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The threat from Italy's right

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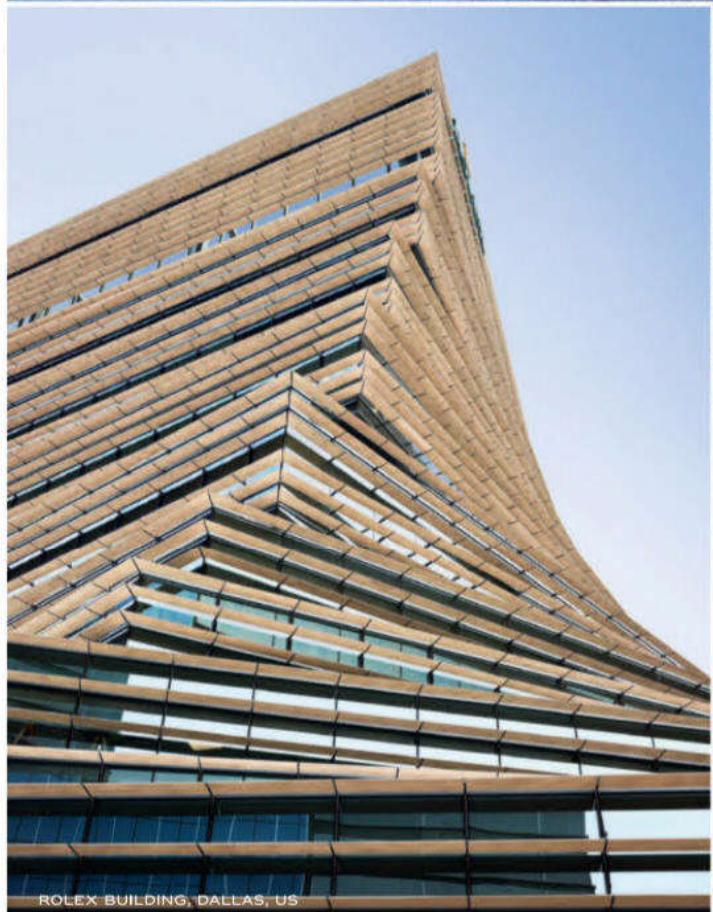
Race in America

A SPECIAL REPORT





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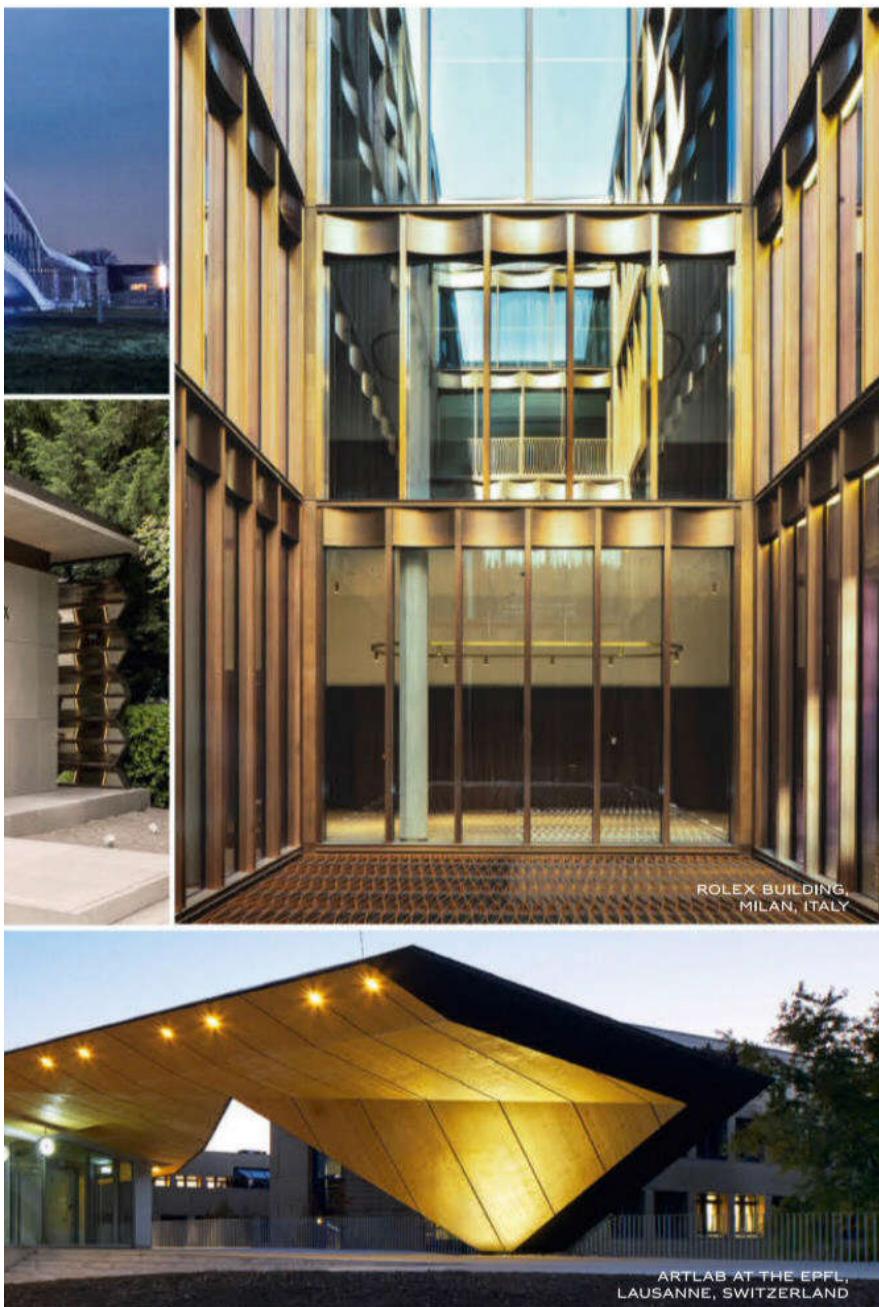
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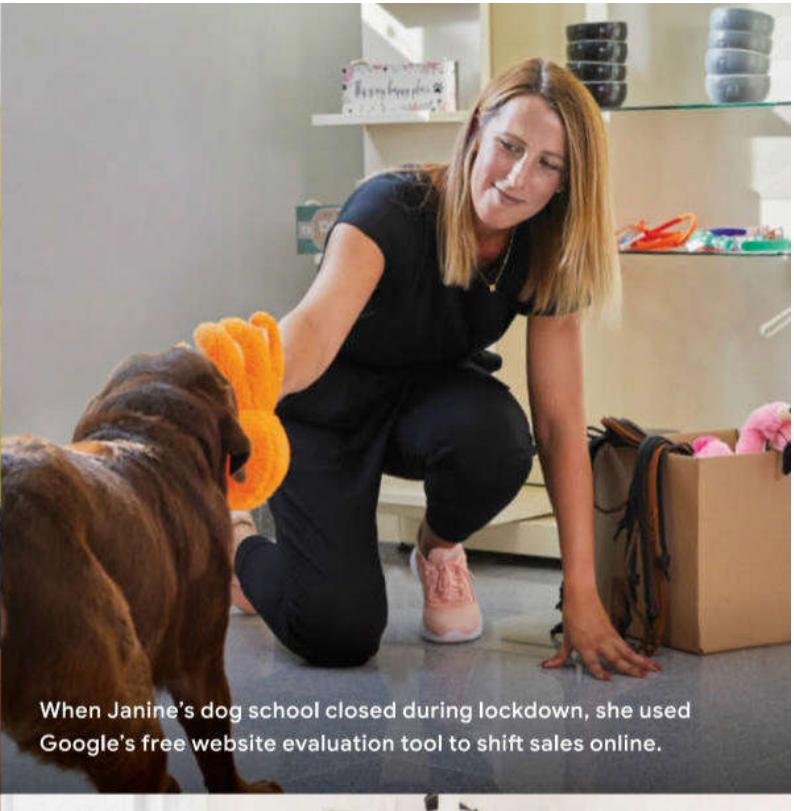
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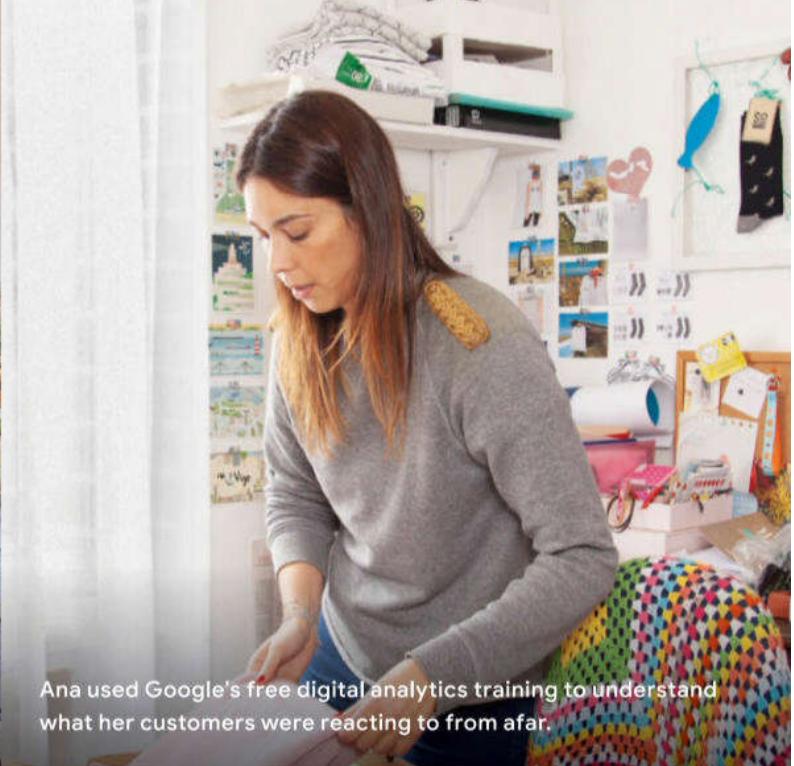
Korina and Kyriakos used Google's free digital training to launch a jobseekers' platform matching farmers with workers.



When Janine's dog school closed during lockdown, she used Google's free website evaluation tool to shift sales online.



Ingo used Google My Business posts to let customers know he was delivering during lockdown.

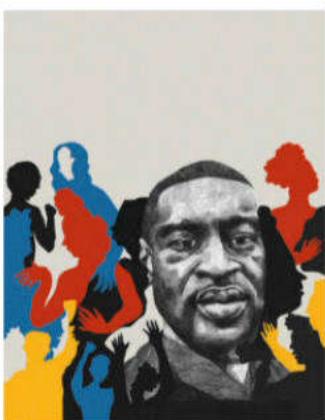


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On the cover

A movement to end racial disparities emerged from the murder of George Floyd. How can it succeed? Leader, page 11. America is becoming less racist and yet more divided by racism, see our special report after page 40. Joe Biden's plans to Europeanise America's safety net, page 35. Riots may have helped Donald Trump: graphic detail, page 77. For more coverage of race in America, visit www.economist.com/race-in-america

Green boom or green bubble? Sustainable investing is rife with greenwashing. Genuine transparency, not box-ticking, is the cure: leader, page 13, and analysis, page 61

The threat from Italy's right Matteo Salvini's Northern League could hook up with the far-right Brothers of Italy. Europe should worry: leader page 12, and analysis, page 21

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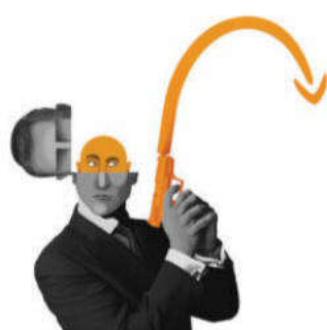
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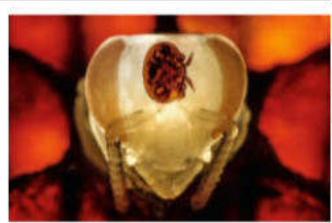
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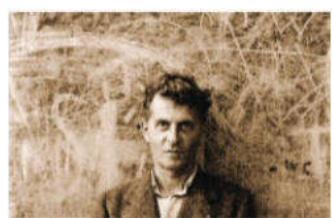
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 to take part in 'a severe contest between
 intelligence, which presses forward,
 and an unworthy, timid ignorance
 obstructing our progress.'

