have bad effects. In Germany they led to 30% more train delays where the already stretched system struggled to cope with more travellers. Proponents argue that subsidies must go hand-in-hand with service expansion to meet the additional demand; this has happened around Lens, where ridership jumped by 40%. However, expanding services may do a better job at attracting more passengers than increasing passenger numbers with free rides does at expanding services. It is also cheaper simply to put on more buses. Some counties in Estonia limited the scheme to the young and old. They spent the savings on service expansion, with the result of comparable growth in ridership at lower cost per additional passenger.

Evidence is also patchy when it comes to deterring car use. A review of more than 150 related papers found little substitution away from driving. The German €9 ticket may have reduced car traffic by just 1-5%, and even that was not permanent. The effect could be larger in Luxembourg, where public transport has been free since 2020. A new working paper comparing the principality with similar European regions found that car-linked carbon emissions had declined by 6% and nitrogen-oxide pollution by 10%. But the uncertainty around these estimates was high, and it is in any case a costly way to protect the climate. According to one German analysis, the €9 programme reduced carbon emissions at a cost of €6,140 per tonne, a comically high figure next to the €85 per tonne in the European Union's emissions-trading scheme.

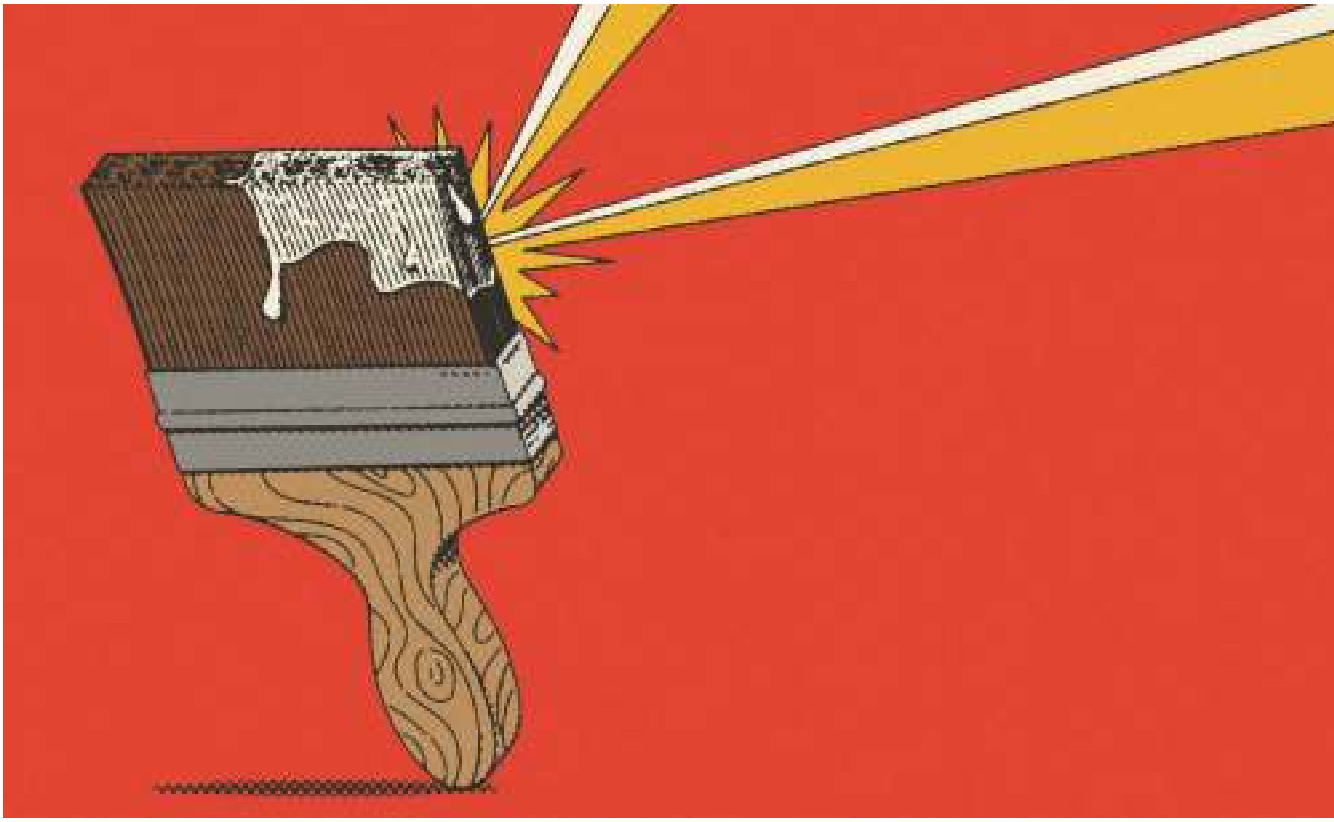
A better way to cut driving is to price road use directly. As cities from Stockholm to Singapore show, congestion pricing works. So does regulating air pollution. London's "ultra-low emissions zone" now covers the entire city, not just the centre. According to one new study, this has helped lower the share of children with impaired lung function from 14% to 9%.

Is free public transport at least good social policy? Since poorer people tend to use more public transport, they stand to benefit most. But low-earners often cannot take full advantage of these benefits because many of them start work early or finish late, when services are thin. And the benefits also accrue to high-earners who could easily cough up for a ride. London's free public-transport passes for anyone over 60 travelling after 9am costs the city £220 ($298) each year per person, even if that person is a loaded City banker. As for public health, free transport can be both a boon (it led to more walking in Chile) and a bane (in Estonia and Germany, it came at the expense of walking and cycling).

**There is no such thing as a free bus**

Public transport is costly, even when it is free. Germany has raised the price of its *Deutschlandticket* to €63 a month and still tops it up with about €3bn a year. This money has to come from somewhere: higher taxes, lower spending elsewhere or more debt (and so higher taxes or lower spending in the future). Mr Mamdani is already talking less about free buses and more about faster ones. His fellow progressives should do the same. ■

# Science & technology



Passive cooling

## Time for reflection

**Special paints promise to get rid of heat without using energy**

London buses have a cool secret. Viewed from above they are often white, not red. This heat-reduction measure, which began in 2004 with the intention of making journeys more comfortable for passengers—particularly those on the top deck—was complete by 2020. But buses still struggle to cope with rising temperatures, and 2025 saw a record number of heat-related customer complaints.

Part of the answer may be to make them even whiter. A group at University College, London (UCL), led by Ioannis Papakonstantinou, has painted the tops of two buses with material that reflects 93% of sunlight. Commercial white paint manages 84%. The difference might sound small, but it takes the new coating over a crucial threshold: the point at which it emits more heat than it absorbs from the sun.

Terrestrial objects shed about 100W per square metre of surface area. The sun heats Earth at ten times that rate. Reflect nine-tenths of incoming solar radiation and the paint breaks even. Reflect more and it can, in principle, cool what it is covering down below the temperature of the surrounding air. Since the paint reflects a roughly constant fraction of sunlight, the advantage is greatest when the sun is strongest.

### Sunlight sonata

In practice passengers are still unlikely to be cooler in such a bus than outside it. The rest of the vehicle's surface will continue to absorb heat. But the improvement should be measurable. In an experiment in Madrid, which has yet to be peer-reviewed, Dr Papakonstantinou and his colleagues found that their version kept surfaces up to 8°C cooler than standard white paint.

Interest in radiative coatings, as these materials are known, has been growing steadily since 2014 (see chart). That was when a team at Stanford University, led by Aaswath Raman, first showed that a material could chill itself below the temperature of its surroundings, without expending energy, while in direct sunlight . "This may be the start of something really cool," *The Economist* wrote at the time.

Some of the ingredients used by the Stanford researchers—silver and hafnium dioxide—were too expensive for mass production, and their method of layering these substances using "electron beam evaporation" was hard to replicate in commercial settings. Moreover, the resulting surfaces reflected light back directly, like a mirror, so the idea of coating roofs with the material was not entirely attractive.

Twelve years on, however, radiative coatings are coming to market. And not a moment too soon. Climate change makes space-cooling increasingly necessary. It accounted for 10% of the world's electricity use in 2025, up from 6% in 1990. Air-conditioning units often employ gases with 2,000 times the global-warming potential of carbon dioxide. And, as they work by

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pumping heat out of buildings, air-conditioners help create urban “heat islands”.

