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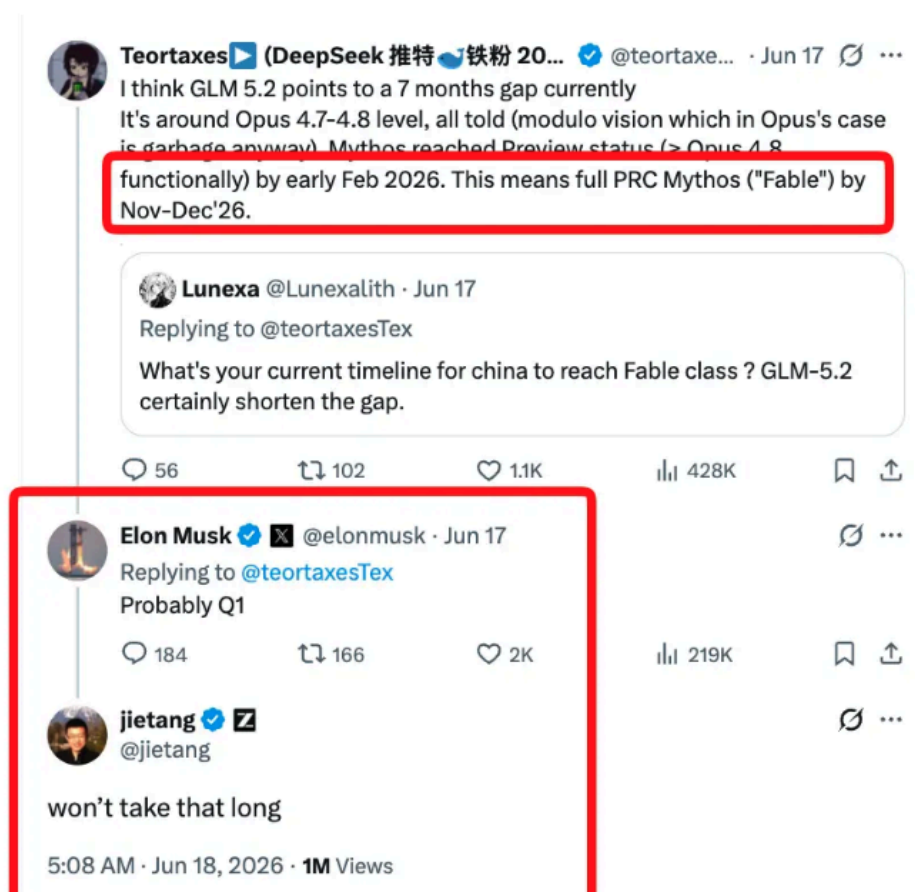
MoneyBits

Z.ai

Never heard of them mate.

None of us had, and yet their latest effort, GLM 5.2, is rated as good as Opus 4.8. It also happens to be about 80% cheaper to use and is *open-source*. It's a slightly strange world in which Anthropic is valued at \$985 billion and you can download a model as good as their frontier model, get all the weights and all the know-how, for free. Like having the source code for Microsoft Windows in 1995 or something. It just is very strange.

It's difficult to forecast what the impact of all this will be but in the exchange below, the internet muses on what timeline it will take before GLM is as good as the now banned Fable. "Q1 27" chimed in Elon. He was promptly followed up by the founder of Z ai, Jie Tang "won't take that long".



So who is winning? The best models are American. The gap to open source Chinese models is 7 months-ish. The consequence of the Fable ban might ultimately be profound though. American firms are now nervous about releasing extremely powerful models that, I accept, do indeed have cyber-weapon capability. I don't think the same is true about the open-source labs.

This story was [reported](#) by *The Economist*; there has been rapid backpedalling and denial since.

Encryption was a potent technology, but narrow in its application. AI is far more powerful and versatile. On June 11th Mark Warner, the vice-chair of the Senate Intelligence Committee, said that General Joshua Rudd, who leads the National Security Agency and the Pentagon's Cyber Command, had told him that Mythos "broke into almost all of our classified systems, not in weeks, but in hours".

