



America and China started a **trade war**, the world's worst such dispute in decades. America imposed tariffs on \$250bn-worth of Chinese products; China responded with tariffs of its own. America also slapped duties on steel imports from Europe, Canada, Mexico and elsewhere, infuriating its allies. Donald Trump intervened on national-security grounds to scupper a \$117bn bid from Broadcom, a chipmaker with ties to South-East Asia, for Qualcomm. It would have been the biggest-ever tech merger. There was one de-escalation: America, Canada and Mexico struck a deal to update NAFTA.

## "Fire and Fury"

In another dysfunctional year at the White House, **Rex Tillerson** was sacked as secretary of state, as was **Jeff Sessions** as attorney-general, both after the president had publicly undermined them. The investigation by **Robert Mueller**, the special counsel, into Russian influence in American elections rumbled on, laying charges against some of Mr Trump's former aides. A voter backlash against Mr Trump propelled the Democrats to win the House of Representatives in the **mid-terms**, though the Republicans increased their majority in the Senate.

The messy spectacle of **Brett Kavanaugh's** confirmation hearings to the Supreme Court polarised American politics even further. With the **#MeToo** movement fully behind them, Democrats wheeled out sexual-assault allegations from the early 1980s to try to block his path. Mr Kavanaugh survived the media circus and was eventually confirmed in the

Senate by 50-48, the narrowest such margin since 1881. He appointed a team of all-female clerks, a first for the court.

## Bother Brexit

After a year of tortuous **Brexit** negotiations, Theresa May and the European Commission agreed a deal for Britain's withdrawal from the European Union, but Britain's Parliament has not approved the agreement. Britain's prime minister clung to power after hard Brexiteers in her party tried to bring her down. Two-and-a-half years after the referendum, the opposition Labour Party still had no coherent Brexit policy. Britain is due to leave the EU on March 29th.

Tensions increased between Britain and Russia after two Russian intelligence officers poisoned Sergei Skripal, a dissident, and his daughter with a **nerve agent** in Salisbury, an otherwise quiet cathedral town. They both survived. Russia paraded the attackers on television, claiming they were innocent tourists with an interest in church spires.

**Facebook** had a terrible year. The social network came under intense pressure to rein in **fake news** and protect user data. The revelation that **Cambridge Analytica**, a political consultancy that had worked on Donald Trump's campaign in 2016, had obtained information on 87m Facebook users through a third-party app shook the company to its core.

A large number of prominent **chief executives** left their jobs or announced their departures. The list includes Vittorio Colao at Vodafone, Indra Nooyi at PepsiCo, Paul Polman at Unilever, Martin Sorrell at WPP and Dieter Zetsche at Daimler. John Flannery was ousted at General Electric, as was John Cryan at Deutsche Bank. Carlos Ghosn was dismissed from Nissan for alleged misdeeds. The carmaking industry lost another giant with the death of Sergio Marchionne, Fiat Chrysler's boss.

Elon Musk stood down as **Tesla's** chairman, but remains chief executive, after tweeting that he intended to take the company private, a move that fell foul of regulators. The electric-car maker at last hit its production targets, and actually made a quarterly profit.



The world watched and waited as 12 boys and their football coach trapped in a **flooded cave in Thailand** were rescued in a complex operation involving thousands of people. A navy diver died in the attempt. Mr Musk tweeted unfounded claims that one of the rescuers was a paedophile. The rescuer had provoked Mr Musk by deriding his offer of a kid-sized submarine to help the boys escape as a PR stunt.

Carmakers ramped up their development of electric and **self-driving vehicles**. A woman was run down in Arizona by one of Uber's autonomous cars, the world's first fatal accident involving a **pedestrian** and a driverless vehicle.

In **Syria** the regime of Bashar al-Assad used chemical weapons again, killing scores of people in Douma, the last rebel stronghold in Eastern Ghouta. America responded by firing missiles at military targets. Later in the year a Russian military jet was shot down by Syria. Instead of blaming its ally, Russia said Israel was responsible because it had provided misleading information about a missile attack it had launched.

Xi Jinping confirmed his grip on power in **China** by promoting more of his allies to senior positions. Wang Qishan, who led a crackdown on corruption,

was made vice-president. His new role includes helping to manage ties with America. The priority for the government was limiting the damage from the trade conflict with America; GDP in the third quarter grew at the slowest pace since the financial crisis. **China's stockmarkets** will finish the year well down.

Donald Trump hailed his summit with Kim Jong Un, **North Korea's** dictator, as a breakthrough, even going so far as to say "we fell in love" during the ongoing detente. But there has been little progress implementing the deal they signed. The North has been sending out mixed signals about whether it intends to denuclearise. The North's PR offensive included sending a team to the **Winter Olympics** that marched with the South Korean side under a reunification flag.

Mr Trump's attempt to replicate his tough-guy approach with **Iran** did not produce a similar rapprochement. He pulled out of the deal to roll back Iran's nuclear-weapons programme, describing it as "rotten". The reimposition of American sanctions, especially on its oil and gas industry, crippled Iran's economy.

## Popular populists



Brazil and Mexico both elected populist leaders. **Jair Bolsonaro**, a fan of former military regimes, won Brazil's presidency after being stabbed during the campaign and losing 40% of his blood. **Mexico** elected Andrés Manuel López Obrador, a leftist with a penchant for dodgy referendums. AMLO, as he is called, ▶▶

slashed wages for top officials, including himself, and vowed to halt reforms of education and the oil sector.