The immediate target is therefore clear. Roofs, which absorb around 90% of incoming sunlight, constitute more than a fifth of the surface area of some American cities. Painting them with the new coatings could thus have a dramatic effect on electricity consumption.

In the longer run, though, it is among those living in poorer, often tropical countries, where the power required to run air-conditioning is unavailable or unaffordable, that need is greatest. The average number of heat-related deaths per year increased by 63% in the decade leading up to 2021 compared with that leading up to 1999, with the rate highest in places that can afford air-conditioning least.

The secret of radiative cooling lies in materials that treat visible and infrared light differently. At any given wavelength, a substance can be a good emitter or a good reflector, but not both. Yet to cool below the temperature of its surroundings, an object must reflect energy from the sun while emitting its own pent-up heat.

Fortunately for material scientists, the wavelengths at which objects radiate depends on their temperature. At 5,500°C, the sun radiates mostly at those short wavelengths to which, by no coincidence, human eyes have evolved to be sensitive. Terrestrial objects such as London buses, by contrast, have temperatures in the low tens of degrees Celsius and therefore emit longer-wavelength infrared rays.

### Sweating the big stuff

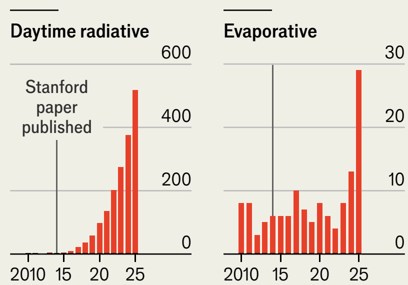
The group at UCL exploits this difference by mixing particles of aerogel—a sponge made of silica—into a carefully selected polymer. Differences between the refractive indices of the aerogel and the polymer, and the fact that the aerogel particles have dimensions similar in size to the wavelength of light, both cause incoming light rays to pinball off the aerogel particles, giving the paint its high reflectivity.

Meanwhile, silicon-oxygen chemical bonds in the aerogel and carbon-oxygen bonds in the polymer both radiate at a wavelength of around nine microns, to which the atmosphere is transparent. That permits the paint to shed heat directly into outer space. The result is a diffuse white surface that looks like ordinary white paint but reflects almost as much energy as the mirror-like coating created by the Stanford group. And it is a lot cheaper. All the constituents, says Dr Papakonstantinou, are commercially available. So making the stuff at scale would cost roughly as much as existing high-end paints.

His group’s work is not yet ready for mass production, but other radiative coatings are already on sale. Some firms, such as AkzoNobel, a Dutch paintmaker, are going down the aerogel route. Others, like i2Cool, a company in Hong Kong, include particles made of a variety of materials in a range of sizes to do the reflecting. In combination, these turn back more wavelengths of sunlight than do the titanium-oxide particles employed in ordinary white paint. i2Cool says that it has covered 850,000 square metres of buildings with its coatings—an area equivalent to 119 football pitches—and thus avoided 14,000 tonnes of air-conditioning-related carbon-dioxide emissions.

**Through the roof**

**Scientific papers on passive cooling published annually**




Source: OpenAlex

Yet another approach is to add the power of evaporation to the process. A cement-based mixture, detailed in *Science* last year by Fei Jipeng of Nanyang Technological University in Singapore and his colleagues, has a porous structure that can absorb water. By adjusting the formulation and the ratio of water to cement, Dr Fei and his team were able to make a coating with pores around a micron in diameter, allowing it to absorb rainwater by capillary action. When this evaporates it carries away heat, cooling the structure it is covering in a manner similar to a person shedding heat by sweating. It is then replenished the next time rain falls.

Salt added to the cement enhances the process by attracting water vapour and thus allowing the coating to absorb moisture directly from humid air, even in the absence of rain. And, like the UCL group’s aerogel, the pores in the cement scatter light rather than absorbing it.

In a trial, Dr Fei’s material stayed 5°C cooler than a standard radiative coating, and saved up to 40% more energy when applied to an air-conditioned building. And, cement being cheap, it costs a thirtieth as much as radiative-cooling paint. Which is, as it were, the coolest thing of all. ■

**Go deeper**

Passive cooling or air-conditioning? Which is better? Listen to our “Babbage” podcast: **Economist.com/cooling-pod**

Xenotransplantation

## Animal crossing

**A pig’s organ has been a bridge to the transplant of a human one**

In January Tim Andrews received a new kidney. It was not his first such replacement. Twelve months earlier, after years of end-stage renal failure and declining health even with dialysis, he had been given a genetically modified pig’s kidney to tide him over until a human one became available. It was the first time such “xenotransplantation” (previously employed as a last-ditch life-sustaining end in itself) had been used as a stop-gap in this way.

If a pig kidney were transplanted unmodified into a human the immune system would reject it. Moreover, its chromosomes would host so-called retroviruses, the DNA of which is integrated into normal DNA but can thence emerge to cause infection. However, eGenesis, the firm that provided Mr Andrews’s stop-gap organ, uses gene editing to tweak the pig cells’ DNA to stop either of those things happening while also introducing human genes that improve a transplant’s compatibility with the patient. These modified cells are used to generate embryos which, after implantation into a surrogate sow, develop into piglets that can act as organ donors.

Mr Andrews’s transplant, performed by a team led by Leonardo Riella of Massachusetts General Hospital, in Boston, and just reported in the *Lancet*, was not a perfect bridge to his second date with the operating table. But it lasted 271 days—a record for a xenotransplanted kidney. In that time, says Dr Riella, it provided “all the functions we would expect of a kidney”. Eventually, an infection caused it to fail and it had to be removed, so Mr Andrews returned to dialysis. But he transitioned to the human replacement without any complications from having had the porcine placeholder.

Xenotransplantation probably saved Mr Andrews’ life. It could save many others, too. In Britain alone, more than 7,000 are on the list for a kidney transplant. Last year, 328 of them died waiting. For those without a transplant, dialysis is currently the only option. Xenotransplantation offers an alternative way of staying alive. And, as the case of Mr Andrews well shows, where there’s life, there’s hope.

The Navier-Stokes problem

# Boiling point

**OpenAI says its agents have resolved an important mathematical question**

TO MARK THE turn of the century the Clay Mathematics Institute, in Denver, took stock of what mathematicians knew and what they did not. The result was a set of seven Millennium Prize problems representing the most important unsolved matters in maths. Solutions would attract a purse of $1m.

Until September 8th only one of these problems had been solved. On that day, however, OpenAI, an American artificial-intelligence firm, announced it had conquered another. This is called the Navier-Stokes existence and smoothness problem, and it relates to a set of equations that capture the flow of fluids. Mathematicians have been trying to bottle this one up for at least a century. OpenAI says a team of its AI agents solved it in just 88 hours.

The Navier-Stokes equations are useful for modelling how air flows over aircraft wings, oil squeezes through pipes and plasma circulates inside stars. But, though mathematicians have a good grasp of how to harness them practically, a thorough understanding of the properties of the equations themselves eludes them.

This is where the Millennium problem comes in. It asks "whether the Navier-Stokes equations can malfunction in a finite amount of time when describing a fluid of fixed density moving in three dimensions". Such a malfunction would come in the form of a singularity: a point where a quantity, such as the fluid's speed, becomes infinite and the equations break down. So far, mathematicians have been unable to prove such singularities never exist, but have also failed to find one.

Now, OpenAI claims its AI agents have found one. On August 28th the firm's scientists began training a new model. They spawned teams of AI agents, powered by this model, that can read the internet, run code and communicate with one another. On September 1st they set them to work on the open Millennium problems.

Fifty hours later, a team of around 100 agents answered a question closely related to the Navier-Stokes problem. Noting this as a stepping-stone to a full solution, the scientists redirected their swarm of autonomous mathematicians to focus only on Navier-Stokes. On September 5th, after 88 hours of work, 2.7m messages and the consumption of at least $6.5m-worth of computing resources, a team of around 10,000 agents discovered a solution: a swirling vortex of spinning fluid with a velocity that grows uncontrollably to form a singularity.

With the Millennium problem allegedly solved, should OpenAI expect a cheque in the post? On that point, the situation is as chaotic as the equations themselves.