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The fighting in **Israel** and **Gaza** ebbed, as international pressure for a ceasefire grew. More than 230 people have been killed, most of them Palestinian. Israel said the toll included 150 militants. The violence spilled into the West Bank, where at least 20 Palestinians were killed in clashes with Israeli forces. The Israeli army also exchanged fire with militants in Lebanon.

Ebrahim Raisi and Ali Larijani, two leading conservative candidates, filed their papers to run in next month's presidential election in **Iran**. All 300 candidates will be vetted by the theologians on the Guardian Council.

Spain deployed troops in its enclave of **Ceuta**, on the Moroccan coast, when 8,000 migrants breached border fences. Morocco did little to stop the influx. It is upset with Spain for accepting Brahim Ghali for covid-19 treatment. Mr Ghali leads Polisario, which fights for the independence of Western Sahara, a territory claimed by Morocco.

Plans to vaccinate people against covid-19 were set back in many **African countries** by the halting of vaccine exports from India, as it deals with its covid crisis. The Serum Institute of India, which was expected to supply most of Africa's doses, has made no shipments to the continent since March and is not expected to resume them before October.

Nigeria said it would pull soldiers and armed helicopters from the north-east of the country, where they are fighting the jihadists of Boko

Haram, to battle separatists in the south-east instead. Some criticised the move, saying it risks turning a political problem into an insurgency.

Ethiopia delayed a national election scheduled for June 5th, citing logistical difficulties. It is the second delay to a poll that should have taken place last year.

The **European Union** agreed to open its borders to tourists from the rest of the world, so long as they have completed a course of covid vaccination, or come from places with a suitably low infection rate. That might be good news for British travellers, though quite what the British government's new policy is on holidaying abroad is anybody's guess.

A cyber-attack forced the computer system for **Ireland's** health service to be shut down. The government rejected demands to pay a \$20m ransom to a criminal gang, thought to be from eastern Europe. Details of patients' records were reportedly leaked online. Micheal Martin, the prime minister, said it was a "heinous attack".

Chileans voted for candidates to a 155-seat constitutional assembly, which will draft a new constitution to replace the Pinochet-era one currently in place. Some 64% of those who were elected are independents, broadly from the left. Right-wing parties in **Chile's** coalition government failed to get many seats.

Police in **Brazil** searched the offices of the environment minister as part of an investigation into wood-smuggling. The supreme court ordered the suspension of the head of the environmental enforcement agency and several other officials. Under the government of Jair Bolsonaro, deforestation in the Brazilian Amazon has reached a 12-year high.

America's Supreme Court said it would hear an appeal that may affect the degree to which

states may limit **abortion**. The case centres on a law in Mississippi that bans most abortions after 15 weeks of pregnancy. It will be the first such case that the court will rule on with a 6-3 conservative majority, and will be heard during its next term, which starts in October. In Texas, meanwhile, a new law banned abortion after six weeks of pregnancy.

The United States Congress passed a bill to tackle hate crimes aimed at **Asian-Americans**. It gained wide support among both parties.

China landed a spacecraft on Mars, becoming only the second country ever to set down a rover successfully on the surface of the planet. The Chinese space agency released photographs from the mission, and said it was going well.

Cyclone Tauktae struck **India**, causing heavy rains, high winds and flooding along the west coast before making landfall in the state of Gujarat. At least 19 people died on land; another 26 died, and scores were missing, when a barge sank off the coast of Mumbai.

Samoa's Supreme Court ruled that an attempt to invalidate an election last month was unlawful. That could end the 22-year run of Tuilaepa Sailele Malielegaoi as prime minister and clear the way for Fiame Naomi Mata'afa to become the Pacific island nation's first female head of government.

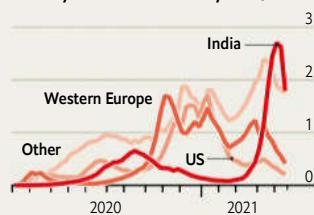
Cases of covid-19 continued to spread across **Asia**, from Nepal, which has been hit by India's surge, to Taiwan, which has had few cases so far. New infections are mounting in Thailand, Malaysia and elsewhere in South-East Asia.

In **Taiwan** Tsai Ing-wen, the president, urged people to stop panic buying and stay calm, after new restrictions came into force to curb an outbreak of locally transmitted cases. Masks have to be worn everywhere and shops must keep customers' contact details.

Coronavirus briefs

To 6am GMT May 20th 2021

Weekly confirmed cases by area, m



Vaccination doses

	Total '000	% of adults with 1st dose	% of adults with 2nd
Israel	10,537	97	91
Bhutan	482	95	0
UAE	11,594	89	56
Mongolia	2,469	88	33
Malta	431	80	40
Maldives	452	74	36
Britain	57,358	71	39
Bahrain	1,507	66	50
Chile	16,735	65	53
United States	275,535	64	47

Sources: Johns Hopkins University CSSE; Our World in Data; United Nations

India recorded 4,529 deaths for May 19th, the most of any country during the pandemic. Recorded cases fell, although infections are thought to be surging in the hinterland.

America's Centres for Disease Control said that people who are fully vaccinated no longer need to **wear a mask** in most situations. Some health professionals criticised the CDC for causing confusion. States decide on mask mandates. Maryland and Virginia immediately ended the requirement to mask up; California and New Jersey are delaying their dates to go maskless.

An easing of lockdown measures in **France** allowed bars and restaurants to offer outside dining and non-essential shops to open. **New York City** also returned to a sense of normality as many businesses were allowed to reopen. And the unlocking of pubs and restaurants for inside drinking and eating made for good cheer in **England**.

→ For our latest coverage of the virus please visit economist.com/coronavirus or download the Economist app.

In an astonishing turn, **AT&T** decided to spin off **WarnerMedia**, a film and television company it battled to acquire just three years ago, combining the business with **Discovery**, a broadcaster of factual programming. The combined company's brands will include HBO, CNN and numerous Discovery channels. Together the pair spent more on content last year than their rivals and will have the biggest share of American cable viewers. AT&T has now shed all its media assets, leaving it to focus back on telecoms.

A possible Bond trade

Amazon is reportedly in talks to buy **MGM**, the studio behind the James Bond franchise, for \$9bn. MGM is one of the few big Hollywood film-makers not to have been swallowed up by a media conglomerate.

Also joining the rush among media companies to consolidate, **TF1** and **M6**, two French broadcasters, announced their intention to merge. The pair say that the deal will protect the independence of French content against the likes of Disney and Netflix. Regulators will be concerned by the 70% share of advertising on French tv that they would control.

The International Energy Agency surprised many with its "road-map" to **net zero emissions** by 2050. To reach that goal, the IEA's report said that no new oil or gas projects should be approved, and that the power generated by solar and wind should increase fourfold by 2030. Underlining the challenge, for solar that would be the equivalent of installing the world's largest solar park nearly every day.

Almost 89% of shareholders in **Shell** backed the management's plan to reach net zero carbon emissions by 2050. The company has come under pressure from green activists who say this does not go far enough and from other investors who say Shell's strategy lacks the focus of American

giants, who remain centred on oil and gas. A separate resolution submitted by Follow This, a Dutch green investor group, was supported by 30% of shareholders, passing a threshold under British company law which means Shell must now consult with them.



Japan's economy shrank by 1.3% in the first quarter over the previous three months. The declaration of a second state of emergency, which urged people to stay at home, was mostly to blame. In a sign that a recovery may be under way, exports in April grew by 38% year on year. That was the fastest pace in a decade, even if it is a comparison with trade in the depths of the pandemic.

Britain's annual **inflation** rate leapt to 1.5% in April from 0.7% in March. The increase reflects a jump in consumer prices when shops re-opened in April

and higher oil prices, which pushed up the cost of energy. Andrew Bailey, the governor of the Bank of England, said he was carefully watching the data and if inflation persistently rose above the bank's 2% target he would take action, "no question about that".

China told its banks and payment companies not to conduct transactions involving **cryptocurrencies** and warned investors against speculating in them, because they are disrupting the "normal economic and financial order". The price of bitcoin, ethereum and other cryptocurrencies plunged in response. China's central bank is well advanced in developing its own digital currency.

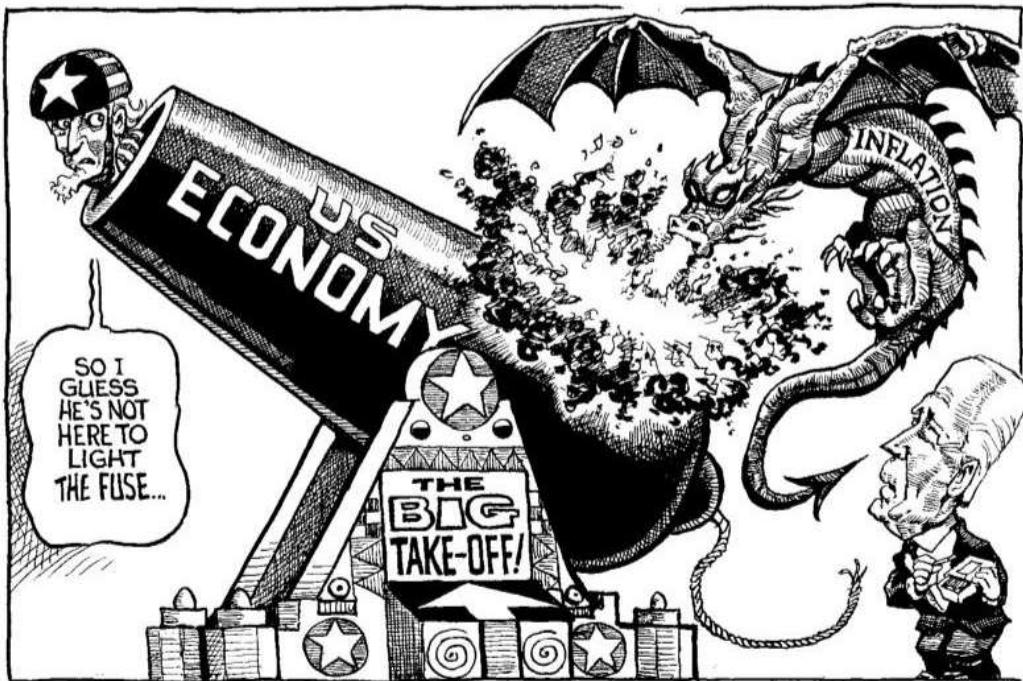
Light at the end of the tunnel

Eurostar secured a bail-out from investors, mostly in loan guarantees. The rescue package was led by SNCF, the French state railway group, which is Eurostar's majority shareholder. The British government refused to take part; it sold its 40% stake in the company in 2015. Eurostar hopes to increase the number of trains it runs between London and the continent as travel restrictions ease.

Britain's railways, meanwhile, are to face the biggest set of reforms since privatisation in the mid-1990s. The government published a plan that would bring rail infrastructure, timetables and ticket prices back under state control, but still contract train operations to private companies. The hope is that this will lead to clearer lines of communication between the government and the private sector.

Indonesia's two biggest start-ups, **Gojek** and **Tokopedia**, said they would merge, creating a platform that spans ride-hailing, digital payments and e-commerce. The combined company, GoTo, will reportedly seek to float on stockmarkets later this year, in a dual listing which could see it valued at up to \$40bn.

Working 55 hours or more a week is "a serious health hazard" according to the World Health Organisation, in a first global analysis of the effects of **working long hours**. Working at least 55 hours is associated with higher risks of stroke and heart disease, compared with working 35-40 hours. The disease burden is significant in men, people living in East and South-East Asia, and middle-aged or older workers.