Subsequently the journalist has followed up.

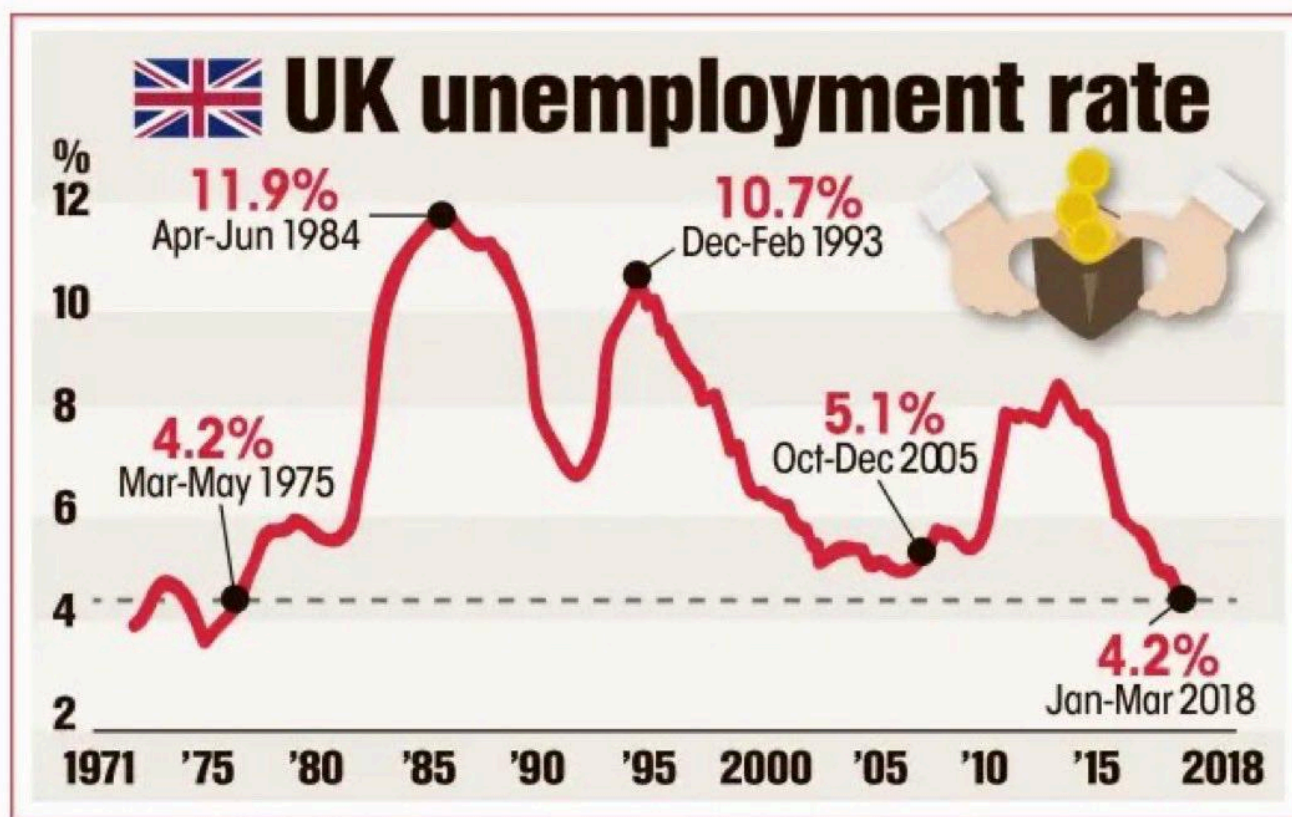
"..... it would be a mistake to read that literally, I think. It surely depends on using Mythos alongside other tools under very particular conditions. I quoted it to give a sense of Mythos' potency. But it was a mistake not to have added caveats."