The firm says it began its work after hearing a rumour that Tristan Buckmaster, a mathematician at New York University, and Levent Alpöge of Anthropic, another AI firm, were nearing their own AI-assisted solution. After talks between OpenAI and Dr Buckmaster broke down, the mathematician published his unfinished work with Dr Alpöge online on September 8th, before the announcement from OpenAI (which does not, itself, go into the kind of detail a mathematician normally would about how the solution was arrived at). The two mathematicians' solution is not complete, but it is close.

The spat raises questions that will become ever more pertinent as AI is unleashed on humanity's many unsolved problems. Mathematicians of the human variety had made steady progress on the Navier-Stokes problem over the years, learning much along the way. So, if AI leaps the final hurdle to a solution, who deserves credit? And will the result, as might be expected to happen had humans come to it, open up more areas of research? There is also the troubling question of whether Dr Buckmaster's and Dr Alpöge's work, which made use of OpenAI's products, might have inadvertently snuck into their models' training data, as Dr Buckmaster suggests may have happened and OpenAI says it cannot rule out.

To answer one question, OpenAI has said it does not intend to claim the $1m prize. Mathematicians, meanwhile, will be pondering what all of this means for the future of their subject. ■

Turbulent times

Satellite armour

# Taking the hit

**Lighter armour promises shielding for smaller, cheaper satellites**

HURTLING AROUND Earth at roughly seven kilometres a second, even tiny pieces of debris pack quite a punch. Such manmade junk poses a far greater threat to satellites circling in low orbits than natural space rocks do—and the risks are rising. According to the European Space Agency, the amount of rubbish in orbit has more than doubled since 2017.

Roughly one small satellite in five stops working within a year of launch, estimates a study published in 2021, and in three-fifths of these cases operators do not know what happened. The smart money is on quite a few such failures being caused by collisions with space debris. To provide more data Odin Space, a firm based in Santa Ana, California, has begun selling a system that uses vibration-sensing adhesive strips to detect and assess impacts. The results should help settle bets on the best shielding for a given orbit.

One long-standing approach to protecting satellites is a Whipple shield—a two-stage affair which places an outlying bumper a few centimetres above a main shield, both of which are typically made of aluminium. The bumper breaks an incoming object into a spray of smaller, less energetic fragments that the main shield can then stop more easily. But this arrangement is bulky and heavy. So most satellites simply take their chances behind aluminium panels stiffened with a honeycomb also made of that metal. These offer only limited protection from debris.

Yet the range of options for protecting satellites is increasing. One of the alternatives on offer is composite tiles. Atomic-6, a firm near Atlanta, is developing these under the brand name Space Armor. It is cagey about the materials involved, but the resulting tiles are hand-size, 2.5cm thick and weigh about as much as an iPhone. In tests, they successfully stop aluminium projectiles the size of a pea that have been accelerated by a gas gun to 7.2km a second. Moreover, unlike Whipple shields, they throw off no shrapnel that could become someone else's problem, says Trevor Smith, Atomic-6's boss. Instead, incoming metal objects (and much space junk is metallic) are vaporised and absorbed.

Other types of shielding are also advancing. One combines Kevlar, a fibre used to make bullet-proof jackets (and which also helps protect the International Space Station), with Nextel, a woven ceramic. This promises light shields for smaller, less expensive spacecraft—weight being a crucial consideration for launch costs.

Another approach, from a team at the University of Padua, in Italy, employs 3D printing to up the ante. Lorenzo Olivieri and his colleagues have made experimental shields using aluminium, Kevlar and resin reinforced with carbon fibres. Printing such shields layer by layer allows internal cavities to be introduced. These voids, says Dr Olivieri, act as small Whipple shields, subjecting incoming projectiles to successive shocks that serve to break them into ever-tinier fragments.

**Shock treatment**

A still-further means to deliver Whipple-mimicking repeated shocks is with aluminium foam. This is made by packing a ceramic material into a porous plastic structure, then burning away the plastic to leave a network of cavities into which molten aluminium is poured. Knocking the ceramic out leaves behind a metal matrix that has voids up to 5mm in diameter scattered throughout its interior. Testing by NASA, America's space agency, found that a shield incorporating a layer of this foam a little over 6mm thick could provide the same protection as a conventional Whipple shield of twice the weight.

However promising this repertoire of shielding types is, though, much will hinge on what they encounter. Projectiles range from chunks of metal and pieces of plastic to rocks and flecks of paint, and the mix varies with the orbit, notes Rannveig Marie Faergestad, a shielding designer at Thales Alenia Space, a Franco-Italian spacecraft-maker. Better knowledge of what prevails in a given zone would therefore help, and Odin Space's impact sensors should provide it. That will make girding for orbit a bit less of a shot in the dark. ■

Well Informed

## Should you avoid blue light before bed?

**Blueness may be less important than brightness**

When settling into bed, some might find themselves passing over a long-neglected book and reaching instead for a phone. They would not be alone. A survey of 122,058 adults, published in 2025, found 41% used a screen every night in the hour before bedtime. Only 17% reported no pre-slumber screen-use at all. The adverse effects might not just be limited progress on "War and Peace". A number of studies have linked evening screen-use to a subsequent bad night's sleep.

Light from screens often has a lot of blue in its spectrum, leading some to suggest that blue is to blame for poor kip. Retailers have taken note. A gaggle of products to filter blue light is now available, including glasses, software and screen attachments. But the evidence justifying such bias against blue hardly passes with flying colours.

The body's daily rhythm is run by the brain's circadian clock. This promotes alertness in the morning and drowsiness in the evening. Light sets the tempo. A handful of cells in the eye contain a light-sensitive pigment called melanopsin. These cells do not assist vision but instead send signals to the circadian clock's neurons. That suppresses production of melatonin—a hormone which induces night-related physiological processes—and thereby synchronises the body to Earth's day-night cycle.

Melanopsin is particularly sensitive to light with wavelengths of around 480 nanometres, squarely in the spectrum's blue zone. That such light blocks melatonin is thus uncontroversial. But judging the impacts of everyday exposure is another matter.

A study published in the *Proceedings of the National Academy of Sciences*, in 2015, asked a dozen participants to read either an electronic or a print book in an otherwise dimly lit room before hitting the sack. The authors found those reading screens had a roughly 50% reduction in melatonin compared with print readers. Screen readers also took longer to fall asleep. Case closed, you might think. But the participants were asked to read for four hours—a lot even for a bookworm—after which those with square eyes took an average of just ten minutes longer to doze off.

Further complicating matters is a similar study from 2016, in *Sleep Medicine*. The authors lowered the reading time for each group to two hours before bed and also exposed participants to a constant bright, white ceiling light for 6.5 hours during the day. They found no differences between groups in melatonin levels or the onset and duration of sleep.

According to Russell Foster, a circadian neuroscientist at Oxford University, blue-light boffins are swamped with such complications. He warns against extrapolating from laboratory experiments like these to the real world, citing a lack of data.

The power of blue-blocking spectacles is similarly blurry. A review published in 2023 in the *Cochrane Database of Systematic Reviews* analysed 17 trials of such lenses and found no clear evidence they altered sleep. The effectiveness of blue-filtering software for screens is inconclusive, too.

Dr Foster does say that it makes sense to minimise light exposure before you go to bed. But that is not a recommendation to eschew blue frequencies in particular. Bright white light, regardless of its source, increases alertness and can shift the circadian clock. "How bright and for how long? We don't even know that," he says. "As long as it's not too bright, you're probably fine."

# Culture

Communication

## A new age of the orator

**The transmission of ideas is moving away from text and back to the spoken word**

**The New Dark Ages.** By James Marriott. *Bodley Head; 208 pages; £14.99. To be published in America by Doubleday in October; $26*

One year after Charlie Kirk was shot dead in mid-flow, the conversation he began is continuing. On the anniversary of his murder, September 10th, allies of the conservative campaigner and debater are holding a rally five minutes' walk from the scene of his killing at Utah Valley University. The event is the latest campus gathering organised by the group he founded, Turning Point USA, which seeks to help young liberals see the light (or, failing that, enrage them for clicks).

The ghastly circumstances of Kirk's death—murdered in public, allegedly by a young man who will shortly stand trial—turbocharged his fame. But the movement he began is part of a bigger trend. As audiences ditch books and newspapers in favour of video clips and social feeds, the world is entering a new age of the orator.

Ideas that were once disseminated by headlines and columns are now being conveyed by TikToks and podcasts. As people spend more time absorbed in their screens and their AirPods, the human voice is making a comeback. That has consequences for how people communicate—and perhaps for the kinds of ideas that spread.