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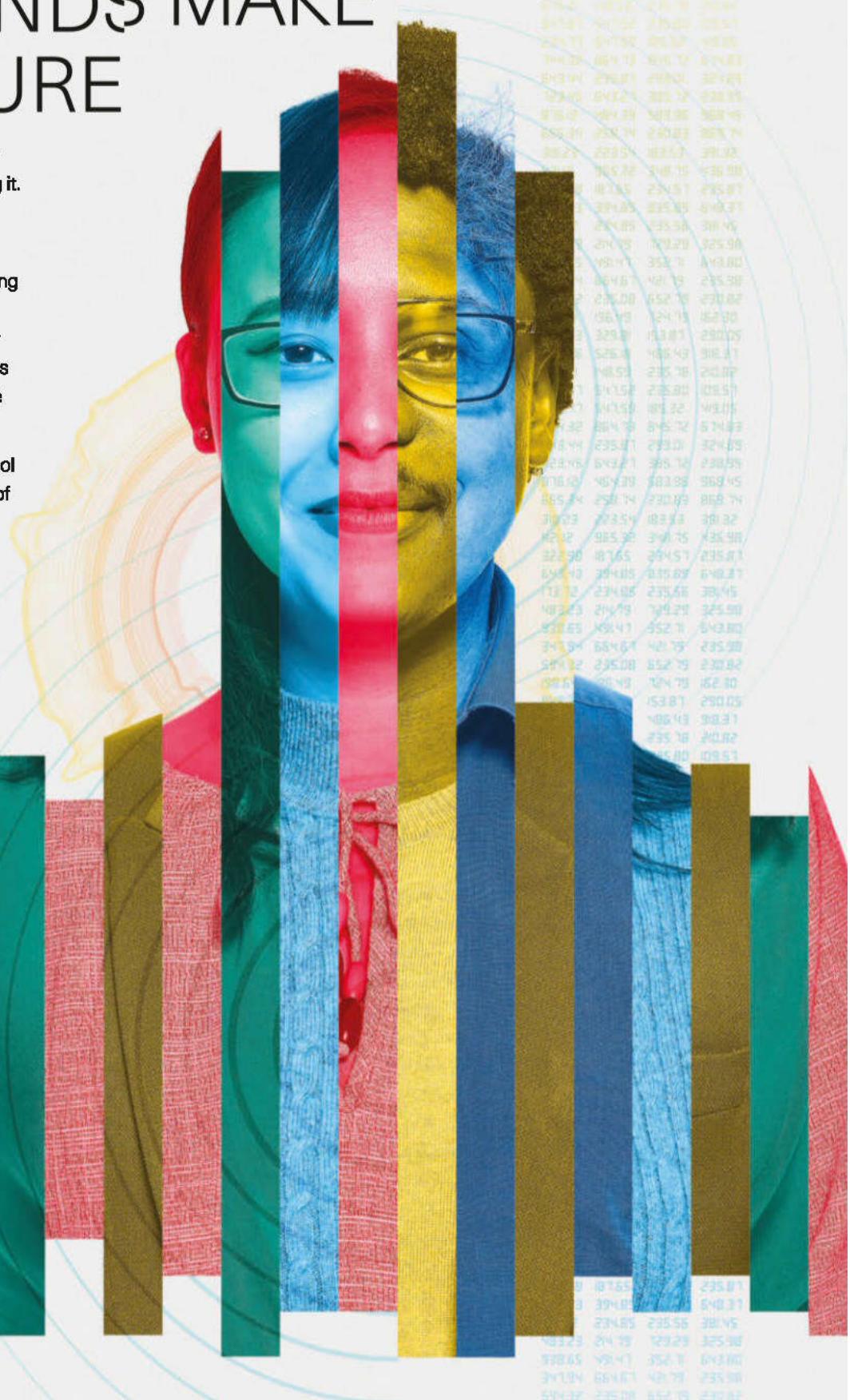
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Race in America

A movement to end racial disparities emerged from the murder of George Floyd. How can it succeed?

WHEN GEORGE FLOYD was killed by Derek Chauvin a year ago, the sense of injustice was tinged with despair. Why, many Americans asked, is this still happening in our country? Why, many foreigners asked, does the story of race in America never seem to change? Except this time was different. Mr Floyd's death prompted the biggest civil-rights protests in American history. Mr Chauvin, unusually, was convicted of murder. And institutions in America and beyond looked at themselves in a different light. Something needed to change. But what exactly?

The Biden administration and the Democratic Party have made reducing racial disparities an organising principle of government. That sounds straightforward, but it is not. Despite the gains in legal and political rights made by African-Americans since the civil-rights era, measures of relative poverty and black-white segregation have barely moved for half a century. Tackling enduring injustices requires clear thinking about their causes.

Most racial disparities come about when three things collide: secular economic trends, the aftershocks of slavery and segregation and present-day bigotry and racism. The first two are usually the biggest causes of bad outcomes for African-Americans, but the third—racism today—gets most of the attention.

This is backwards. Covid-19 has killed African-Americans at higher rates than whites or Asian-Americans. The causes are still unclear, but the blame is unlikely to lie with racist doctors, nurses and insurers. Instead, for reasons that include past racism and present-day poverty, African-Americans are more likely to suffer from pre-existing conditions and to have to work outside the safety of their homes, and less likely to have health insurance.

Racism remains a curse in America, though it is less widespread than 30 years ago (see Special report), let alone in the civil-rights era. But, since it is lodged in bigoted minds, rooting it out is largely beyond the power of any government. Poverty and the structural legacy of racism in institutions are different. Take the Biden administration's new child tax credit, which looks likely to reduce child poverty by 40% (see United States section). Because African-Americans are disproportionately poor, this race-neutral policy should halve the number of poor black children.

Given that the problem is racial disparities, why not target help directly at African-Americans instead? One reason is practical. People are more likely to support measures that they themselves might benefit from. The child tax credit enjoys broad backing. Were it designed to benefit only one group, support for it would plummet. Any administration that targeted policies on African-Americans alone—using, say, reparations and more affirmative action—would soon be out of power.

By contrast, policies that help all poor Americans are popular and effective. Since the Affordable Care Act in 2010, 39 states have expanded the availability of Medicaid, the health-insurance programme for low-income Americans. As a result, the share of uninsured African-Americans has fallen by 40% over a decade. A government that wanted to spend more could provide baby bonds for poor Americans and vouchers to move out of ar-

eas of concentrated poverty. A government less inclined to spend could relax zoning rules, making it easier to build apartments near good schools. None of these policies is race-based, but all of them would greatly reduce the disparity of outcomes.

These broad-based policies are not just practical, but moral too. Racial injustice is particularly searing in America because of the horrors of slavery, the violence of Reconstruction and the institutionalised racism of Jim Crow. African-Americans have had legal rights to vote, to marry whom they want and to live where they choose for just the span of a single lifetime.

Yet not all African-Americans need help. Despite the disadvantages they face, the country's large, thriving black middle class is often overlooked in talk of race in America. Moreover, people who are not black also face prejudice and inherited disadvantages. How much better if government policy lessens Latino, Native American, Asian and white poverty, too. To deny aid to people in the name of racial justice would be perverse.

What is true of poverty is also true of police reform. Here there have been notable advances in the past year, as cities and states have trimmed "qualified immunity", a broad defence available to police officers who kill civilians. Police killings of unarmed young men are often presented as overwhelmingly a racial issue, because police officers kill a disproportionate num-

ber of African-Americans. Even before Mr Floyd's murder, the killings of Michael Brown in Ferguson, Freddie Gray in Baltimore, Eric Garner in New York and Breonna Taylor in Louisville rightly brought attention to this fact.

Yet police officers kill Americans of all races more often than they should. Separating the many police shootings that are justified from those that should never have happened ought to be a national priority. This would be easier if policing was understood as a civil-rights issue affecting all Americans.

A race-neutral approach will not always work. To create more diverse organisations, companies, all too often run by white people, need to pay more attention to race in hiring. Unless elite universities take positive steps, their intake will not be representative of the country. But where practical, a race-neutral approach to opening up opportunities is more likely to help America—and especially its African-American citizens.

One year on from a terrible injustice, the United States is confronting not just its past but its future, too. In the next 50 years it will be the first big, rich country where no single racial group, ethnicity or religious denomination will be in the majority. The more politicians exploit the tribal fears of some voters, the more turbulent this transition will be. The Republican Party's enthusiasm for rewriting voting rules in states such as Arizona and Georgia shows how democracy could suffer.

Yet America also has the chance to set an example to other countries. A smooth transition is more likely if politics is not set up as a fight for resources between groups that people are born into and cannot leave. Instead, the country can make common cause to shrink enduring racial disparities while helping all Americans leave injustices behind. That must be the aim. ■



The economic recovery

The curious case of the disappearing worker

What to do about a labour crunch

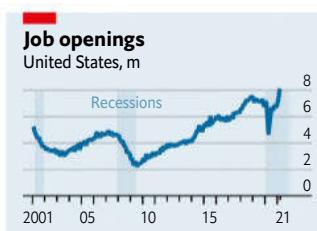
AS RICH COUNTRIES loosen lockdowns, an economic puzzle is emerging. Businesses are voicing ever-louder concerns about labour shortages, even as millions of people remain out of work. In America a surge of spending is creating job openings, but few people seem willing to fill them. The number of vacancies, at over 8m, has never been so high.

Worker shortages are a growing problem elsewhere, too. British publicans, who opened their doors to indoor drinkers on May 17th, are searching for pint-pullers. In Australia vacancies are 40% above their pre-pandemic level. Europe has been slower to come out of its lockdown, but even there unfilled positions from Switzerland to Germany are higher than before.

Some see news of worker shortages as welcome. If human labour is still in demand, then perhaps predictions of job-killing robots were wrong. Company managers are also having to work harder to attract staff. McDonald's is boosting wages (see Business section); England's pubs are ditching qualification requirements; other firms are paying people just to show up for an interview. Underlying pay growth is strong, at more than 3% in America. A good thing, you might say. After a year of lockdowns, who would begrudge workers a rise?

That is to ignore the downsides of labour-market snarl-ups. A bidding war between employers could yet cause an inflationary spiral. And shortages ricochet around the economy. A builder that cannot find labourers will put up fewer new houses, in turn hitting decorators. Businesses that are still recovering from the crisis may face another financial blow.

High inflation and bankruptcies may never happen. But today's worker shortages are also an enormous waste of talent. Including those on furlough schemes, we estimate that 30m fewer people in the rich world are working than before the pandemic. For so many people to be idle comes at a huge cost, not only in lost wages but also in terms of their health and dignity.



To get labour markets working better, governments should consider three P's: payments, passports and patience. Take payments first. In America businesspeople, almost to a pinstripe, are convinced that the \$300-a-week boost to unemployment insurance (UI) explains the shortages. However, pundits do not agree on whether stimulus handouts really lead people to shirk.

The evidence is hazy elsewhere, too. It might seem natural that British pot-washers would prefer to earn 80% of their salary on furlough than stand in a hot kitchen for 12 hours a day for 100% of it. However, Australia ditched its job-protection scheme in March, and shortages have worsened.

Given this uncertainty, the solution is not to slash welfare but to redesign it so as to encourage work. Arizona is reallocating some of the money used for UI, instead offering \$2,000 payments to folk who move into a full-time job. The evidence on back-to-work bonuses from past recessions is encouraging.

Next is passports, which relates to immigration. Temporary border controls to stop the virus make sense, but they should not last beyond the pandemic. In New Zealand annual net migration has fallen from 92,000 to 7,000. Australia is losing migrants. Britain is also reckoning with Brexit-related immigration changes. That is why in many countries industries, such as hospitality, that rely on foreigners face the most acute shortages. Politicians must be clear that closed borders will come with a painful price tag—or change tack.