It's quite the moment in time. The two global superpowers going head to head now over the next six months. America is stuck because of the Mythos ban. OpenAI seemed to have paused for breath while the Anthropic drama plays out. Google's latest model, 3.5 Flash, is excellent, cheap and also underwhelming because of its high refusal rate. Basically an excellent corporate tool for doing slides nobody will read.

Open source models can win from here. The moment the USG got involved, everything changed. One thing is certain. If the US Pentagon calls [Z.ai](#) and asks them to pull a model, I think we know what the answer will be.

"Thank you for calling Lǎowài, goodbye".

The bar will likely keep rising until the only unemployed person is Sir David Beckham, who, holding no assets in his own name, appearing very healthy and not that busy, will likely qualify for £95.55 per week.

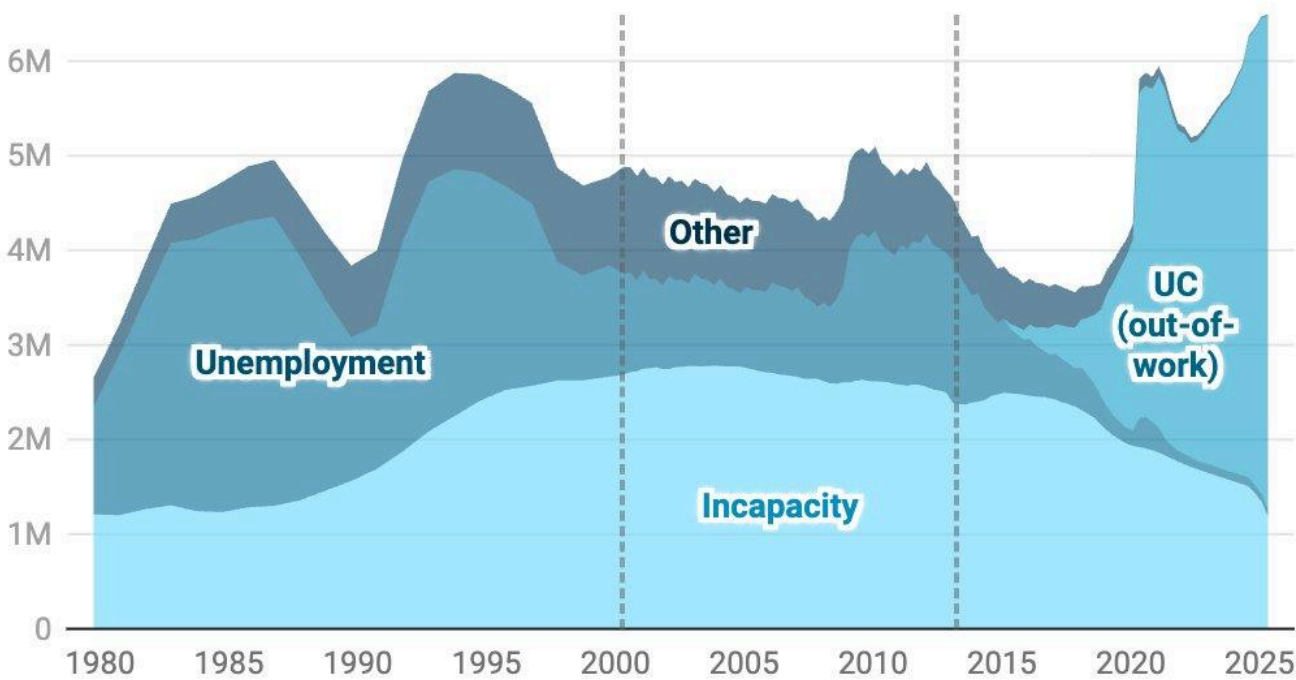


The most telling statistic for the UK is the number of people 'out of work'. A nuanced version of unemployment, the one that actually means unemployed. That number has never been higher, 6.5 million people. Notice how many of those people are all 'UC', which means universal credit. After 12 months you aren't unemployed anymore, you move to the system of universal credit which is £420 a month, or 210 bus rides in the UK's new economy. An awful lot of people are UC (and growing).