Kirk's approach, sitting at a table beneath a sign challenging passersby to "Prove me wrong", was reminiscent of a much earlier political culture. In the days when manuscripts were expensively copied out by scribes and read by a tiny elite, people wanting to share news or ideas had to do so orally. Only with the invention of printing and the spread of literacy did the masses start to get their information by text (see review). Those seeking to sway others put away their soap-boxes and loud-hailers and started writing pamphlets and articles instead.

Now there are signs that the 500-year trend towards text is sliding into reverse. People everywhere are sounding the alarm about a decline in reading. Parents struggle to cajole their children to pick up a book; professors despair that students cannot finish reading lists. Once they are adults, and no longer nagged by teachers or parents, many people stop reading altogether, relaxing not with a paperback but a vertical video feed. More than half of American adults say they have not read a single book for pleasure in the past year.

The panic is summed up in "The New Dark Ages", a polemic by James Marriott, a bookish *Times* journalist. At 33, Mr Marriott is a contemporary of Kirk, though he has adopted media habits from another era, forgoing a smartphone and writing drafts on an electronic typewriter. He ▸▸

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rounds up the evidence that reading is in decline, placing most of the blame on smartphones, "predators of our attention". "Dickens wrote in the reasonable belief that [his work] might be the most absorbing entertainment in your house—hence the average Dickens novel being about 800 pages," writes Mr Marriott (who tucked into "Little Dorrit" for light relief while writing his book).

**Oh my word**

Drawing on Walter Ong, a cultural historian, Mr Marriott explains how writing allowed cultures to "externalise" their thoughts, making way for more complex ideas and allowing them to be laid open to dissection. Ong wrote that sophisticated mental processes, like logical reasoning and abstract categorisation, derive "not simply from thought itself but from text-formed thought". Whereas oral delivery often employs a "backlooping" structure, the speaker rambling and repeating as they hone their argument on the go, writing allows for logically structured reasoning.

As audiences slip back to oral media, some of those pre-literate traits are back in fashion. The backlooping style, which is tedious on the page but helps spoken ideas to stick, has made a return thanks to the podcast: Joe Rogan, the world's top podcaster, often natters away with his guests for three hours. Kirk was a master of the lightning rejoinder that on paper would be unpersuasive, but when delivered before a hyped-up crowd was an oratorical knockout punch. "Take responsibility for your orgasms, and stop eliminating people smaller than you!" he told a flummoxed pro-choice student in a debate on abortion a couple of weeks before his murder.

The oral turn also helps explain the success of politicians like Donald Trump, who by conventional standards is a dreadful communicator. Rather than construct arguments, Mr Trump has a tendency to pile up assertions: "We've achieved more than any administration in the history of our country…There's no country in history that's ever even been close…There's never been anything like it, what's happening in our country," he said in a speech earlier this month. Such words defy belief when transcribed, yet Mr Trump has proved to be one of the great communicators of his time. Some have even compared his "tagging" of enemies—"crooked Hillary", "sleepy Joe" and so on—to Homer, who used epithets like "ox-eyed Hera" and "crooked-counselled Cronos" to lodge characters in audiences' minds.

All this is interesting for linguists. But it may have policy implications, too. Whereas written argument copes well with abstract ideas, oral delivery relies more on the concrete and the vivid. Sometimes this translates to actual policies. In his desire to project toughness on immigration Mr Trump conjured the idea of an actual wall—and so one was (partly) built. From Nayib Bukele's mega-prison in El Salvador to Narendra Modi's Hindu temple in Ayodhya, politicians who deal in concrete symbols as answers to abstract problems sometimes have to build them.

Some of the worry about the decline of reading is overdone. Anyone pining for the good old days of newspapers should read some from the 19th century, before advertisers and the need to appeal to mass readership forced journalists and editors to make fewer things up. Angry videos on social media can lead to online witch-hunts; starting in the 15th century, angry screeds published on the new presses fomented some actual witch-hunts. You only need go back a decade or so, to a time when Twitter was primarily a text-based platform, to see that written communication does not always lead to calm and nuanced debate.

Yet the drop-off in reading is disconcerting. As fewer people summon the patience to sit down with a long text, fewer will absorb the ideas that are conveyed best in writing. Great orators incite the passions, but great writers stir the mind. Kirk observed that "When people stop talking, really bad stuff starts." He was all too right. But how much worse will it become as they stop reading? ■

Japanese franchises

# Creature comforts

TOKYO

**A tiny, weeping, hamster-like creature has conquered East Asia**

For a film that looks as if it was made for five-year-olds, the plot is surprisingly grim. Two islanders have eaten a mermaid and gained eternal life. A sea monster wants revenge. She inflicts terror on the island, devouring innocents and attacking visitors. Three big-eyed creatures armed with spear-like weapons are brought in to stop her. The smallest, Chiikawa—a white, hamster-like puffball—finds the task overwhelming and cries a lot.

"Chiikawa the Movie: The Secret of the Mermaid Island" is currently Japan's hottest film. Ticket sales topped ¥10bn ($63m) in the month after its release on July 24th. But the craze is not confined to the cinema, nor to Japan. Fans buy Chiikawa toys; they binge on Chiikawa snacks, anime and manga. The character, whose full name translates to "something kind of small and cute", is the latest Japanese *kawaii* (cute) creation to conquer East Asia.

**Not just a pretty face**

Chiikawa emerged in a comic strip posted by Nagano, an illustrator, on social media in 2020. The strip went viral as it "filled the void in people's hearts" during the pandemic, reckons Nakayama Atsuo, a sociologist. An anime series followed, as did a partnership with Miniso, a Chinese retail giant, which produced huge sales. In the past two years trains and metro stations in Hong Kong have been decorated with Chiikawa art. (As commuters passed through ticket barriers, they could even hear the character's squeals.)

The appeal starts with the irresistible designs. *Kawaii*, from Hello Kitty to Pikachu, is one of Japan's most successful cultural exports. Chinese social-media users call such characters "digital ibuprofen" for the comfort they provide.

Yet Chiikawa's world is anything but painless. The characters scrape by in a gig economy. (One job they perform is weeding, which requires a licence; Chiikawa fails the exam despite studying hard.) There is body horror: friends can mutate into terrifying chimeras. Background characters are depicted as faceless grey shadows, evoking urban loneliness. "It's cute but also dark—and that's appealing," says Arif Irsyad, a 22-year-old Malaysian visiting a Chiikawa shop in Tokyo.

In tough times, the characters' friendships get them through. Chiikawa can barely speak, but the eloquent Hachiware understands them perfectly. In one episode the pair study ramen-ordering etiquette at an internet café, but when the server asks if they want garlic, Chiikawa bursts into tears. Hachiware orders for them both.

Many fans empathise with Chiikawa's fragile state. The franchise "acknowledges this world is highly anxious", says Jayson Chun, an academic. "And it tells you: 'You know what? It's okay to be anxious.'" ■

Innovation

# All the things we do not see

**31 Inventions that Built Our World.** By Jonn Elledge. *Wildfire; 368 pages; £25*

WANT TO HAVE a frightening experience? Walk into any office full of workers who fear AI is about to make them obsolete and shout, "Sometimes it's good when technology eliminates jobs!" The interval between furious cubicle-dwellers grabbing you and them finding a large window to dangle you from should be enough time to tell them about gong farmers. These unfortunate souls cleaned London's human-waste receptacles and sold their contents to farmers. One of the Victorian era's greatest technological innovations, sewers with pumping stations, put them out of business.

Few people today see sewers, pedestrian crossings, street grids or windows as technological innovations. That only testifies to their success. They are, instead, simply part of the fabric of urban life. In an informative, often funny compendium, Jonn Elledge, a columnist for the *New Statesman*, tries to awaken readers' sense of wonder at the miracle of modern city life, and get them to appreciate the agglomeration of marvels that makes it possible.

Each chapter in "31 Inventions that Built Our World" is devoted to a different innovation. The book thus has a pleasantly digressive quality, aided by the author's obvious fascination with cities and their evolution. Some inventions have a clear origin and are easily understood as technology, though their spread was not always rapid. Putting trains underground first happened in London in the mid-19th century: railway executives and other grandees took the first ride in January 1863. Where was the second underground rail system? Budapest, 33 years later.