The last requirement is patience. Many people are avoiding work because of fear of contracting covid-19. These concerns should fade as more of them are vaccinated. Some industries are seeing jobs wither, even as parts of the labour market, from delivery drivers to remote yoga tutors, boom. Faced with change on such a scale, people may take longer to find new careers. A misfiring jobs market is in no one's interest. Time and the right policies will clear the blockages. ■

Italy's nationalists

Forgotten, but not gone

The worrying tremors coming from Italy

IN FEBRUARY WE and many others breathed a sigh of relief after Mario Draghi agreed to become prime minister of Italy. For had not "super Mario" saved the euro, in 2012, with his promise that he, and the European Central Bank he then headed, would do "whatever it takes" to stop the project unravelling? Those three words were enough to calm markets, bringing down interest rates on the debt of the zone's weaker members. Over the nine years since then, those countries have saved tens of billions of euros thanks to reduced borrowing costs.

With Mr Draghi at the helm, the yield on Italian debt is currently only around 1.2 percentage points above that of Germany.

The government he leads can count on a large majority of seats in parliament, and the European Commission is about to start releasing a whopping €200bn (\$245bn) or so in covid-19 recovery funds, to be paid out over the next three to four years. That sum is equivalent to 12% of Italy's annual GDP, a tidy stimulus by anyone's standards but Joe Biden's. The commission has been broadly satisfied by the promises Mr Draghi has made about how he will spend the money, and the reforms to Italy's sclerotic government that he will aim to undertake. So far, then, so good.

Yet Italian politics remain unpredictable. A recent uptick in the number of migrants arriving by boat, mostly to the Italian is- ►

► land of Lampedusa, has generated alarmist headlines (see Europe section). Some 13,000 have arrived so far this year, triple the tally this time a year ago. That is far below the peak of 180,000 for the whole of 2016, but the sailing season has only just begun. Already, populist politicians have seized on the issue, and will milk it if numbers continue to climb. (An influx of migrants to the Spanish enclave of Ceuta is a headache for the Socialist government in Spain, too; see Middle East & Africa section.)

A tense battle is now being fought for dominance on Italy's nationalist right. Matteo Salvini, the leader of the hard-right Northern League, finds himself in a perilous position, as his party has lost support to an even more radical outfit, the Brothers of Italy (FdI), a descendant of the Italian Social Movement founded in 1946 by ex-supporters of Benito Mussolini. Mr Salvini quit the government in 2019 in a failed attempt to trigger an early election that he might very well have won. His party is still the most popular in Italy's fragmented political landscape, say pollsters. But Giorgia Meloni's FdI is catching up.

The FdI is the only one of Italy's main parties not to have backed Mr Draghi's government, and that seems to be doing it no harm in a country where many still distrust bankers and Brussels. It may not be long before the FdI overtakes the League. In some polls it has already passed the main party of the centre-left, the Democrats, now led by Enrico Letta, a competent man who was briefly prime minister in 2013-14.

Together the League and the FdI may now have enough votes

to form a government, especially if they can rope in a maverick former prime minister, Silvio Berlusconi. Both parties are nativist and suspicious of the EU, though neither advocates Italexit.

Italian MPs may not have to face the electorate for another two years; an election must take place in May 2023 at the latest. But one could come a lot sooner. Those who know him say Mr Draghi is keen to be Italy's next president. That job comes up for grabs next February, but some hoped that the incumbent, Sergio Mattarella, might agree to stand again and make way for Mr Draghi later. This week he appeared to rule that out.

The relentless rise of Italy's Brothers, and Mr Salvini's need to tack to the right to match them, is a reminder that clenched-fist nationalism remains popular with many voters in the European Union. Although this has never been in doubt in Poland and Hungary, it is true in western Europe, too. Some recent polls have France's president, Emmanuel Macron, in a virtual dead-heat with Marine Le Pen, his blood-and-soil rival, in a putative second-round match-up next year. In Spain the opposition People's Party is seeking a deal with Vox, a hard-right newcomer, to form a government for the Madrid region.

Europe's governments have collectively and individually struggled with the covid-19 pandemic, mishandling the early stages of vaccination and the most recent wave of infection. A season of elections is beginning, and incumbents look as if they may see some nasty surprises. One in Italy, which sits on Europe's largest stock of debt, would be calamitous indeed. ■

The green boom Hot air

Sustainable investing is rife with greenwashing. Genuine transparency, not box-ticking, is the cure

INVESTORS ARE all too familiar with the rise of Tesla. Shares in the electric-vehicle maker are now worth nearly nine times what they were at the start of 2019. But it is not an exception. As political leaders across the world start to send clearer signals about their willingness to tackle climate change, the private sector is getting enthused, too, and a green boom is under way.

Over 40 green firms have seen their share prices triple since the start of 2019. Six have outperformed Tesla. The beneficiaries include all manner of emission-sparing companies, from solar-panel firms to makers of hydrogen fuel cells.

Meanwhile many big companies in other industries have taken to boasting about their green credentials. Renewable-energy shares have paused in recent weeks, in part because investors worry about the prospect of higher interest rates, but other assets have taken off. In Europe the price of carbon has soared to a record high. The prices of metals, such as copper and lithium, that are used in electric cars, are spiking as well.

The boom reflects soaring demand from investors. Everyone from oil majors to day-traders on WallStreetBets is splurging on climate-friendly projects and securities. Meanwhile the asset-management industry is marketing a style of investing that purports to take into account environmental, social and governance (ESG) factors. So far this year, inflows into ESG funds accounted for about a quarter of the total, up from a tenth in 2018. On average, two new ESG funds are launched every day.



Unfortunately the boom has been accompanied by rampant "greenwashing". This week *The Economist* crunches the numbers on the world's 20 biggest ESG funds (see Finance section). On average, each of them holds investments in 17 fossil-fuel producers. Six have invested in ExxonMobil, America's biggest oil firm. Two own stakes in Saudi Aramco, the world's biggest oil producer. One fund holds a Chinese coal-mining company. ESG investing is hardly a champion of social virtue either. The funds we looked at invest in gambling, booze and tobacco.

Governments are starting to pay attention. Under Donald Trump, American regulators tried to hobble ESG investing, which the White House saw as a left-wing conspiracy. By contrast, President Joe Biden's administration sees it as a potentially useful weapon to fight climate change. The Securities and Exchange Commission, Wall Street's regulator, worries that ESG funds are misleading investors.

What should governments do? One possibility is to follow the European Union's approach. Its latest Green Deal includes lots of new rules about sustainable finance. Underpinning them is an elaborate state-directed taxonomy which covers some 70 different activities and aims to tell investors what is green and what is not. Inevitably, the effort has run into trouble. Countries have been furiously lobbying the European Commission to ensure that their favoured source of energy is labelled as green. Poland and Romania, among others, want natural gas to be added to the ►

▶ green list, because they are planning to use it to replace coal.

Rather than the EU playing God, investors can decide for themselves what is green. But they need a big improvement in corporate disclosure. The current system of largely voluntary reporting is riddled with problems. Firms disclose reams of irrelevant puffery, while often failing to reveal the few things that matter. Ideally, an asset manager would be able to work out the carbon footprint of their portfolio and how it might change over time. But many firms fail to disclose their emissions rigorously and often the measures made public by individual firms overlap, leading to double-counting when you add them all up.

A better system would force companies to reveal their full carbon footprint, including emissions from the products they sell and the goods and services they buy. It would help if big polluters also revealed how they expect their footprint to change and the amount of capital expenditure that goes toward low-car-

bon investments. That way an investor could work out how much pollution their portfolio is responsible for today and how it might look tomorrow.

The results of such disclosure may come as a surprise. We estimate that listed firms that are not state-controlled account for only 14–32% of the world's emissions—so green investing can be only part of the answer. About 5% of these firms account for over 80% of the total emissions. They are mostly oil producers, utilities, cement firms and mining companies. Better disclosure would also show that only a tiny number of firms are investing heavily in renewable energy or breakthrough technologies.

The combined effect would be to expose as bunk the idea that swathes of the corporate world and asset-management industry are planet-saving heroes. And it would help investors put their money into truly green firms, ensuring a better allocation of capital and a faster energy transition. ■

The Horn of Africa

Brothers in blood

Africa's gulag state is on the march

IT IS AN unlikely pairing. Abiy Ahmed, Ethiopia's prime minister, is young, charismatic and says he is committed to democracy in Africa's second-most-populous country. Until war erupted in November in Tigray, a northern region, he was a darling of the world. In 2019 he won the Nobel peace prize for ending a war with Eritrea. Yet he is now knee-deep in blood alongside Eritrea's president, Issaias Afwerki, an ageing dictator who locks up dissidents in shipping crates in the desert.

When the two leaders met to sign a peace deal in 2018, many hoped their reconciliation would reshape the region. Abiy was liberalising Ethiopia, releasing political prisoners and freeing the press. Some thought Issaias might learn from his new friend. Outsiders rushed to encourage the thaw. The UN lifted an arms embargo (imposed because of Eritrea's support for jihadists in Somalia). Western donors poured in cash. Eritrea's decades of isolation seemed about to end. "Love is greater than modern weapons like tanks," declared Abiy on his first visit to Asmara, Eritrea's capital.

The bromance has indeed changed the region, but not in the way many had hoped. It seems that Issaias influenced Abiy, rather than vice versa. Encouraged by Issaias, and emboldened by promises of Eritrean military support, Abiy sent troops into Tigray for what he hoped would be a quick "law enforcement" operation against its rebellious ruling party which had attacked federal bases. The fighting has since turned into a bloody stalemate. Ethiopian and Eritrean troops control the cities and, intermittently, the main roads. Tigrayan rebels control much of the rest. Stuck in the middle are millions of starving civilians.

Eritrean troops, sometimes accompanied by those of the Ethiopian government and its militias, are pulling unarmed Tigrayan men from their homes, churches or buses and shooting them. Soldiers are methodically raping Tigrayan women. To cut supplies to the rebels, they are blocking food convoys and preventing farmers from planting crops. Around 4.5m of Tigray's 6m people need food aid, says the UN.

The only winner is Issaias. His troops, who died in their tens of thousands in their unsuccessful border war with Ethiopia, are now deep inside their neighbour's territory. They have massed troops along parts of Ethiopia's border with Sudan, threatening to inflame a separate dispute between those two countries. More worrying is that Issaias seems to be trying to export his model of despotic rule (see Middle East & Africa section).

He is said to have egged on a power grab by Mohamed Abdullahi Mohamed, Somalia's president, who has stayed in office despite his term having ended in February. To back his man in Mogadishu, Issaias has trained a Praetorian guard loyal to Mr Mohamed. "Issaias is the Svengali of this affair," says a foreign diplomat. "He's been unyielding in pushing a centralised state and bugger having elections."

Western governments are belatedly waking up to the horrors in Tigray. In April the European Union cancelled €100m (\$122m) of aid that would have gone to Eritrea. In March it imposed financial sanctions on Eritrea's intelligence agency. Diplomats say that wider American and EU sanctions may be imposed soon.

Few hold out much hope that sanctions will sway Issaias, whose state is already largely cut off from the world. But sanctions, or even a credible threat of them, would provide greater leverage over Abiy, who needs access to export markets and international finance if Ethiopia is to grow quickly enough to quell protests by its young and restless population. Abiy can probably be convinced to ditch Issaias if the costs of their alliance become too high. Donors should therefore press Abiy harder.

Without his new ally, Issaias would have less clout in the region. There is not much, alas, that outsiders can do to make him less cruel to his own oppressed people, though neighbours and rich countries can and should grant them asylum if they flee his gulag state. Even if Issaias cannot be persuaded to change his ways, he can be prevented from remaking the Horn of Africa in his own tyrannical image. ■



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A tax reform

The Economist is right to be concerned about untoward consequences of changing the capital-gains tax in America ("Biden's taxing problem", May 1st). However, there is a much simpler way to deal with the issue. Tax all income from whatever source (corporations, partnerships and so on) as "pass through" income at the same progressive rate. Eliminate the corporate tax but treat shareholders as if they were employees so a certain percentage of their income would be withheld, which could then be used as a credit against their personal taxes.

Given modern computers that should be relatively easy to calculate and would substantially increase the tax base, because there is no doubt that too much income is "forgotten" or hidden in tax havens.