6.5m on out-of-work benefits

Using DWP definitions

Numbers Proportions



Proportions are percentages of the GB working-age population. Dotted lines represent data source changes. Data to Q2 2025, published Nov25, updated quarterly.

Even with all this, the UK will now experience a huge and expensive lurch to the left, but Andy Burnham will at least destroy the economy while smiling and pretending to be everyone's best friend. We will all love Andy, we will love Andy's taxes and his net-zero.

His signature policy while mayor of Manchester was the reduction in bus fares. He reduced them to £2 for all single adult fares. It has been declared a policy triumph and many people believe it is. It also says something about his level of ambition for the UK, which I rate as very low indeed. Andy will talk about cutting people's bills by £5 a week. He will talk about how they will be able to heat their homes in winter.

We will love our warm winter homes. We will love our low bus fares and we will wonder. Is it 1890 or 2026?

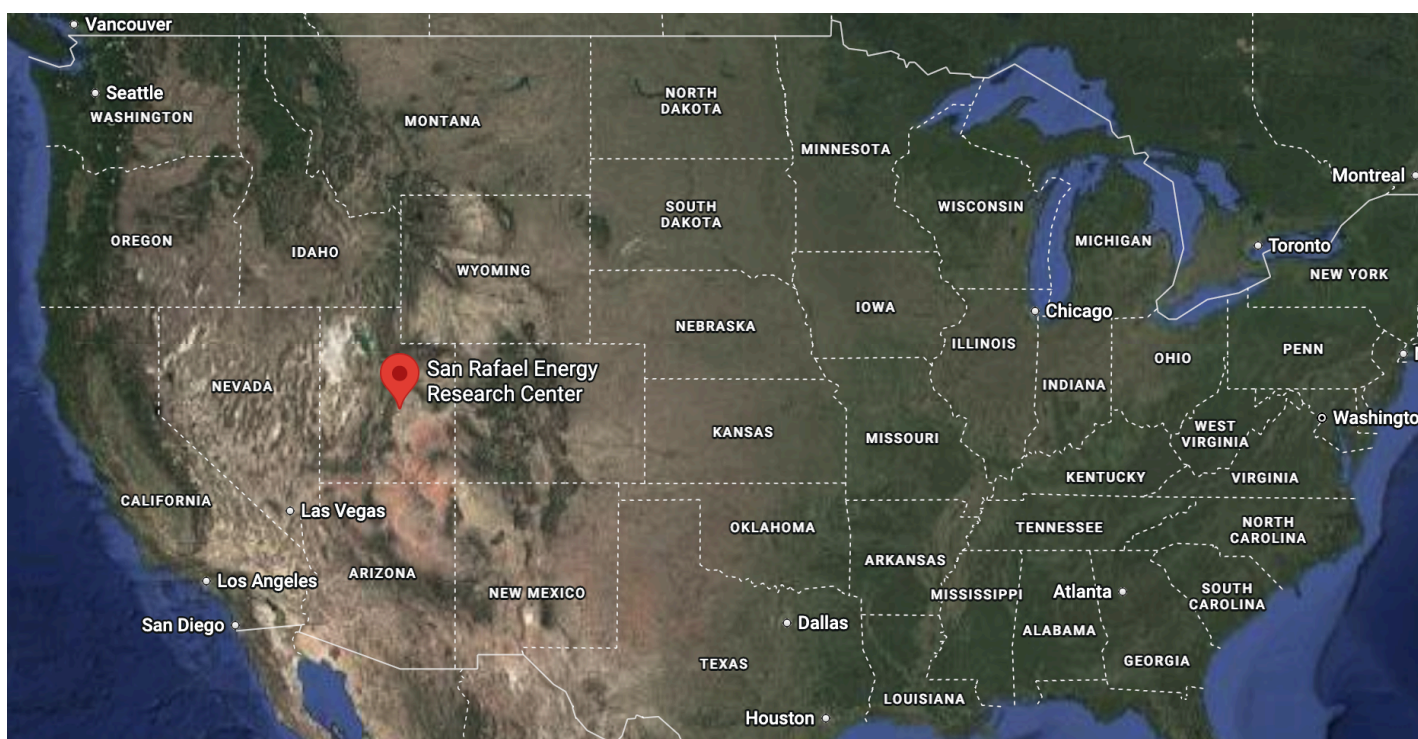


For true ambition, we must look to America. Hats off to American engineering. Valar Atomix' second reactor reached critical stage this week only nine months after the project began. Valar has taken a slightly different approach to nuclear using modular reactors that can operate anywhere, essentially grid independent power.

It's very significant (if it works) because the grid bottlenecks are the primary thing that slows down the production and deployment of new nuclear power (indeed any power). If it works, they can run anywhere and vacant land in America (of which there is a great deal) will be activated with modular reactors and data centres without impacting the power grid and residential consumption.

To achieve it the US government essentially waived many nuclear regulations that have held back industry development since the [Three Mile Island accident](#) in 1979 (which caused no deaths or injuries).

For Valar, reaching critical means only that phase one has worked. The plant does not produce any electricity but the reactor does work and sustains itself, which essentially means it stays on. Now they need to slowly ramp it up and continue testing until it can produce energy at scale. Valar are confident it will work, but in case it doesn't they are safely tucked away in a very remote part of the US.