Mr Elledge's fondness for obscure trivia is among this book's many delights: a single horse-drawn bus in Victorian London or New York, for example, produced around a third of a tonne of manure per day. The first general-use elevator appeared at a department store in New York in 1857, moving at an agonisingly slow speed of 20 centimetres per second.

The book's most enlightening parts are devoted to two types of inventions. The first is the sort of thing so deeply ingrained in urban design that it seems more natural than invented. Consider when the first house was numbered: Mr Elledge cites Prescot Street, London, in 1708. The why of numbering is clear. It meant that postmen did not have to continue to find addresses like this (an actual example): "To my sister Jean, Up the Canongate, Down a Close, Edinburgh. She has a wooden leg."

The second type of invention comprises those that through grinding, incremental progress have become immeasurably superior to their first incarnations. Anyone unlucky enough to have driven a Yugo might put cars in that category, but a better candidate is windows. From a pig bladder stretched over an opening in the wall to let in (very little) light to molten mixtures of limestone, sodium carbonate and sand to modern double-glazed windows of uniform thickness, "What was once…a technology available only to the richest and most godly, is now so ubiquitous that we, well, look right through it." ■

Publishing

# Algorithms in steel

**Hot Type.** By Jeff Jarvis. *Bloomsbury Academic; 384 pages; $25 and £17.99*

A CENTURY-AND-A-HALF ago, a news revolution was under way. Information travelled at the speed of electricity, via telegraph. Steam-powered presses churned out books and newspapers. Railways distributed them farther and faster. Paper made of wood pulp was much cheaper than the old type made of rags (once so in demand that several European countries classed used bloomers as a strategic asset, banning their export).

Not your type?

One piece of the mass-media puzzle was missing. Almost every part of publishing was mechanised, but typesetting was as slow and expensive as ever. Each lead letter had to be manually placed, little differently from when Gutenberg invented the press four centuries earlier. Laying out a single page of a book took two hours; spectators paid to watch speed-typesetting tournaments, with stars such as a *New York Times* man known as the Velocipede.

"Hot Type" is the story of the Linotype, a steam- and gas-powered machine that mechanised typesetting and thereby enabled the mass-media revolution of the following century. Jeff Jarvis, a journalist-turned-academic, has written a perceptive and entertaining history of a device whose name is unknown to many, but which changed the world.

Ottmar Mergenthaler, the Linotype's inventor, arrived in Baltimore in 1872 with a single suitcase, $30 and a silver watch. Short and pallid with ginger whiskers, the young German had trained as a watchmaker and knew nothing of printing. This may have helped: whereas others had tried to mechanise the arrangement of the fiddly letters, the Linotype bypassed the job by moulding whole lines of type on the fly, in hot metal. A molten soup of lead, antimony and tin was poured into letter matrices selected by the operator via a keyboard. The process—accompanied by a "bewitching industrial jazz of clicks, pings, whirrs and thumps", as Mr Jarvis puts it—was four times faster than composing by hand.

Others had tried and failed, with gadgets resembling "pianos, organs, harps, looms, lyres, carousels, and Gatling guns". Thomas Edison invented an electric pen to perforate paper and create stencils; it did not catch on but was adapted to be the first electric tattoo needle. Mark Twain, who started out as a typesetter, invested millions in today's terms into a rival machine, the Paige Compositor. With more than 18,000 parts, the Paige was delicate and temperamental; its failure contributed to the eventual bankruptcy of Twain, who described it as "a monument of human ingenuity and stupidity".

The Linotype spread quickly. The *New York Tribune* winched its first one up to its ninth-floor office in 1886, and by 1900 the machine was in use in practically all large newspapers in America. For most of the 20th century it set the type in the majority of books and newspapers around the world. It made media truly massive. In the latter half of the 19th century, the number of newspapers and periodicals in America grew from 2,526 to 18,226; New York alone had 46 dailies in 1900. The four-page newspapers of the hand-press days ballooned into 48-pagers, stuffed with supplements.

Mass media meant different media. ▸▸

Rollo Ogden, who became editor of the *New York Times*, observed in 1906 how the scale of investment required for modernisation made newspapers "more of an institution" and less the creature of their proprietor: "No single personality can stamp itself upon the whole organism. It is too vast." Whereas 19th-century newspapers were partisan, those in the 20th century sought the attention of the masses, which meant cultivating at least an air of objectivity—though chasing audiences also encouraged sensationalism. Scale led to more advertising and, with it, national brands like Kodak and Campbell's.

Mergenthaler died in 1899, aged just 45. But his Linotype remained in use (with some modifications) for a century. In Britain powerful, stubborn unions kept it around until Rupert Murdoch's digital revolution in 1986.

Mr Jarvis's history helps illuminate the present moment. Scepticism of technology is not new. Early print media were mistrusted because their provenance was less certain than voice or written manuscript. A contributor to the *Atlantic Monthly* in 1904 worried that the typewriter's "indiscriminate use [may lead] to a degeneration in literary style". The *Atlanta Constitution* argued that "You can't turn out thought by machinery." Some detected in early mechanised typesetters a kind of artificial intelligence. "Like a living being," marvelled the *New York Herald*, in 1862. "Like brain turned into brass." ■

## BACK STORY

# *An elegy for summer*

*The season as you know it is about to change drastically*

YOU TIP out the sand from the suitcases and stash them in the attic. The days are shortening; children trudge unwillingly back to school. Gloaty out-of-office emails no longer dominate your inbox. In the northern hemisphere, summer is ending—and, it increasingly seems, not just this year's summer.

For the idea of summer cherished in the West, and immortalised in songs and films, may be moribund too. The crackle of possibility on the season's first warm day; the hazy sense, in lush midsummer, of getting away with something; the storing up of memories to revisit in bleaker times, like power in a solar battery: as the past few broiling months demonstrate, this version of summer—precious, fleeting and electric—is gravely imperilled by climate change.

The Platonic summer is a carefree interlude between responsibilities, stretching out languorously like Dustin Hoffman on his lilo in "The Graduate". Nothing happens, then everything does. You meet new people or become someone new yourself, saying goodbye to old schools, jobs and friends and diving into the future. Life changes when you carry a watermelon to a party in the Catskills. The days seem to last for ever, as Bryan Adams crooned—and oh, those summer nights—yet the season passes in a flash.

Or it did. As the planet warms, summer is lengthening. By 2100 it will last six months in the northern hemisphere, reckons one projection. "Summer's lease hath all too short a date," Shakespeare lamented; soon lyricists may yearn for it to end, like Russians desperate for the thaw. "It's been a long hot stifling summer," a band of the future may trill. "Here comes the snow."

Even as it stretches interminably, though, summer may get shorter, at least

for some schoolchildren. Extreme temperatures are scrambling the academic calendar, forcing administrators to rejig start and finish dates. Some pupils may wind up with longer breaks in the spring and autumn, when the weather is mild enough to enjoy, and a briefer one in between. There may be less mooching around in summer, eating parents out of house and home and seeming to grow by the hour; fewer weeks to spend getting into harmless scrapes or (say) trying to make Boo Radley come out.

Vacations will evolve. For decades, British hordes have occupied stretches of southern Europe in July and August. They party in Magaluf or Mykonos, or ogle the art in Italy and Greece, discovering antiquity or (like the daring heroine of "Shirley Valentine") the locals and themselves. Alas, it is becoming too hot to bake on Balearic beaches in high summer, or drag offspring around the Acropolis. These jaunts will drift to April or October, predicts research for the European Commission. Summertime dramas will instead unfold in Scandinavia or Wales.

The Mediterranean won't be the only victim. Droughts, wildfires and flash floods, not to mention ticks and toxic algae, will redraw the tourist map elsewhere. Island idylls face coastal erosion and fiercer hurricanes. What happens in Vegas may still stay in Vegas, but it won't happen outside in July. The cooler resorts of New England will be thronged; if "Jaws" were set in 2050, Amity Island would be succulently overrun.

Summer will move indoors. This will have an upside: scalding streets will deter loitering, leaving less chance of tempers flaring and tensions boiling over. But much will be lost. The time won't be right for dancing in the street if the asphalt is melting. In Asbury Park, relates Bruce Springsteen, "the boys from the casino dance with their shirts open like Latin lovers along the shore." In future they may huddle inside in the air-conditioning. Fire risks will restrict campfires, and thus flame-lit singalongs, spooky tales and heart-to-hearts.