MARTIN LOBEL
Chairman emeritus
Tax Analysts, publisher of *Tax Notes*
Chevy Chase, Maryland

Why no one robs banks

Your report on cyber-crime concluded by quoting an adviser to Europol: "Why would you walk into a bank with a sawn-off shotgun to steal £30,000 when, if you've got some money to invest, you can go on the dark web and start a ransomware campaign and make millions?" ("Spam, scam, scam, scam", May 8th). That is a myth about offenders' transferable skills. Despite Hollywood's portrayal of them, bank robbers are mostly low-skill stick-up artists who could not switch to cyber-crime even if they wanted to. They lack the computing skills and resources that serve as barriers to entry.

Moreover, the three or four decades of declining property crime was under way years before the surge in cyber-crime. Burglary in the United States, for example, began decreasing around 1980 and has since fallen by 80%; larceny theft has plunged, too. Unfortunately it took decades

to develop effective bank, household and vehicle security as crime surged in the period after the second world war. Bank robbery is now largely extinct because of those security improvements, such as bandit screens, money tracing and time-locked safes.

A similarly stilted response is now facilitating cyber-crime. The underlying reason is that the computing industry, where the technical skill to develop security is located, bears little or none of the costs of the crime opportunities that its products generate. To overcome this market failure, governments need to provide incentives to the computing industry for security development, and quickly.

GRAHAM FARRELL
Professor of crime science
University of Leeds

Recognising Somaliland

Somaliland does indeed deserve international recognition ("A state of one's own", May 8th). It functions well, has better governance than many African states, performs effectively for its citizens, and is more consistently democratic in practice than its neighbours and a number of other African countries. For 30 years it has been a bright beacon amid the persistent Somali darkness.

The Islamists of al-Shabaab control at least a third of Somalia and nothing that the African Union (AU) or donors like Britain, the United States, or even Turkey, have done can put the country back on the road to harmony and prosperity. Somaliland, by contrast, is free of conflict, except possibly in its recurrent disagreement with semi-autonomous Puntland over border territory.

The AU resists recognising Somaliland because doing so might encourage secession elsewhere. But South Sudan seceded from Sudan without perturbing the AU and Eritrea, for different reasons, split from Ethiopia (and then warred against its larger neighbour). Now, however, recognition would acknowledge the reality and allow the AU to

support states that govern on behalf of their people, not the ruling classes.

Even if the AU cannot bring itself to recognise Somaliland, the global powers should now do so on their own. Africanists in the Obama administration were ready to push for recognition but were held back by the AU. Now is the time for the Biden State Department to be bold, and speak truth to power.

ROBERT ROTBERG
President emeritus
World Peace Foundation
Lexington, Massachusetts

Keeping the power on

Your leader on Germany's climate policy referred to the vulnerability of the country's renewable energy infrastructure during "the cold, dark doldrums" without wind and sun ("The power of negative thinking", May 8th). But that applies to other countries, including Britain.

On several windless days in the most recent winter, the UK National Grid issued warnings of inadequate electricity margins, even with demand suppressed by covid-19. As we become more reliant on electricity but our sources of supply become less reliable, what will hold the grid stable and keep the lights on? Sun, wind, batteries and interconnectors won't. Gas-fired power plants are the only proven technologies at the necessary scale.

DAVID ODLING
Altrincham, Greater Manchester

The personal touch

Regarding the digital future of diplomacy ("The Zoom where it happens", May 1st), one of the first casualties of the isolationism that came with the pandemic was our sense of inter-cultural differences. The technocratic, tick-the-boxes style of communication that comes with Zoom and the like may appear as a welcome increase in efficiency to a diplomat from Europe or North America.

To their counterpart from, say, the Middle East, where no interaction will be successful

if not accompanied by a cup of coffee, it is an alienating, if not insulting experience. The brave new world of diplomacy will let the world grow even further apart.

JOHANNES UHL
Amman, Jordan

Fans of Buffett

"Time's up" for Warren Buffett, you say (May 8th). This is not the first time that the financial press has written off the legendary investor. Before the market crash in 2008 Mr Buffett was criticised for sitting on \$45bn in cash, but in October that year he invested \$20bn in public companies. Over the past 57 years he has repeatedly said that he buys when others are fearful; looking at the market, today's retail investors are anything but fearful. Mr Buffett will show, once again, that he hasn't lost his touch.

JOÃO PEDRO COUTINHO
Paredes de Coura, Portugal

As a member of the loyal 40% of individual investors in Berkshire Hathaway, I feel your assessment of the current and future state of its leadership was balanced and fair ("Honky Tonk Warren", May 8th). However, I take umbrage with your final sentence describing Mr Buffet: "rock star", yes; "grizzled", no. He is much younger than that.

JIM DUNN
Carmel Valley, California

Naked partisanship

I was glad to hear that Messrs Söder and Laschet have avoided "full-frontal warfare" in their contest for the Christian Democrats' nomination for chancellor in Germany ("A fracturing Union", April 17th). Let us hope that they manage also to avoid trench nudity.

RALPH TRUEBLOOD
Portland, Oregon



Mismatched and misbegotten

ASHKELON, HAIFA AND LOD

The violence between Hamas and Israel brings no hope of answers

JERUSALEM DAY, an Israeli national holiday, fell on May 10th this year. The annual commemoration of Israel's victory in 1967 was marked not just by a provocative nationalist march through the Old City, as it usually is, but also by a salvo of rockets fired towards the city by Hamas, the Islamist organisation that rules the Palestinian enclave of Gaza.

The bombardment triggered the fourth major round of fighting between Israel and Hamas since 2008. Hamas launched rockets at Israeli cities and towns at an unprecedented rate, killing a dozen people, while Israeli jets and helicopters pummelled already decrepit Gaza, killing over 200. As *The Economist* went to press on May 20th the violence seemed to be ebbing, but no official ceasefire had been announced.

Tensions had been rising in Jerusalem for weeks as a result of restrictions imposed on Palestinians by Israeli police during the holy month of Ramadan and the possible expulsion of Palestinian families from their homes because of a contentious

lawsuit. Protests around the city led to two days of violence at al-Aqsa mosque, with 90 Palestinians injured by police the day before the first rockets were launched. Hamas called its bombardment Saif al-Quds, "Sword of Jerusalem". Israel gave its response a similarly city-specific name: Shomer Hahomot, "Guardian of the Walls". If the trigger had not been Jerusalem, though, it would eventually have been something else; another iteration of the cycle of violence was all but inevitable.

As ever, the consequences have fallen most heavily on the 2m Palestinians trapped inside Gaza (see chart on next page). Israel claims that since May 10th it has killed more than 150 fighters from Hamas and Islamic Jihad, another militant group. By the morning of May 20th, according to Gaza's health ministry, at least 227 Gazans had been killed by Israeli strikes, among them 64 children and 38 women.

Residents describe the bombardment as the heaviest they have yet endured in the

absence of a ground offensive. Israeli jets have blown up four high-rise towers, a scale of destruction it has been more hesitant to unleash in the past. The Galaa tower, brought down on May 15th, housed the bureaus of the Associated Press and Al Jazeera along with other offices and several floors of apartments. Israel asserts that one of those offices housed a branch of Hamas's military intelligence division. Residents were warned of the attack and given an hour to flee; the building's collapse was broadcast live on television.

There was no such warning on al-Wahda street, a busy thoroughfare in central Gaza City, early the next morning. An attack on a tunnel system—which Israel says hit targets some distance away—nevertheless saw a number of buildings collapse. More than 40 people were killed, among them 17 members of the same family. On May 15th Bob Menendez, the chairman of the American Senate's foreign-relations committee—probably the most hawkish Democrat in the chamber—said the strike on the Galaa tower and the level of civilian deaths had left him "deeply troubled".

All of this has pulverised the infrastructure of a place barely fit for human life to begin with. Israel and Egypt have kept Gaza under a blockade since 2007, with the movement of goods and people tightly restricted. With border crossings closed, the territory's lone power plant is running short on diesel. Five of the ten power lines ►►

► that supply Gaza with electricity from Israel have been damaged. In Beit Lahiya, in eastern Gaza, broken pipes sent sewage spilling into streets.

The blockade was originally meant to dislodge Hamas from power. But an isolated, impoverished territory in which 47% of the population is unemployed and most rely on foreign aid to survive has not had the wherewithal to kick it out; nor has Israel used its military might to do so. Benjamin Netanyahu, who has been prime minister for 12 of the 14 years since the blockade began, has insisted in private that Hamas's control of the decrepit territory works in Israel's favour. It weakens an already divided Palestinian leadership and reduces the prospect of a Palestinian state.

For all its pretensions as a resistance movement, Hamas has become an organisation focused on preserving its power and with little interest in alleviating misery. Many Gazans chafe under its authoritarian hand. According to a Palestinian pollster, a survey carried out in March found that 72% think Hamas is corrupt and 58% say they cannot criticise it without fear.

To the extent that Hamas still enjoys support, it is largely in comparison with the ageing, quiescent leadership of the Palestinian Authority (PA) which governs the West Bank. A forthcoming parliamentary election—the first since 2006—would have offered a way to change that, at least in theory. But Mahmoud Abbas, the president of the PA, found a pretext for cancelling the vote. Polls suggested that his party, Fatah, would fare poorly against Hamas and two splinter factions founded by disaffected Fatah members.

In the 17th year of what should have been a four-year term, Mr Abbas, 85, lacks both legitimacy and popularity. His PA has come to be seen as little more than a subcontractor for Israel's occupation. He has reinforced that perception by cracking

down on protests in the West Bank meant to show solidarity with Jerusalem and Gaza (protests in which 11 people have been killed). Even before that, the pollster says, 68% of Palestinians wanted him to resign.

If Hamas's rockets are meant to show up Mr Abbas, though, they are not doing so through military effectiveness. Attacks from Gaza have killed just 12 people in Israel since May 10th, despite the furious tempo at which missiles have streaked across the sky. The 51 days of conflict in 2014 saw 4,400 rockets from Gaza strike Israel. As of May 19th this year some 4,000 had been launched, with perhaps 600 falling short within Gaza. Salvoes of dozens of rockets at a time have been used in an attempt to overwhelm Iron Dome, Israel's missile-defence system.

Under the dome

The defensive system's sophistication has been scrawled across the sky. As seen from Ashkelon, 10km north of Gaza, the unguided missiles launched into Israel leave smoothly arcing lines of exhaust across the sky. Those from the Iron Dome batteries which oppose them rise like cobras, their paths swaying and twirling through the sky before ending in puffs of white smoke. At night the same story is told in glowing pyrotechnics.

The sinuous paths are testimony to what makes the system so formidable; not the interceptors themselves, but the battle-management system which puts them on constantly updated paths that maximise their chances of eventually taking out missiles heading for built-up areas.

Ten years since it was first deployed, the engineers at Rafael, one of Israel's main defence contractors, are still tinkering with the system's algorithms to improve its performance against large salvos. They seem to be doing well. On May 11th Hamas tried to saturate the system by launching a bar-

rage of some 130 rockets towards greater Tel Aviv. Only a handful got through.

Besides saving lives, Israeli generals talk of the Iron Dome giving their politicians a "strategic advantage"; fewer casualties mean more room for manoeuvre when it comes to embarking on or ending military operations. But its success has drawbacks. The discrepancy between the death tolls on the protected Israeli and defenceless Palestinian sides increases the tenor of the international condemnation of Israel's actions and throws into question whether its response has been proportionate. It also creates a possibly self-defeating sense of security among some Israeli citizens. Bomb shelters are not used as much as they were; more people remain vulnerable to the rockets that do get through.