In the year's other big elections, **Colombia** took a conservative turn when it elected Iván Duque as president. With the main opposition candidate barred from running, Vladimir Putin was easily re-elected as **Russia's** president. **Pakistan** got a new prime minister in Imran Khan, though the former cricket star had un-sporting help from the army. **Italy** got a new populist coalition, which did little to tackle the country's mounting debt problem.



**Malaysians** ousted the increasingly corrupt party that had ruled their country since independence in 1957, even though it had tried to rig the ballot. And **Zimbabwe's** election was won by ZANU-PF, sans Robert Mugabe. The opposition claimed the vote had been rigged, but the electoral commission insisted there had been no skulduggery.

Cyril Ramaphosa took over as **South Africa's** president when Jacob Zuma at last resigned after years of corruption scandals. The moribund economy emerged from recession. **Australia** also got a new leader when Malcolm Turnbull was ousted as prime minister by his party colleagues and replaced with Scott Morrison. The office has changed hands six times since 2007. Amid an impeachment vote, Pedro Pablo Kuczynski resigned as **Peru's** president.

The crisis of socialist mis-management in **Venezuela** deepened, speeding up a mass

exodus of its hungry and disenfranchised people. The military officers in charge of toilet-paper distribution failed to deliver. Inflation hit 1,000,000%. Nicolás Maduro, the president, gained another term in a sham election. He blamed Colombia for what he said was an assassination attempt on himself by drones. The event, captured on TV, showed troops fleeing rather than defending their leader.

### I don't believe it

Global warming was said to be partly responsible for **wildfires** that killed some 100 people near Athens and at least 85 in California. A report by the Intergovernmental Panel on Climate Change warned that such calamities will become more common if the world warms even by another 0.5°C. A White House report forecast grim effects for the American economy: Donald Trump said he didn't believe it. An international deal was struck on how to implement the Paris agreement on climate change.

Indonesia suffered two devastating **earthquakes**. The first struck the island of Lombok, killing over 560 people. The second triggered a tsunami in Sulawesi, killing more than 2,250 people.

### Women got wheels



**Saudi Arabia** lifted a ban on female drivers. It also allowed cinemas to open for the first time in decades (the first film to be shown publicly was "Black Panther"). But these small liberalising steps were overshadowed by the arbitrary locking up of feminists, plutocrats and many others.

The kingdom froze its links with Canada after Canada's foreign minister mildly criticised such abuses. Jamal Khashoggi, a journalist, was murdered and dismembered by Saudi operatives in a consulate in Istanbul.

The war in **Yemen** ground on. An air strike on a school bus that killed scores of children was just one incident in which civilians were caught up. The UN warned that the country was on the brink of a famine, with up to 14m people at risk of starvation.

**Gun violence** in America hit the headlines again. A former pupil went on a rampage at his high school in Florida on St Valentine's Day, murdering 17 people. Eleven Jews were murdered by a gunman at a synagogue in Pittsburgh, America's worst-ever anti-Semitic attack. Over one weekend in Chicago 75 people were shot in separate incidents, 13 of them fatally.

### Trump grump

Jerome Powell continued gradually raising interest rates in his first year as chairman of the **Federal Reserve**. Mr Trump said he wasn't "even a little bit happy" with him. The political pressure Mr Powell endured was nothing compared with **Turkey's** central bank. Recep Tayyip Erdogan, Turkey's president, described high interest rates as "the mother of all evil" and claimed that they cause inflation. Most economists think they curb it. After a run on the lira, the central bank eventually raised rates regardless.

After a run on the peso, **Argentina** had to call in the IMF (again). Mauricio Macri, the president, introduced an austerity plan and new taxes on exports.

**Stockmarkets** appeared to be heading for their worst year since the financial crisis. Many leading indices, including the S&P 500, the Dow Jones Industrial Average and the FTSE 100 are set to end the year below

the level at which they started. There was a broad sell-off in technology stocks. **Apple**, which had earlier become the first company worth \$1trn, tumbled. **Google** was slapped with a record €4.3bn (\$5bn) fine by the European Commission. The **bitcoin** bubble burst.

The consolidation of media and telecommunications companies produced some of the year's blockbuster mergers, including a deal between **T-Mobile** and **Sprint** that valued the combined entity at \$146bn. **Rupert Murdoch's** association with Sky, a British subscription-TV broadcaster that Mr Murdoch's company founded in 1989, ended after it was bought by Comcast.



**Germany's** government lost two state elections in which the far right gained. Angela Merkel, chancellor since 2005 and a stabilising force in Europe, said she would step down in 2021. Germany's consternation was compounded by its football team being knocked out in the early stage of the **World Cup** for the first time since 1938. France won the tournament.

One of the most bizarre stories of 2018 was the faked assassination of Arkady Babchenko, a **Russian journalist** and critic of the Kremlin, by Ukraine's intelligence services. Mr Babchenko's body was smeared with pig's blood and taken to a morgue while his "murder" was deplored by the world's media. His sudden appearance, alive, at a press conference dumbfounded his grieving friends and colleagues. Wisely, he had kept his wife in the loop, but he still apologised to her publicly.