Romance is sure to suffer. Summer loving has always happened fast, as Danny and Sandy attest in "Grease", but it will have to hurry even more if the heat traps you inside till nightfall. More flesh will be covered up as people worry about skin damage. It may be too stifling under the boardwalk for canoodling.

Technology has already warped the shape of summer and sanctity of getaways, bleeding work and leisure together. The kids can still push daddy into the pool, just after he finishes his Zoom call. But the coming overhaul will be more drastic. Hallowed summer habits—music festivals and garden parties, stayaway camps and fireside s'mores—may one day be relics of a bygone age, like bathing machines and penny slots. Farewell summer. It was nice while it lasted.

Hollywood dynasties

# Mother knows the best people

**How much does nepotism really matter in Hollywood?**

When Lily Collins, a daughter of Phil Collins, a rock star, was starting out as an actor, agents asked her: "Well, what makes *you* so special? Everybody in LA is a cousin or a daughter of someone." She was later cast as the irritating star of "Emily in Paris", a hit TV show.

Hollywood crawls with "nepo babies" (as the offspring of famous folk are called). Over the past five years Google searches for "nepo babies in Hollywood" have been at least 50 times higher than they were in the previous half-decade. Look around, and you see them everywhere. At least ten films currently showing in American cinemas feature them: there's Maya Hawke, daughter of Ethan Hawke and Uma Thurman (in "One Night Only"), and Margaret Qualley, daughter of Andie MacDowell (in "The Dog Stars").

But how many nepo babies are there, really? Giggster, an online film-location marketplace, has looked at American films released between 2000 and 2025. It compiled a list of some 4,400 actors under the age of 35 who had appeared in them, then worked out who had at least one parent already working professionally in entertainment. Across the 25-year period, 28% of these actors did. Nepo babies are commanding more roles and more lines. In 2000 they made up 6.6% of appearances by young actors, but by 2025 that share had more than doubled, to 16.3%.

Another recent study by Stephen Follows, a film-data analyst, found that this is an industry-wide trend. He drew up a list of almost 7,000 people who had written, directed or starred in the 100 highest-grossing films each year since 2000. He then looked at whether a close relative was already working in film or television. Some 28% of top-billed actors, 26% of directors and 18% of writers had a family tie. Most big films—70%—had at least one nepo baby in an important creative role.

There may be a couple of reasons why Hollywood is keeping it in the family. One could be that connections are becoming more important in show business. The barriers to entry are lower than in the past—actors can submit an audition tape from anywhere—meaning that gatekeepers have a trickier job. Pre-existing networks are a fast way to vet aspiring stars.

Another reason is marketing. In the competition for people's attention, studios are looking for ways to set their films apart—and casting a nepo baby can generate buzz. For example, Michael Gandolfini was cast in a prequel to "The Sopranos" after his father, the star of the original series, died; and Ms MacDowell and Ms Qualley were cast as mother and daughter in "Maid", a mini-series.

Nepo babies often attract derision. Many see them as evidence that Hollywood values big names over big talent. Michael and Zak Zakar, twin brothers who are writers and actors and hosted a podcast called "Wish I Was A Nepo Baby", argue that well-connected youngsters who are "fucking atrocious" at acting aren't landing great roles for any other reason but bloodline. Nepotism especially rankles in an industry where the rewards are immense but the opportunities scarce. "It's hard to get auditions," the Zakar twins say. "It's hard to get callbacks."

Some see nepo babies as part of a broader trend in entertainment: a reliance on proven hits. Evan Shapiro, a producer, reckons nepotism is a symptom of a lack of originality in Hollywood. He argues that it shapes not only how some firms are run—media companies such as Fox are led by the sons of their former chief executives, for example—but also what they choose to make. "The incestuous nature of hiring practices" is resulting in "the Habsburgs' chin" of entertainment: it is "why mainstream media is impotent today. It's why they can no longer produce new ideas." (Anyone who has sat through a film with a "4", "5" or "6" in the title may agree.)

But higher-ups in Hollywood defend nepo babies. "I actually think nepotism…is incredibly helpful," says one senior executive at a talent agency. "People who grow up in and around the business—they just know what they're getting into. They have a good mindset." If an aspiring actor has family connections, "they might get a look faster", but "ultimately, if they're not good, they're never going to go anywhere."

Many of today's most beloved (and bankable) actors—including Jennifer Aniston and George Clooney—had those connections. And some nepo babies insist they have to be extra talented to be taken seriously. "You have to work almost twice as hard and be twice as good," Gwyneth Paltrow, the daughter of a film-maker and actress, has said. "People are ready to pull you down and say you don't belong there."

Dynasties are not unique to entertainment. In "The Field Guide to Nepo Babies" Fran Hoepfner, a journalist, notes that in the 17th century the Italian word *nepotismo* referred to popes' habit of making cardinals of their nearest and dearest. This happened so often "that these promoted papal nephews had their own name: *cardinalis nepos*". (*Nepos*, in Latin, means "nephew" or "grandson".) In plenty of businesses, the heir apparent is the boss's eldest child. Lots of children admire their parents and want to follow in their footsteps. Still, no one objects when a mechanic's son becomes a mechanic, whereas some may bristle at the casting of Sandra Bullock's daughters in "Practical Magic 2".

In a business like Hollywood, access will always matter. For a lucky few, a Rolodex of agents, producers and directors is part of their inheritance. ■