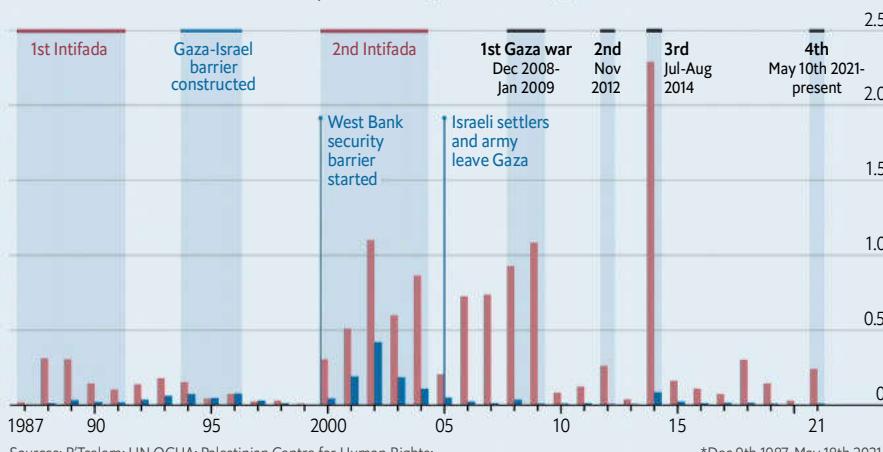
If Iron Dome serves to protect Israel at home, President Joe Biden has filled a similar role abroad, refusing to place any public pressure on Mr Netanyahu's government (see Lexington). America repeatedly blocked efforts at the UN to issue a Security Council statement on the violence. It was a full week before Mr Biden used the word "ceasefire", and when he did he was simply expressing his "support" for one, rather than demanding it. He dispatched an envoy, Hady Amr. But Mr Amr is hardly the sort of high-ranking emissary one dispatches to put about a bit of stick. The greatest international cost to Israel will probably be to see the process which led to the Abraham accords with Bahrain and the UAE go no further. "It will make people who wanted to open up to Israel even more wary," says Ali Shihabi, a Saudi commentator close to senior officials.

If Mr Biden does change his tone and demand a truce, it may well be moot. By the morning of May 20th barrages from Gaza had lessened, and were no longer aimed at Tel Aviv. The intensity of Israeli operations had also eased.



For whom the bell tolls

Israeli and Palestinian conflict deaths*, '000





Fire in Haifa

▶ But if Israel still benefits from technology and American support, as it has for decades, the latest conflict has thrown up a new danger. The confrontations in Jerusalem brought about a wave of violence between the country's Jews and Arabs.

Unlike Palestinians living in Gaza, the West Bank and Jerusalem, the 2m Arabs living in Israel (21% of the population) have full citizenship and, in principle, full social benefits. They have the most to lose by resorting to violence and the highest expectations of the status quo; they rarely take part in violent protest. Yet in 2018 those expectations were dashed when the Knesset, Israel's parliament, passed a "nation-state law" stating that "the right to exercise national self-determination" in Israel is "unique to the Jewish people".

The dead zone

On May 10th Arabs attacked Jewish homes and synagogues in the city of Lod, near Tel Aviv. As with the attacks by Hamas, events in Jerusalem were not the sole driving force. "It's only about 20% al-Aqsa and 80% poverty and inequality here in Lod," said one local Arab resident. "It's about how the local authority demolishes homes they claim were built illegally and about how the police don't investigate murders within the Arab community. So much pressure has been building and now it's burst."

The violence quickly spread to other parts of the country. With the police caught napping, groups of far-right Jewish vigilantes joined the fray, launching attacks of their own on Arab drivers and businesses. After a few days of chaos the police clamped down. In Haifa, Israel's third-largest city, a major riot was prevented on May 13th when police kept Jewish and Arab gangs apart. But the resentment will remain for years on both sides. "Normally I abhor these far-right vigilantes," said a

Jewish resident of Lod. "But they were here to protect my home when the mob came."

This violence has coincided with, and probably derailed, what might have been a breakthrough in political engagement between the two communities. In the run-up to the most recent of the four general elections to have taken place in the past two years Ra'am, a conservative Muslim party, said that it was willing to support either Mr Netanyahu or his opponents under certain conditions. Having split away from the Joint List, an Arab electoral grouping which emphasises Palestinian nationalism, it won four seats in the Knesset. That exceeded expectations and demonstrated that a significant number of Arab-Israelis were prepared to trade their Palestinian identity off against their desire to integrate into Israeli society, at least to some extent.

Five days before hostilities broke out, Yair Lapid, the leader of the opposition, received a 28-day mandate to try to form a government. Mr Lapid and the other prospective leader of the new government, Naftali Bennett, who were planning to rotate the prime minister's job between them, were to negotiate a coalition deal with Mansour Abbas, the head of Ra'am, on May 10th. That meeting was overtaken by events. Three days later Mr Bennett told Mr Lapid that he did not see a government being formed with Arab parties.

Mr Netanyahu, who has failed to secure a majority for his bloc of right-wing and religious parties at all four of the recent elections, has long used tensions between Jews and Arabs for political gain. In 2020, the last time a potential coalition with Arab parties was on the agenda, he branded their members as "terror supporters". Now the riots, for all that they are in part a result of his politics, and for all that a breakdown in law and order reflects badly on a governing party, have made matters more difficult

for his opponents. Hitting Hamas, meanwhile, goes down well with his base. He now looks likely to continue as caretaker prime minister until another set of elections in a few months.

Perhaps it seems odd that Hamas should give Mr Netanyahu a new lease of political life—but the group has long had a complicated relationship with Israel. It emerged in the 1980s from a network of religious charities across the occupied territories, and as such was permitted to operate with Israel's blessing. Back then its brand of Islamism was seen as placid, more interested in preaching than fighting, and thus a useful counterweight to the secular militants who were the core of the Palestinian national movement. That logic proved faulty when in 1994, after the first *intifada*, or Palestinian uprising, Hamas adopted suicide-bombing as a tactic. Its militants would play a central role in the second *intifada* in the early 2000s.

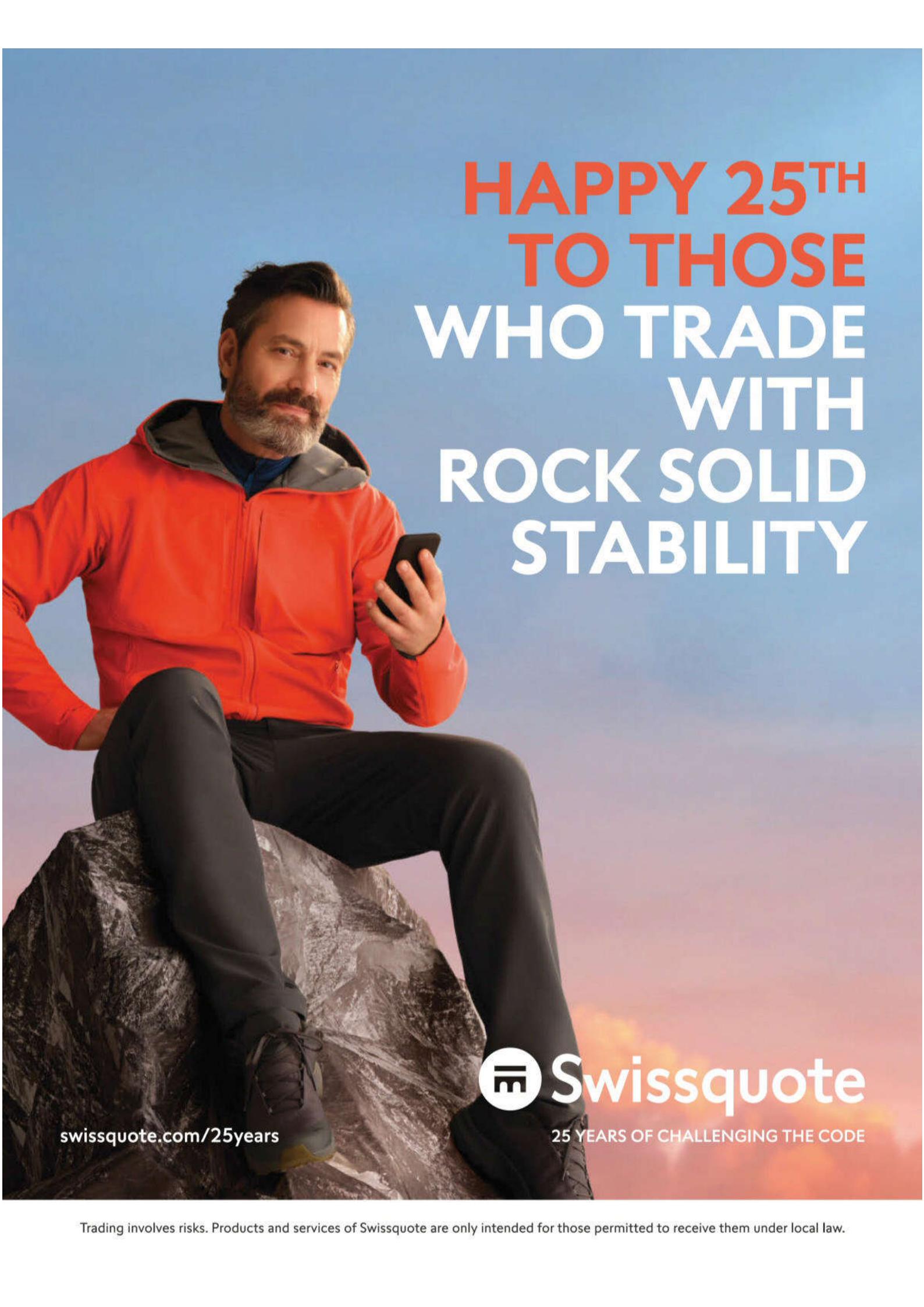
Today, classified as a terrorist group by America, the EU and many of their allies, Hamas serves as a useful foil for Mr Netanyahu. He sees the periodic rounds of violence as a price worth paying for a divided and dysfunctional set of adversaries who share the blame for the squalor and despair in which their people live. Each new outbreak of indiscriminate rocket fire allows him to insist Israel has no partner for peace among the Palestinians.

Misery

And each time that, after counter-attacks, the rockets fall quiet, Hamas can claim a hollow victory from the mere fact of its survival. Some old Israeli generals grumble that a more "decisive" blow on Hamas could be landed if the Israeli forces invaded, rather than being content to protect the public with Iron Dome and bomb Gaza from the air. But though armoured and infantry units have been prepared in staging areas, Israel is not seriously considering a ground offensive this time around.

Since the ground incursions in 2009 and 2014 ended in thousands of casualties and massive devastation of civilian buildings and infrastructure, holding back would seem to be a good thing. For Israelis, however, it also means that, despite Mr Netanyahu's past boasts, Hamas will stay in place, an issue only the Palestinians can resolve.

The Palestinians who are trapped in Gaza have a median age of 18. A generation which encompasses half the population has grown up knowing only blockade and war, with little chance of a decent life and little hope for escape. This round of fighting will end, just like the ones that came before. But for Gazans that will mean only a respite in which to try to rebuild—and the agonising certainty that it will all come crashing down again. ■



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Italy

Waiting in the wings

ROME

Matteo Salvini's Northern League could hook up with the far-right Brothers of Italy. Europe should worry

ON MAY 20TH Italy's interior minister, Luciana Lamorgese, was due in Tunis with the EU's commissioner for home affairs, Ylva Johansson, to investigate and discuss a humanitarian crisis that has opened deep divisions in Italy's new government. So far this month 4,290 migrants have reached Italy's shores, compared with 1,654 in the whole of May last year. Many set sail from Tunisia. The number of arrivals in 2021 is now more than 13,000—triple the volume in the same period last year. And the summer months, when crossing the Mediterranean is easiest, lie ahead.

All this is manna from heaven for Matteo Salvini, the leader of the populist Northern League and the politician who has suffered the most since Mario Draghi came to power in February. The League's poll ratings have fallen since mid-2019 (see chart on next page). That was when Mr Salvini (pictured) torpedoed an earlier coalition in which the League was allied to the maverick Five Star Movement. (He had hoped to nab the top job, but failed.) His party now has the backing of less than 22% of voters, compared with more than 37% at

its peak, although that still makes it the country's most popular party.