It seems odd to me that there is so much doubt about whether modular reactors will actually work, I don't know why. They obviously do, the United States Navy launched the first nuclear-powered submarine, the USS Nautilus in January 1955. It set all manner of speed and depth records and was operational until 1980. The US now has 72 such submarines, Russia has 45 of them, China, the UK, France all have them.

It works, we have it. We have always had it and if the Americans pull this off at scale, the gap between them and everybody else is going to grow. I expect that the raw hatred of Donald Trump will mean that most countries and politicians will simply ignore the ambition and very obvious progress in the US which swamp our own achievements, which are frankly, hard to find.

Against the odds, the only other country that seems to have worked this out is the United Kingdom. [Rolls-Royce](#), who build the modular reactors for Britain's nuclear fleet, will be building SMRs (small modular reactors) for the UK and European grids. A strange thing happened in the UK though, they somehow pretended that they didn't know how to make these devices and that the SMR was a new and major breakthrough. Yet everyone knows Rolls-Royce makes them for nuclear subs and has done so for 50 years. But that's a state secret, so they held a *two year* international competition for who could design such a thing. Rolls-Royce won!

Rolls-Royce SMR has emerged as the United Kingdom's preferred bidder to build the country's first small modular reactors following a two-year competition, the U.K. government [announced](#) June 10. Rolls-Royce SMR expects to build three SMRs with Great British Energy–Nuclear, subject to contracting later this year and regulatory approvals. Great British Energy–Nuclear will “aim to allocate a site later this year and connect projects to the grid in the mid-2030s.”

It's a very funny announcement. “Rolls Royce has ‘emerged’ as the UK's preferred bidder....”. They are the only ones that ever have, could or can. They were in a competition with themselves for two years. Which wasted two more years to go with the other fifty we already wasted.

Nobody seemed to mind. The share price has exploded upward and if there is any company that rescues the UK, it will be this one.



This will all be a huge boon for bitcoin mining in future because you are going to have enormous amounts of energy in remote places, which is exactly where bitcoin loves to be. If you have shelled out for a modular reactor you are going to want to run it at 100% for as long as possible.

Anyway, it's all to the good. No power growth means no growth and the power is coming.

