Reading The Economist Matters

Idea In Short

Executives should read The Economist regularly because it covers trends and structural drivers rather than daily noise. Its fiscally conservative, socially liberal perspective helps leaders understand global forces shaping business decisions.

Why Slow-News Journalism Wins

Reading The Economist is a practice executives should adopt without hesitation. The publication is well-written, free-market oriented and focused on slow-news analysis that remains entirely useful. Pick up a copy from six months ago and it still feels relevant because it discusses trends and key drivers. It avoids the day-to-day gyrations of public opinion, demagoguery and lizard-brain stories about violence.

The Economist is British, definitively libertarian and measured in its approach. Readers find the publication fiscally conservative and socially liberal. This combination resonates with executives who respect market forces while recognizing human responsibility. Adam Smith had many things right about markets, but capitalism is not merely a philosophy. There is real hurt in the world, and humans must act humanely. The publication's editorial stance avoids both reflexive government intervention and unbridled market worship, occupying a space that rewards clear thinking over ideological conformity.1

Australia Prospers While Its Environment Suffers

The Australian economy achieved 27 years without a recession, a remarkable streak. The country benefits from abundant resources, high productivity, fiscal conservatism, proximity to China and enlightened immigration policy. Public debt as a percentage of Gross Domestic Product (GDP) stands at 41%, less than half of Britain's level. Japan's ratio exceeds 250% for comparison.

Twenty-nine percent of Australia's inhabitants were born in another country, double the rate of the United States. Australia admits 190,000 immigrants annually, three times the US figure. The country generates $6.4 billion in tourism revenue supporting 64,000 jobs. Yet coal consumption damages the environment and the Great Barrier Reef significantly.

Australia still gets more than 60% of its power from coal, the fuel that does the most damage to the climate. It is also the world's biggest exporter of coal. Per person, it generates more emissions than any other big economy bar America and Saudi Arabia. Unlike most rich countries, its emissions are growing.2

California Is Rich and Poor

California ranks as the fifth largest economy in the world. Yet 19% of Californians live in poverty, representing 7.4 million people, the largest number under the poverty level in the United States. This is the working poor. Shockingly, 80% of poor households have at least one person working full time. By age 18, half of students will have used food stamps or a food bank.

The economy rose 78% over twenty years, but during that time the rich got richer while the poor stayed the same. In 1963 the top 10% earned 6.5 times the lowest 10%. By 2017 they earned 14 times their poorer neighbors. Housing is expensive, with more than half of those under the poverty line spending over half their income on housing. Between 2013 and 2017, median rent rose 32%, double the national average.

Structural issues compound the problem. California has onerous zoning and housing laws that make building affordable housing difficult. A staggering 4,800 laws prevent former felons from getting public housing or licenses to work as anything from a car mechanic to a nurse.3

Global Inequality and Famine Persist

The top 1% own more than 50% of the world's equity while the bottom 50% own less than 1%. To be a member of the 1%, a person now needs over $870,000 in net assets. Two-fifths of this group can be found in America. The concentration of wealth remains a defining feature of the global economy.

Famine still exists in 2018. Six million people in the Sahel, the southern part of the Sahara, cannot feed themselves. Rainfall is scarce and erratic, with periods of drought followed by flooding. The Sahara grew 10% from 1920 to 2013. Lake Chad lost 90% of its surface area over the last century. In Niger, less than 1% of land is irrigated. Relief aid helps but serves as a bandage on a large wound. The structural challenges of climate change, governance and infrastructure ensure that famine remains a persistent threat rather than a historical curiosity.

Technology Shifts and Corporate Drama

Amazon likely generated $8 billion in digital advertising revenue in 2018, displacing Microsoft from the number three spot. Some analysts predicted advertising profit could exceed Amazon Web Services (AWS) cloud business profits by 2021. Amazon held 4% of the digital ad market versus Google at 37% and Facebook at 21%. Over 50% of Americans start product searches at Amazon, and the company possesses extensive consumer data through Prime, Echo and Whole Foods.

IBM paid $34 billion for Red Hat, the biggest vendor of open-source software. IBM had fallen behind Amazon Web Services and Microsoft Azure in cloud computing. Open source emerged as the winner, with Salesforce buying MuleSoft for $6.5 billion and Microsoft purchasing GitHub for $7.5 billion. Open-source firms now resemble the establishment more than the revolutionaries whose red caps inspired Red Hat's name.

General Electric faced a brutal period, posting a $22 billion loss in the third quarter and writing down $22 billion in its Power Division. The company cut its dividend to one penny after paying $150 billion in dividends since 2000. GE sacked its replacement for Jeff Immelt after only 13 months. The conglomerate model that once defined American corporate success showed deep cracks, raising questions about whether diversified industrial conglomerates could survive in an era demanding focus and specialization. AT&T purchased Time Warner, which owns HBO, while Netflix surpassed HBO in subscribers, research and development spending, and Emmy nominations. HBO invested $2.3 billion in programming in 2017 while Netflix planned $12 billion in 2018. The streaming wars had begun, and traditional media companies scrambled to compete with tech-backed challengers who could fund content at unprecedented levels.

China's prejudice against Genetically Modified Organism (GMO) foods surprised many observers. The reasons include lagging technology innovation, paranoia about US intentions and public sentiment. This appeared to be changing as the Chinese government pursued greater self-sufficiency, promising opportunity for multinational food companies like Monsanto, Cargill and Archer Daniels Midland. The shift reflected a broader tension between food security concerns and technological adoption that would define agricultural policy for years to come.

- 1The Economist's Values-Based Journalism
- 2Australia's Recession-Free Record
- 3Poverty in California

Summary

The Economist rewards readers with durable insights about global trends. Its measured, trend-driven journalism helps executives separate signal from noise in an increasingly frantic media landscape.