# Economic & financial indicators

| | Gross domestic product % change on year ago latest | | quarter* | 2026† | Consumer prices % change on year ago latest | | 2026† | Unemployment rate % | | 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 $ Sep 10th | % change on year ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| United States | 2.1 | Q2 | 1.5 | 2.1 | 3.4 | Jul | 3.2 | 4.1 | Aug | -3.5 | -6.5 | 4.8 | | 75.0 | - | |
| China | 4.3 | Q2 | 3.6 | 4.7 | 0.8 | Aug | 0.9 | 5.2 | Jul‡§ | 4.2 | -5.4 | 1.5 | §§ | -17.0 | 6.71 | 6.1 |
| Japan | 0.9 | Q2 | 1.4 | 0.8 | 1.9 | Jul | 1.8 | 2.4 | Jul | 4.0 | -1.8 | 2.9 | | 131 | 154 | -4.0 |
| Britain | 1.2 | Q2 | 1.7 | 1.1 | 2.9 | Jul | 3.2 | 4.9 | May†† | -3.6 | -5.1 | 5.1 | | 46.0 | 0.74 | nil |
| Canada | 1.1 | Q2 | 3.3 | 0.9 | 3.0 | Jul | 2.8 | 6.4 | Aug | -0.3 | -2.1 | 3.9 | | 61.0 | 1.38 | nil |
| Euro area | 1.2 | Q2 | 2.6 | 0.8 | 3.3 | Aug | 2.8 | 6.4 | Jul | 2.3 | -3.4 | 3.5 | | 79.0 | 0.86 | -1.2 |
| Austria | 0.4 | Q2 | -0.6‡ | 0.7 | 2.9 | Aug | 3.0 | 6.2 | Jul | 1.1 | -4.1 | 3.6 | | 67.0 | 0.86 | -1.2 |
| Belgium | 0.5 | Q2 | 0.1 | 0.7 | 4.2 | Aug | 3.4 | 6.0 | Jul | -2.1 | -5.2 | 4.0 | | 78.0 | 0.86 | -1.2 |
| France | 0.5 | Q2 | 0.1 | 0.7 | 2.7 | Aug | 2.3 | 8.3 | Jul | -0.4 | -5.3 | 4.3 | | 87.0 | 0.86 | -1.2 |
| Germany | 1.0 | Q2 | 1.3 | 1.0 | 2.9 | Aug | 2.7 | 4.0 | Jul | 4.5 | -4.2 | 3.5 | | 79.0 | 0.86 | -1.2 |
| Greece | 1.8 | Q2 | 1.4 | 2.0 | 3.7 | Aug | 3.7 | 7.9 | Jul | -5.5 | 0.8 | 4.1 | | 76.0 | 0.86 | -1.2 |
| Italy | 1.0 | Q2 | 0.7 | 0.9 | 3.2 | Aug | 2.7 | 5.8 | Jul | 0.7 | -3.0 | 4.3 | | 79.0 | 0.86 | -1.2 |
| Netherlands | 1.3 | Q2 | 1.6 | 1.3 | 2.8 | Aug | 3.1 | 4.0 | Jul | 8.3 | -3.2 | 3.5 | | 69.0 | 0.86 | -1.2 |
| Spain | 2.7 | Q2 | 2.8 | 2.6 | 4.5 | Aug | 3.3 | 10.0 | Jul | 2.4 | -2.5 | 3.8 | | 47.0 | 0.86 | -1.2 |
| Czech Republic | 1.9 | Q2 | 1.4 | 2.0 | 1.9 | Aug | 2.0 | 3.0 | Q2‡ | 0.1 | -2.8 | 5.1 | | 79.0 | 20.9 | -0.3 |
| Denmark | 4.7 | Q2 | 1.1 | 3.3 | 2.1 | Aug | 2.0 | 3.1 | Jul | 12.1 | 1.3 | 3.2 | | 69.0 | 6.43 | -0.8 |
| Norway | 2.0 | Q2 | 2.7 | 1.3 | 3.3 | Aug | 3.2 | 4.4 | Jun‡‡ | 14.8 | 9.0 | 4.5 | | 57.0 | 9.20 | 8.6 |
| Poland | 3.9 | Q2 | 4.1 | 3.4 | 3.4 | Aug | 2.8 | 5.8 | Jul§ | -1.4 | -6.9 | 6.2 | | 78.0 | 3.71 | -2.2 |
| Russia | 1.3 | Q2 | 8.3 | 0.7 | 6.0 | Jul | 6.1 | 2.3 | Jul§ | 2.3 | -3.2 | 16.1 | | 239 | 85.5 | -2.6 |
| Sweden | 3.2 | Q2 | 6.4 | 2.1 | 0.3 | Aug | 1.9 | 7.8 | Jul§ | 4.8 | -2.0 | 3.1 | | 64.0 | 9.59 | -2.2 |
| Switzerland | 2.8 | Q2 | 7.8 | 1.6 | 0.8 | Aug | 0.5 | 3.1 | Aug | 7.7 | 0.2 | 0.5 | | 22.0 | 0.81 | -1.2 |
| Turkey | 2.3 | Q2 | 4.6 | 2.4 | 31.5 | Aug | 32.1 | 8.3 | Jul§ | -3.0 | -3.6 | 31.7 | | 117 | 48.5 | -14.9 |
| Australia | 2.1 | Q2 | 1.7 | 1.6 | 3.5 | Jul | 3.7 | 4.5 | Jul | -3.7 | -1.5 | 5.2 | | 86.0 | 1.39 | 9.4 |
| Hong Kong | 4.3 | Q2 | -2.5 | 4.1 | 1.7 | Jul | 2.0 | 3.7 | Jul‡‡ | 7.8 | -2.5 | 3.7 | | 66.0 | 7.84 | -0.6 |
| India | 7.8 | Q2 | 6.8 | 6.8 | 4.4 | Jul | 4.8 | 6.1 | Aug | -1.5 | -4.5 | 7.0 | | 47.0 | 95.2 | -7.3 |
| Indonesia | 5.3 | Q2 | 4.4 | 5.3 | 3.2 | Aug | 3.2 | 4.7 | Feb§ | -1.6 | -2.9 | 7.1 | | 69.0 | 17,495 | -5.9 |
| Malaysia | 6.0 | Q2 | 9.3 | 5.5 | 1.8 | Jul | 1.9 | 3.0 | Jun§ | 3.1 | -3.5 | 4.1 | | 74.0 | 4.07 | 3.4 |
| Pakistan | 4.8 | 2026** | na | 3.0 | 11.2 | Aug | 9.0 | 6.9 | 2025 | -1.1 | -4.7 | 12.2 | ††† | 26.0 | 277 | 2.4 |
| Philippines | 2.3 | Q2 | 2.4 | 2.9 | 6.1 | Aug | 5.4 | 6.0 | Q3§ | -4.5 | -6.4 | 7.4 | | 143 | 62.5 | -8.7 |
| Singapore | 5.9 | Q2 | 5.7 | 5.4 | 2.2 | Jul | 2.0 | 2.0 | Q2 | 15.6 | 1.3 | 2.4 | | 52.0 | 1.26 | 1.6 |
| South Korea | 3.8 | Q2 | 2.6 | 3.3 | 3.1 | Aug | 2.8 | 2.0 | Aug§ | 13.6 | -1.9 | 4.4 | | 157 | 1,340 | 3.7 |
| Taiwan | 12.9 | Q2 | 5.7 | 10.8 | 2.0 | Aug | 2.0 | 3.3 | Jul | 26.6 | 1.8 | 1.9 | | 53.0 | 31.5 | -3.6 |
| Thailand | 1.9 | Q2 | -0.7 | 2.1 | 2.5 | Aug | 1.9 | 1.1 | Jul§ | nil | -5.5 | 2.2 | | 102 | 32.9 | -3.6 |
| Argentina | 2.3 | Q1 | 3.0 | 2.3 | 33.8 | Jul | 32.5 | 7.8 | Q1§ | -0.1 | 0.1 | na | | na | 1,514 | -6.5 |
| Brazil | 2.0 | Q2 | 1.9 | 2.0 | 4.4 | Jul | 4.5 | 5.3 | Jul§‡‡ | -2.6 | -7.3 | 14.3 | | 43.0 | 5.11 | 6.5 |
| Chile | -0.2 | Q2 | -0.1 | 1.0 | 4.1 | Aug | 3.6 | 9.5 | Jul§‡‡ | -1.2 | -2.5 | 5.7 | | 5.0 | 927 | 4.4 |
| Colombia | 3.4 | Q2 | 5.2 | 2.5 | 6.2 | Aug | 5.7 | 8.1 | Jul§ | -2.1 | -6.6 | 12.4 | | 99.0 | 3,099 | 26.4 |
| Mexico | 2.1 | Q2 | 5.8 | 1.0 | 3.3 | Aug | 3.8 | 2.7 | Jul | -0.4 | -4.0 | 9.3 | | 48.0 | 16.9 | 10.2 |
| Peru | 2.6 | Q2 | -1.0 | 2.8 | 4.4 | Aug | 3.9 | 4.3 | Jul§ | 2.2 | -2.1 | 6.4 | | 56.0 | 3.35 | 4.8 |
| Egypt | 5.0 | Q1 | 4.0 | 4.6 | 14.9 | Jul | 13.7 | 5.8 | Q2§ | -5.1 | -5.1 | 25.6 | | 50.0 | 51.2 | -6.3 |
| Israel | 6.9 | Q2 | 15.4 | 4.3 | 1.5 | Jul | 1.9 | 3.1 | Jul | 1.0 | -3.5 | 3.9 | | -15.0 | 3.02 | 10.6 |
| Saudi Arabia | -4.7 | Q2 | -17.9 | -1.0 | 1.8 | Jul | 1.9 | 3.1 | Q1 | -1.0 | -5.5 | na | | na | 3.76 | nil |
| South Africa | 0.9 | Q2 | -1.0 | 1.5 | 4.1 | Jul | 3.9 | 33.6 | Q2§ | -0.2 | -4.4 | 8.8 | | -64.0 | 16.0 | 9.3 |

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 §§5-year yield †††Dollar-denominated bonds Note: Euro-area consumer prices are harmonised