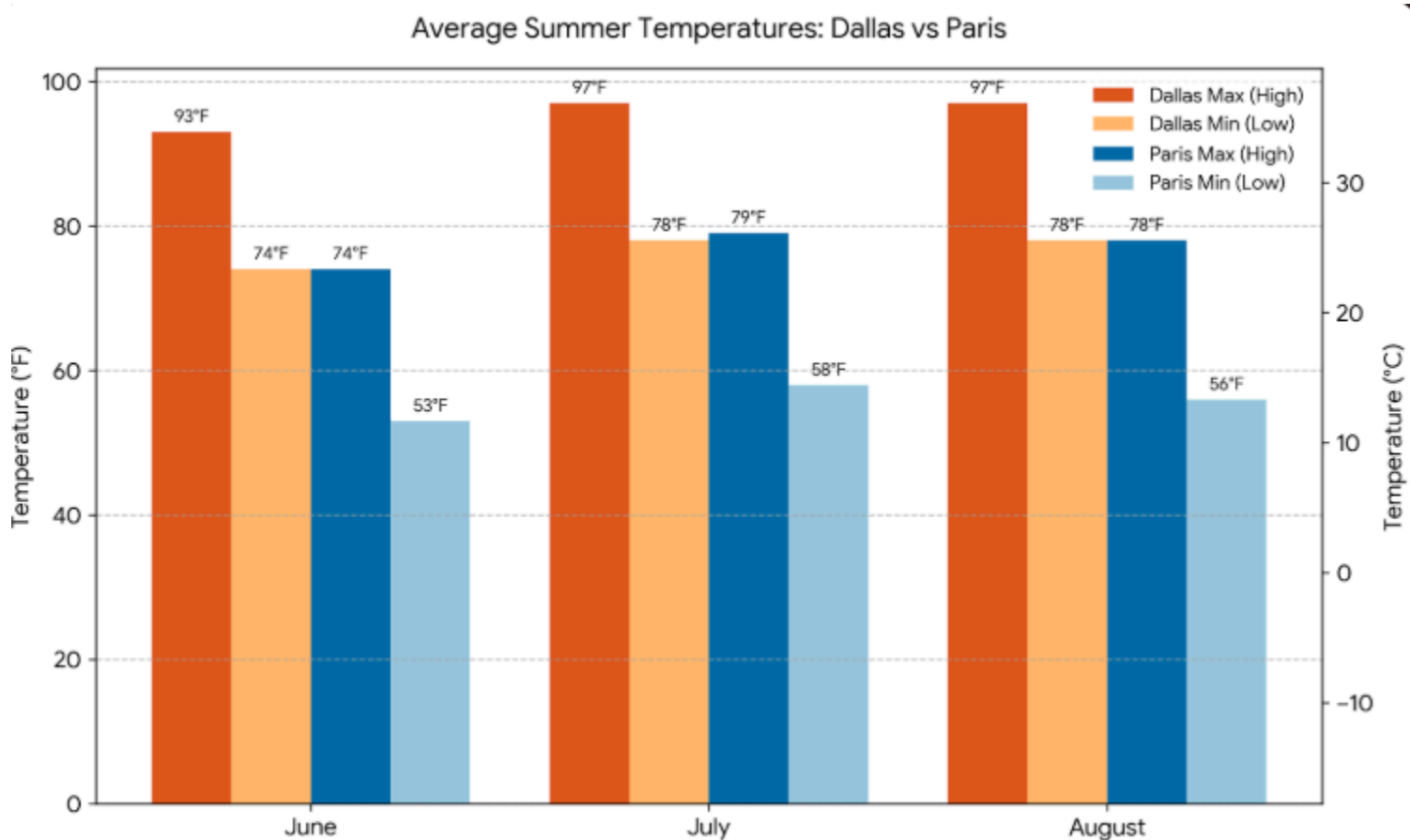
Hotter than.....

Today, June 24's maximum in	is hotter than...
Paris, France: 41C (106F)	Mecca, Saudi Arabia: 40C (104F)
Madrid, Spain: 39C (102F)	Bandar Abbas, Iran: 38C (100F)
Brussels, Belgium: 37C (99F)	Cairo, Egypt: 36C (97F)
London, UK: 34C (93F)	Kolkatta, India: 33C (91F)
Berlin, Germany: 33C (91F)	Kabul, Afghanistan: 32C (88F)

...and it is indeed hot since many of my friends are in Europe at the moment. “How is it?” “Hot.”