A resurgence in the number of people arriving illegally by boat allows Mr Salvini to play again on the fears of uncontrolled immigration that helped fuel the League's rise to power in 2018. "With millions of Italians in difficulty, we can't take care of thousands of [irregular migrants]," he wrote in a Facebook post on May 9th. The tactic might not work so well this time, as covid-19 and the state of the economy are the main concerns in voters' minds; but a recovery accompanied by a surge in arrivals could quickly change that.

Mr Salvini has been on the back foot.

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One reason is that the League has two souls. Its core support is among the small-scale entrepreneurs of northern Italy. Its time-honoured demand was for secession—or, at least, greater autonomy—to reduce the cost to the north of bankrolling the southern half of the country, which the League depicted as shiftless and corrupt. After becoming leader of the party in 2013, Mr Salvini wooed a broader constituency: more Eurosceptic and blue-collar and which, at the most recent election in 2018, included millions of voters in central and even southern Italy. Among the few things the two wings of the League have in common is a shared mistrust of globalisation—and of immigration in particular.

The arrival of Mr Draghi has made it impossible for Mr Salvini to satisfy both factions. For the League's original followers, it was unthinkable that he would miss an opportunity to influence a government charged with allocating some €200bn (\$240bn) of the EU's post-pandemic recovery funds. For the new, more populist League voters, it was just as unthinkable that he would cosy up to a former managing director of Goldman Sachs who supports both European integration and the single currency.

Mr Salvini has tried to square the circle by allowing the League to join Mr Draghi's government without taking a job in it himself. That has left him free to heckle. Taking up cudgels on behalf of Italy's restaurateurs, he has demanded a more rapid lifting of covid-19 restrictions. He has repeat-

edly attacked Mr Draghi's health minister for his caution in this area.

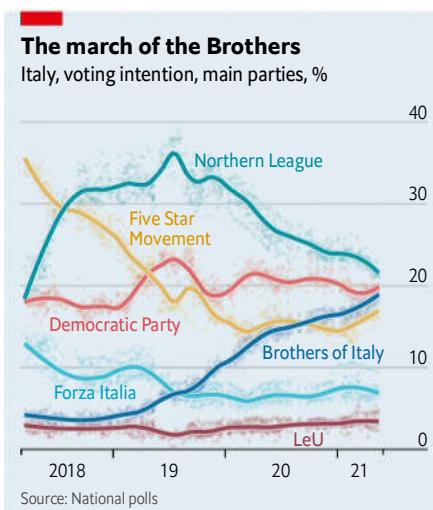
Yet this ambiguous strategy has not prevented many League voters from becoming disillusioned. According to pollsters, most of those who have deserted the League have switched their support to the Brothers of Italy (FdI), the one big party that declined to join Mr Draghi's coalition. The Brothers, who as it happens are led by a woman, Giorgia Meloni, are heirs to the neo-fascist Italian Social Movement, which wanted to revive the glories of Benito Mussolini's Italy. Though committed to parliamentary means, the Brothers' programme is profoundly nativist. To repel migrants, it favours a naval blockade. To obviate the need for immigrant labour in the future, it offers "the mightiest plan in the history of Italy for support of the family and the birth rate".

The FdI would also criminalise the spreading of Islamist ideas, ban the use of foreign terms in official documents and provide state aid for Italian goods in contravention of the spirit and possibly the letter of EU law. But then Ms Meloni's party is deeply suspicious of the EU. Its programme advocates a "redisussion" of all the EU's treaties and of the euro (though it carefully avoids calling for Italy actually to give up the single currency, let alone its EU membership).

The rise in support for Ms Meloni's party has matched almost exactly the fall in support for the League. Polls suggest the FdI now commands around 18% of the vote. Those figures point to a scenario that many in the rest of Europe will find alarming. Together, the FdI and the League enjoy the support of 40% of the electorate—possibly enough for a majority in parliament after the next election. With the backing of Forza Italia, the more moderate but enfeebled party of Silvio Berlusconi, a flamboyant former prime minister, they could easily form a government.

It is thus plausible to imagine that, no sooner will Mr Draghi have put in place a plan for an economic recovery than responsibility for implementing it could pass to a stridently populist-nationalist government, infused with Euroscepticism and headed by either Mr Salvini or Ms Meloni. The two parties are in theory committed to an alliance, with whichever does best supplying the prime minister.

On May 16th Ms Meloni said: "I am preparing myself to govern the nation." In a future nationalist coalition, the FdI would find its Eurosceptic instincts severely constrained by the need to keep the cash flowing from Brussels. Even so, the FdI could be an awkward partner. Its leaders want a constitutional amendment to give Italian law priority over European law and, in the context of support for law enforcement, a revision of "the so-called law on torture".



Elections are due within two years. They could come much earlier if the current coalition falls apart. That could happen sooner than many expect. Mr Draghi might even precipitate a collapse, if he quits his post to run for the presidency early next year. The odds of that happening shortened this week, as the incumbent, Sergio Mattarella, appeared to rule out seeking an extension. ■

German colonialism

Blood money

BERLIN

Germany is apologising for crimes a century ago in southern Africa

TUCKED AWAY in a military cemetery in the Berlin suburb of Neukölln you eventually find it: a small plaque dedicated to "the victims of German colonial rule in Namibia...in particular the colonial war". Berlin has no shortage of memorials to the crimes of Germans. Yet this is the country's only commemoration of the genocide it inflicted in 1904-08 on the Herero and Nama peoples in what was then German South-West Africa. The plaque was laid in 2009 by locals anxious to counter the symbolism of the *Hererostein* that looms behind it: a rock bearing a memorial dating from 1907 to seven German soldiers in the imperial *Schutztruppe* force who died in the Herero uprising that triggered the killings. The rock is scarred with rivulets of dried red paint, having been defaced last year during Berlin's Black Lives Matter protests.

This scene sums up Germany's complicated attitude to the killings, in which at least 75,000 Herero and Nama were slain in battle, executed, starved in the Omaheke desert or worked to death in labour camps. It was not until 2015, after years of

tongue-twisting, that the German government accepted the term genocide and embarked on negotiations with its Namibian counterpart over how to acknowledge and compensate for the actions of its forebears.

The talks, led by specially appointed envoys and conducted in high secrecy, have been difficult, punctuated with bitter rows and briefings wars. Aggrieved Herero pursued a parallel lawsuit in American courts. Yet on May 15th *Deutschlandfunk* radio reported that the two sides had at last reached agreement. Once consent is secured in the respective parliaments, a signing ceremony in Windhoek, the Namibian capital, could quickly follow.

As yet there is no public acknowledgement of a deal. However, its main elements have long been clear. Germany will formally acknowledge its culpability for genocide. Frank-Walter Steinmeier, the president, will reportedly issue a state apology in the Namibian parliament later this year. A thornier point is money, the main reason the talks dragged on for so long. Perhaps quietly supported by other former colonial powers, the German government has been leery of inviting further claims from its other former African possessions, such as Tanzania or Burundi, or from European descendants of the victims of Nazi atrocities. Officials argue that the Genocide Convention of 1948 cannot be applied retroactively, and therefore that Germany's culpability is "moral-political" rather than legal.

That implies that the millions Germany will hand over will count not as "reparations" but, in effect, an extension of its development aid to Namibia. Funds will go to education, infrastructure and health care. Negotiators have been especially keen to have Germany finance land reform, too; a sore point in a country that is mostly too dry to grow much in the way of crops, and where most commercial farms are owned and run by whites. Germany could help pay for the redistribution of farmland from ►



Facing the past

willing sellers to the Herero and Nama, many of whom are poor. "However you label it, the important thing is to support those parts of the Namibian population still affected," says Wolfgang Kaleck, head of the European Centre for Constitutional and Human Rights, a legal NGO in Berlin.

That could be trickier than it sounds. The Herero and Nama are divided. Prominent figures in both groups have long felt shut out from talks led by a government dominated by the ethnic Ovambo, who were not affected by the German massacres (though its lead negotiator, Zed Ngavirue, is Herero). Most Herero people "will never accept this decision so long as they are excluded," says Israel Kaunatjike, a Herero activist in Berlin. Some fear the Namibian government will be an untrustworthy cus-

todian of whatever funds it receives. Reinhard Kößler of the University of Freiburg says the agreement could intensify existing conflicts.

As for the Germans, they have "to a modest extent" begun to wake up to their country's imperial past in Africa, says Mr Kößler. This has been spurred partly by the opening of the Humboldt Forum, a new museum in the heart of Berlin that has inspired a debate over the exhibiting of plundered treasures—and the question of their restitution. The museum is named after two Prussian naturalist brothers whose attitude of open-minded globetrotting it seeks to encapsulate. The words of one of them, Wilhelm, are quoted at the bottom of that plaque in Neukölln: "Only those who know the past have a future." ■

Balkan money-laundering Hide and seek

The property market makes a good place to hide ill-gotten gains

ON MAY 12TH prosecutors in North Macedonia charged Nikola Gruevski, the country's former prime minister, with money-laundering. It is alleged that he funnelled cash donated to his party through Belize to buy property illegally and conceal its ownership. He says the case is politically motivated. Meanwhile in Jahorina, a popular Bosnian ski resort, gangsters, plus the officials they have corrupted, have been investing in hotels. All kinds of corruption are rife. An expatriate, who has half-built a block of flats near his home in Vlora in south Albania, rails that building has stalled because he refuses to pay bribes to secure the necessary permits.

Across the Balkans dirty money is being laundered through property, distorting the market and inflating prices—much to the rage of ordinary house-hunters. Swanky new towers are rising in Tirana, Pristina and Belgrade. Although Balkan economies have been hit hard by covid-19, property prices in parts of the region have defied gravity. In Tirana they have more than doubled since 2017. Across Albania, the value of real-estate transactions rose by 6.7% in 2020.

The laundering of drug money, especially from cocaine trafficking, which has boomed in the past few years, is one reason why prices are rising, finds a new report by the Global Initiative Against Transnational Organised Crime, an international network of crime specialists. Another is that crooked officials need to invest their cash. All Balkan countries have sound money-laundering laws, but enforcement is patchy.



Hotels need cleaners, and vice versa

In the past decade Balkan crime syndicates have outgrown their small home countries. They now make much of their money abroad. Hence, says the report, a hefty share of their profits is invested abroad, too. But they still invest at home. Fatjona Mejdini, who helped research the report, says that Balkan governments are ambivalent about money-laundering. They want to crack down on it but simultaneously welcome the jobs and investment it can bring. As for the gangsters, murderous in making money, they are conservative when it comes to investing it. They "lack imagination" says Ms Mejdini, which is why they prefer bricks and mortar to the many other types of business they could use to launder their loot.

Poland

The PiS dividend

WARSAW

The government eases coalition tensions with a spending splurge

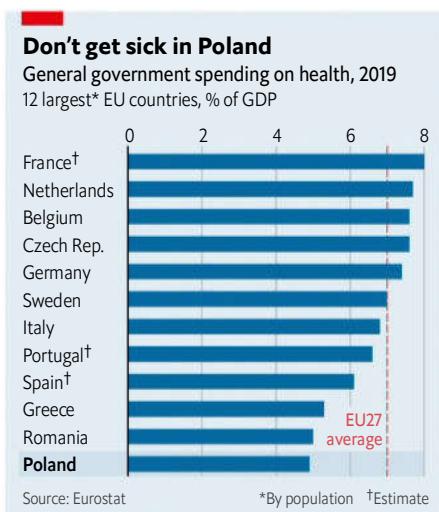
HANDOUTS WIN votes. Poland's ruling party, Law and Justice (PiS), knows that from experience, having used big giveaways to help it secure victory in an election in 2019. On May 15th the populist government unveiled its long-awaited "Polish Deal", a flurry of expensive policies encompassing health care, taxes, pensions, housing and state investment. The scheme is designed to bolster the economy as the government gradually starts to lift pandemic-related restrictions. It is a chance to please voters and distract attention from recent dramas in the ruling coalition.