## Markets

| In local currency | Index Sep 9th | % change on: one week | Dec 31st 2025 |
|---|---|---|---|
| **United States** S&P 500 | 7,636.4 | -0.4 | 11.6 |
| **United States** NAS Comp | 26,253.3 | 0.1 | 13.0 |
| **China** Shanghai Comp | 3,951.5 | 0.3 | -0.4 |
| **China** Shenzhen Comp | 2,526.2 | 0.6 | -0.2 |
| **Japan** Nikkei 225 | 65,142.8 | 1.3 | 29.4 |
| **Japan** Topix | 4,046.6 | -0.9 | 18.7 |
| **Britain** FTSE 100 | 10,670.1 | -0.8 | 7.4 |
| **Canada** S&P TSX | 35,906.6 | -0.5 | 13.2 |
| **Euro area** EURO STOXX 50 | 6,311.6 | -0.8 | 9.0 |
| **France** CAC 40 | 8,156.7 | -1.5 | 0.1 |
| **Germany** DAX* | 25,576.5 | -1.0 | 4.4 |
| **Italy** FTSE/MIB | 51,875.2 | 0.2 | 15.4 |
| **Netherlands** AEX | 1,101.9 | -0.2 | 15.8 |
| **Spain** IBEX 35 | 19,695.3 | -0.4 | 13.8 |
| **Poland** WIG | 155,496.8 | 2.2 | 32.6 |
| **Russia** RTS, $ terms | 834.6 | 5.5 | -24.7 |
| **Switzerland** SMI | 13,804.7 | -3.9 | 4.0 |
| **Turkey** BIST | 14,505.5 | 3.2 | 28.8 |
| **Australia** All Ord. | 9,102.9 | -0.6 | 0.9 |
| **Hong Kong** Hang Seng | 25,275.0 | -0.1 | -1.4 |
| **India** BSE | 74,764.3 | -2.4 | -12.3 |
| **Indonesia** IDX | 6,678.2 | 1.2 | -22.8 |
| **Malaysia** KLSE | 1,714.3 | 0.3 | 2.0 |

| | Index Sep 9th | % change on: one week | Dec 31st 2025 |
|---|---|---|---|
| **Pakistan** KSE | 171,943.6 | -1.6 | -1.2 |
| **Singapore** STI | 5,729.6 | -0.3 | 23.3 |
| **South Korea** KOSPI | 7,051.6 | 7.4 | 67.3 |
| **Taiwan** TWI | 47,183.4 | 2.2 | 62.9 |
| **Thailand** SET | 1,617.9 | 2.7 | 28.4 |
| **Argentina** MERV | 3,110,163.0 | 0.1 | 1.9 |
| **Brazil** BVSP* | 185,629.1 | 0.2 | 15.2 |
| **Mexico** IPC | 64,815.0 | -0.1 | 0.8 |
| **Egypt** EGX 30 | 56,500.7 | 1.5 | 35.1 |
| **Israel** TA-125 | 4,179.1 | 1.0 | 14.1 |
| **Saudi Arabia** Tadawul | 11,015.7 | nil | 5.0 |
| **South Africa** JSE AS | 116,520.0 | 1.2 | 0.6 |
| **World, dev'd** MSCI | 4,938.4 | -0.1 | 11.5 |
| **Emerging markets** MSCI | 1,755.4 | 3.2 | 25.0 |

**US corporate bonds, spread over Treasuries**

| Basis points | latest | Dec 31st 2025 |
|---|---|---|
| **Investment grade** | 93 | 93 |
| **High-yield** | 311 | 354 |

Sources: LSEG Workspace; Moscow Exchange; Standard & Poor's Global Fixed Income Research *Total return index

## Commodities

| *The Economist* commodity-price index 2020=100 | Sep 1st | Sep 8th* | % change on month | year |
|---|---|---|---|---|
| **Dollar Index** | | | | |
| All items | 157.7 | 157.5 | 3.6 | 15.3 |
| Food | 159.6 | 155.9 | 4.6 | 5.0 |
| **Industrials** | | | | |
| All | 156.1 | 158.8 | 2.8 | 25.3 |
| Non-food agriculturals | 156.4 | 157.1 | 3.8 | 25.7 |
| Metals | 156.1 | 159.2 | 2.5 | 25.2 |
| **Sterling Index** | | | | |
| All items | 149.7 | 149.3 | 3.2 | 15.2 |
| **Euro Index** | | | | |
| All items | 155.4 | 154.8 | 2.8 | 16.3 |
| **Gold** | | | | |
| $ per oz | 4,357.4 | 4,406.0 | 0.3 | 21.2 |
| **Brent** | | | | |
| $ per barrel | 94.7 | 97.9 | 10.1 | 47.4 |

Sources: CME Group; LME; LSEG Workspace; NOREXECO; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; USDA *Provisional

**For historical indicators data, visit economist.com/economic-and-financial-indicators**

# OBITUARY
## *Wendell Berry*

*The agrarian writer, poet and activist died on August 31st, aged 92*

When he could no longer think in the house, Wendell Berry would go to the woods. He went along paths so familiar that his feet led him, rather than his mind. Once there, by some miracle, everything fell into place. He stood humbled amid the serenity and dignity of the trees, watching the play of sunlight through the leaves. His life took its place among all the other lives of the wood, the insects and the birds. Taking from his pocket the tools of his work, a pencil and any old scrap of paper, he could resume writing. The only subject he needed was all around him.

He could have been in New York City. At 28, he had been appointed an assistant professor of English there. But he knew he was not made for urban places. Even more strongly, he realised that he could not escape Kentucky. A tiny patch of land, "12 acres more or less" in Henry County, at the edge of the high Bluegrass, had been farmed by his family since 1803. Before he went away to school, he was sure he would follow. He had learned as a child how to assess the strength of a mule and how to drive a team of them, hooves wet with dew, up to the tobacco plots on the sides of the valley. He knew, thanks to a black hired hand called Bill, how to creep silently after squirrels. The value of that locally rooted, neighbourly, waste-not-want-not agrarian life was so deeply engrained in him that he had to return. For decades, in books, articles and poems, he tried to persuade Americans to understand.

He deeply lamented what had been done to his country. In the name of "progress" and the pursuit of profit, forests had been felled and watersheds, such as his local one on the Kentucky river, paved over until they could no longer retain water. Human-scale paths, respecting the natural contours, had been violently straightened into interstates; industrialised agriculture had ravaged and denuded the land. Self-sustaining smallholdings were left as ruins, while giant corporations fed Americans on food grown far away. Heavy industry's return for the holy gift and mystery of creation was not thanks and care, but poisonous waste.

The loss of topsoil was what he regretted most. Humus held the past not as history, but as possibility, a richness built up from leaf-fall and decayings over thousands of years. This was what his body would sink into and become. Yet on his farm he reckoned that the loss was knee-deep, in places shoulder-deep. He felt its absence. Where it had been, yellow clay was at the surface, or sometimes bare rock. Farther away, in this coal-devoted state, whole mountains had been blown apart for strip-mining. He took heart from his grandfather's old bucket, still hanging from a fence-post, in which Nature over the decades had miraculously made a few inches of rich black earth. But where human greed demanded speed, Nature's restoration work could not be hurried at.

Nor could his. The family farmhouse, Lane's Landing, needed a year of work before he and his wife Tanya could move in. They installed a bathroom, plumbing and an oil furnace, though he fairly soon replaced that with a wood-burning stove. Getting his hilly farm productive again was a longer struggle. His forebears had made some typical eager-settler mistakes, such as breaking slopes that should never have been ploughed. He made his own, creating a pond that made the hillside slip. Even when he had grassed over the scars, sown clover, expanded to 75 acres and acquired hens and a milk-cow, it made very little income. Clearly they would not have survived without his post at the University of Kentucky. But as he set out to sow or find fuel, driving a team of horses that did better on his gradients than any tractor, he exulted in being what he needed to be: a mad farmer and a contrarian.

As such, he harangued America. The "global economy" was a nonsense: both communism and capitalism privileged the few, not the many. The "free market" was just a means to extend the scope of greed. True freedom was not to live in hock to any corporation, organisation or institution, but to directly control your own life. That meant working with your own hands, co-operating with your neighbours and learning the lives and ways of your own ground. Not a global economy, but a local one. Not "Think Big", but "Think Little". This was what small farmers did, which was why their dwindling numbers were a tragedy. Productivity was not a priority for them. They preferred to use the land *well*.

Critics accused him of romanticising the past and recommending the impossible. He strongly denied that. The past had also been full of bad choices, most of which had contributed to the present horrors. Of course, too, not everyone could be self-sufficient. But even city-dwellers had porches or entryways in which they could grow food. They could go to farmers' markets and buy local. Above all, they could change their ways of living. He himself wrote only by daylight and rejected computers, to reduce his dependence on strip-mined coal. Such individual protests, though tiny, might ultimately work better than the mass protests he had staged since the 1960s against Kentucky's addiction to fossil fuel. Public campaigns too often turned into fads that faded before the root problem was tackled. Saving the planet had to be reduced to the scale of each person's competence.

His scale was the farm, and that minute scrap of earth represented, for him, the whole. Amid his joys and satisfactions he also blazed with anger, and fretted over the sort of world he would be able to leave to his children. But living as he did, on his own patch, he knew exactly how to cope. He went to the woods.

I come into the peace of wild things
who do not tax their lives with forethought
of grief. I come into the presence of still water.
And I feel above me the day-blind stars
waiting with their light. For a time
I rest in the grace of the world, and am free.