There is specific unpleasantness to the heat in Northern Europe in particular where systems are not designed for this kind of thing. London's Tube, for example, is unbearable above 28 degrees.

Indeed, the near total lack of air-conditioning is a real problem across Europe.



On average though, Dallas in Texas is much hotter than Paris. So much so that nearly everyone has to have air conditioning. That AC needs a lot of baseload power though, and what are you going to do with it when the AC is not on. Naturally, the Americans mine bitcoin and have done a deal with those miners such that when it gets really hot they turn their machines off and receive bonus payments for doing so. 3-5% of the grid is supported in this way. The embedding of bitcoin into the ERCOT grid is well documented, there are simply very few scale users of electricity who can turn off at a moment's notice with no real impact on their business.

It actively supports the grid though when AC demand is low (profitably), and disappears when people really need it (profitably because of bonus payments).

I know Europeans hate electricity use, bitcoin and air conditioning but the reality is more people die from heat related issues in Europe than die from guns in America. On a per capita basis the issues are comparable.

Per Capita Comparison

- Adjusting for population size, the per-capita rate for both issues is highly comparable.
- **Europe:** Heat-related mortality typically ranges around 14 per 100,000 people, depending on the severity of the summer.
- **US:** Gun violence sits at roughly 14 per 100,000 residents per

The solution for Europe is far more obvious than it is for America. In the meantime, 60,000 people will die in Europe this year because they didn't get organised. I wonder why people accept this?

Euro-Trash



Christine Lagarde @Lagarde



On the sidelines of the COTEC Europe Summit on innovation, I sat down with journalist Patty Torchia and Fabiola Gianotti, COTEC President, to discuss how AI is reshaping work and society and the opportunities and risks it brings.

Read more (in Italian) fortuneita.com/2026/06/17/lia...



A gathering of Southern European nations on technology. Lagarde was invited for a discussion, and in it she revealed exactly why Europe has failed at Artificial Intelligence and nearly everything else technological.

Christine Lagarde: Because I just want to amplify what Fabiola said. We need money. Yes. Because we have practically everything else. We need to address our fragmentation problem. She's absolutely right, but we need to keep the money in Europe and invest our money here. The current situation is that Europeans have a huge amount of savings. We're the best squirrels. But the money moves elsewhere and is generally invested in venture capital, private equity, various instruments in other parts of the world, and sometimes reinvested in Europe, actually. But we can't continue like this. We need a capital market that covers the whole of Europe, that is simple, accessible, and where we can actually invest our savings to direct that money towards innovation, towards improving productivity, towards the research and development needed to develop an artificial intelligence that we will control.

We will control it, yes; we'll talk about that again shortly. We need money, and we need greater gender equality. You recently spoke about the barriers that restrict women's career paths. Are you concerned that AI could widen these gaps?

Christine Lagarde : Yes.

How?

Christine Lagarde : I think it could widen this gap simply because some of the knowledge, the science behind artificial intelligence, and how best to use it, has to do with mathematics, physics, and computer science, and that's not where we find a large majority of women. There's a large majority of men, which is fine, but women are not well represented in what's called STEM. And I fear that if young girls—and we, as role models, certainly—don't push girls in those directions, we run the risk of leaving more women behind and seeing this existing gap widen.

Firstly, they are still talking about where the money will come from. So they currently don't have it because Europeans would much rather invest in American firms, which they refer to as "elsewhere in the world".

Next "An artificial intelligence that we will control". Regular users of AI know that the worst models, however high they score on benchmarks, are the ones with high refusal. "I can't help you with that". The reason is because they receive post training on not being honest; it pollutes the entire model and fundamentally degrades it across even those topics on which they are supposed to be helpful.

Finally, the discussion is not about how we get the very best people. It is about equality. This is the path to immediate defeat. It doesn't matter if your AI expert is a man or a woman, but it certainly matters that they are the best in their field.

A casual and unguarded chat over coffee that tells you everything you need to know.