Since coming to power in 2015, PiS has combined social conservatism, including hostility towards gay people and opposition to abortion, with some left-wing economic policies, including a monthly handout of 500 zloty (\$135) per child, which it introduced in 2016, as well as a series of big increases in the minimum wage. The new deal presented by Mateusz Morawiecki, the prime minister, continues in this spirit, with another new payment for parents, among other goodies.

The programme's first pillar seeks to buttress Poland's medical system in the wake of the pandemic, which has caused over 70,000 deaths, according to official figures. Spending on health, which is below the EU average (see chart), is set to rise from the current 5% of GDP to 7% in 2027. Some of the extra cash will be spent on hiring more medical staff, after the pandemic exposed shortages.

The programme also includes more tangible benefits for voters. The level of earnings at which income tax kicks in will rise from 8,000 zloty a year to 30,000 zloty. The threshold for the upper band will be raised as well. From the second child onwards, new parents will get a one-off payment of 12,000 zloty per child. The package aims to "build a middle class for everyone, not for the few", says Mr Morawiecki, a former banker.

In March unemployment stood at 6.4%. In the more rural east, which tends to vote for PiS, it was over 8%. But in its determination to bring respite, the government may overdo things. The economy was already set to grow by 4% this year and 5.4% in 2022, according to a forecast published last week by the European Commission. Even before covid-19 restrictions were eased or the Polish Deal announced, inflation was rising. It reached 4.3% in April, ►



well above the EU average.

But whatever its economic consequences, the deal has succeeded in papering over tensions between PiS and its two junior coalition partners, the pro-business Agreement and the more socially conservative United Poland. The latter broke ranks on May 4th to vote against legislation in the lower house to allow Poland to take advantage of the EU recovery fund, because of what it saw as the unacceptable strings attached. (It still passed, with support from the left.) PiS rebranded the Polish Deal, originally portrayed as solely its initiative, as the work of the whole coalition. The party and its allies continue to lead in the polls, ahead of the centrist opposition, which remains fragmented. With a general election due to be held in 2023 at the latest, the deal seems at least as important politically as economically. ■

chiefs. A smartphone ban would hurt recruitment and morale. But a single mobile can betray a big operation "like a fire in the dark", says Lieutenant-Colonel Rouven Habel, a former commander of NATO's troops in Lithuania.

Phones bring other dangers, too. With some technical know-how, "pinpoint propaganda" can be texted to mobiles. Such texts are "aimed at violating the psychological state" of soldiers, says Captain Volodymyr Fitio of those sent to Ukrainian soldiers. "Was an artillery barrage enjoyable?" one asked. Another needed, "Who is robbing your family while you are paid pennies waiting for your bullet?"

Among NATO troops, those near Russia receive the most of these "psyop" texts, says Commander Michael Widmann of the alliance's Co-operative Cyber Defence Centre of Excellence in Tallinn, Estonia's capital. Texts that falsely announce infidelity and injuries are also sent to soldiers' loved ones back home. "It throws you off," he says. Last month he led NATO's Locked Shields 2021, the world's biggest military cyber-exercise. It included the hacking of participants' mobiles.

Another danger is portable eavesdropping devices that can be deployed on drones or hidden in cars. These IMSI-catchers, as they are called, since they nab international mobile-subscriber identities, trick nearby mobiles into exchanging data. A hostile agent parked near a defence ministry might capture data from officials' mobiles, says Lt-Col Linas Idzelis, a Lithuanian expert in information operations.

Soldiers are also fooled into tapping links and playing videos that download spyware. Hackers posing as flirty women have used this trick to infect the smartphones of Israeli troops near Gaza. Kaspersky Lab, a Russian security firm, was hired by the Israel Defence Forces to solve the problem. It found more than 50 compromised mobiles among Israeli soldiers, says a researcher who worked on the project.

Spyware can lurk in apps. In some, malicious code has been implanted without the developer's knowledge. CrowdStrike, an American firm, has spotted a handful of "trojanised" apps that may feed data to Russian military intelligence, says Adam Meyers, the firm's top researcher for state hacking. Commander Widmann notes the "terrible consequences" of an app briefly used by Ukrainian artillery teams to improve aim. It secretly passed users' locations to pro-Kremlin forces.

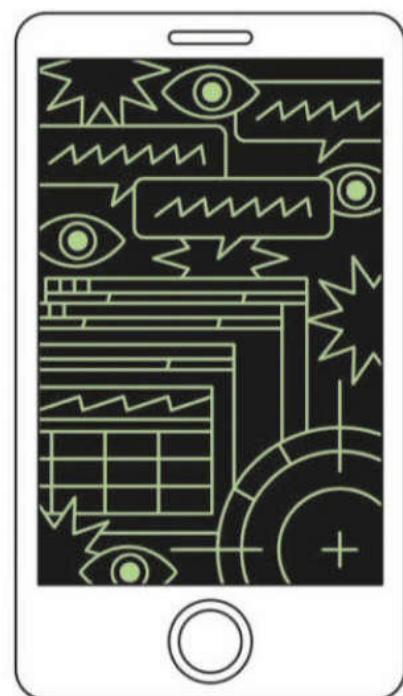
A ride-hailing app of Russian origin called Yandex.Taxi has drawn attention. Edvinas Kerza, Lithuania's former deputy minister of defence, says Russian spies can use it to access microphone data. The American government has told its soldiers not to download the app. Yandex.Taxi dismisses the allegation.

Data can sometimes be stolen from smartphones without unwitting help from victims. Shadowy firms sell "zero click" code that allows this. To make matters worse, hacking is not always even needed. As a cyber-war officer on NATO's Rukla base explains, telecom employees can be corrupted or blackmailed into providing access to subscribers' phones.

An enemy that intercepts calls can "clone" voices with software that rearranges slivers of speech to fabricate phrases. It wouldn't be hard, says Lt-Col Habel, to transmit seemingly authentic fake orders. NATO orders aren't sent on mobiles, but the deceit might sow confusion. Sweden has told its citizens that, if the country is attacked, any order to cease resistance would be fake.

Phoney orders transmitted by pro-Russian forces have led to Ukrainian deaths, says Lt-Col Idzelis. Such trickery bodes ill for the Lithuanian Riflemen's Union, a militia formed to resist a feared Russian invasion. The militia communicates by phone, so drills include texts with bogus orders intended to lure riflemen into traps. To verify instructions, members question senders. NATO officials now tell troops to treat their mobiles as potentially compromised.

Smartphones have become a soft underbelly, says Sorin Ducaru, a former head of emerging threats at NATO. The Baltic states of Estonia, Latvia and Lithuania, which only escaped Soviet vassalage in 1991, are especially worried. Their governments have drafted strict rules on how mobiles can and cannot be used. Referring to lessons learned in Ukraine, Janis Mazeiks of Latvia's foreign ministry describes these rules as "written in blood". ■



NATO and phone hacking

Enemy armies with black mirrors

RUKLA AND VILNIUS

The Western alliance has begun to see its soldiers' phones as a liability

VIKTOR KOVALENKO, a Ukrainian conscript defending the eastern city of Debaltseve from pro-Russian forces, once emerged from a shelter and, despite standing instructions not to do it, switched on his phone to call his wife. Soon "shells started exploding around me," he recalls. Similar attacks killed others in his battalion. The year was 2015, and the enemy was learning to direct artillery fire to transmitting mobiles. Since then, phone use on the front line has sharply fallen but still continues, concedes Captain Volodymyr Fitio of Ukraine's army.

Mobiles pose a dilemma for defence

Charlemagne | A model student

In the European Union you can behave how you like, as long as you get the grades



B RUSSELS CAN be a patronising place. In the EU, prime ministers are sometimes treated like schoolchildren. In a favourite phrase, stern officials declare that national governments must “do their homework”. If Brussels is a classroom, then Greece has become an unlikely swot. Its handling of the pandemic has been praised. Its plans for spending a €31bn share of the EU’s €750bn (\$915bn) recovery pot got a gold star from EU officials. Greek ideas such as a common covid-19 certificate are taken up at a European level. After a decade in which Greece found itself in remedial lessons, enduring three bail-out programmes and economic collapse, it is a big shift. Syriza, the leftist party that ran the country from 2015 to 2019, was the class rebel. By contrast, the government of Kyriakos Mitsotakis, the smooth centre-right prime minister since 2019, is a teacher’s pet.

Partly, the change in reputation is a question of politics. Syriza set itself up as a challenger to the EU’s current order, hoping to overhaul the club from the inside. But if the EU has a house view, it is one of the centre-right where Mr Mitsotakis’s New Democracy sits. In the technocratic world of EU politics, Mr Mitsotakis fits right in. A former management consultant, he speaks English, French, German and Davos, a dialect used by middle-aged men in snowboots at high-altitude conferences. He wears the school uniform well. Explicitly, New Democracy was elected in 2019 on a plan to overhaul Greece. Implicitly, their task was to make Greek politics boring and turn Greece into a normal European country. Syriza’s leaders saw themselves as a beginning of history; New Democracy’s leaders see their job as bringing a dark era to an end.

They are having some success. After a decade in bail-out programmes and almost leaving (or being kicked out of) the euro zone, Greece had put its finances in order long before covid-19 hit. Greek bond yields are near record lows, as the European Central Bank is no longer reluctant to buy Greek debt. In the government, self-declared nerds waving Ivy-League degrees now run the show. Its plan for spending that €31bn of EU funds came with a 1,400-page audit, longer than some countries’ entire proposals. (Years of being bludgeoned by commission officials mean Greek bureaucrats know what keeps those marking the homework happy.) While countries such as Finland rowed over the ratification of the

scheme, Greece’s plan zoomed through its parliament. The teacher is worrying about other children in the class.

Dire conditions for migrants stuck on Greek islands should be a blemish on the government’s record, along with reports of “pushbacks”, when asylum seekers are illegally forced back to the territory from which they came. But the staffroom in Brussels seems content. In the minds of European politicians, pushback rules are designed to stop refugees from being mown down by border guards, not to stop dinghies from being towed back to the Turkish coast. By the same brutal logic, miserable conditions on Greek islands deter others from coming. The EU had a far bigger problem with the approach of Syriza, which initially failed to stem arrivals, than the current approach of repelling them. Last year, a young man was shot at the border as crowds of people tried to enter Greece from Turkey. Ursula von der Leyen, the European Commission’s president, hailed Greece as Europe’s shield. For a body that vaunts its rules-based order, it can be relaxed about violations if they are helpful. The flow of people has stopped. Beyond that, European leaders have few questions.

What happens outside the school gates is of no concern for the EU. Where Greece does err, it is in areas outside the EU’s remit. Inside Greece, activists and NGOs complain about a rise in police brutality after New Democracy came to power. Fellow governments were happy to stick their noses into Greek affairs during the bail-out programme. In normal times, however, they will do anything to avoid criticising the internal affairs of another member state. It is a similar story when it comes to breaking the clientelism and nepotism that have hindered Greece. Syriza promised to fix it but failed to do so. Mr Mitsotakis talks a good game on the topic, but it is difficult to take seriously from the son of a prime minister, a brother of a former foreign minister and the uncle of the current mayor of Athens. It is hard to lead the charge, when the best evidence of progress would be not leading it in the first place.

The EU can be a negligent teacher in areas where it is supposed to pay attention, too. When it comes to media freedom, Greece ranks fourth from bottom in the EU, according to an index from Reporters Without Borders. Only Malta, where a journalist’s murder brought down the previous government; Viktor Orban’s Hungary; and Bulgaria, probably the most corrupt country in the EU, rank below Greece. Earlier this year Giorgos Karaivaz, a Greek journalist, was murdered. Kostas Vaxevanis, the editor of *Documento*, a left-wing newspaper which has investigated corruption, now requires police protection. Glossy presentations extolling Greece’s march up various ease-of-doing-business rankings are undermined if the country drops down other rankings. The EU has consistently let such matters slide in the past, when convenient to do so. Greece is not as bad as some. But it is never a good idea for the class swot to hang out with the hoodlums behind the bike shed.

Flunking out of flunking out

As long as Greece keeps getting good grades in the areas that count, no one minds. A government that goes with the flow politically, carries out reforms without complaint and does the bloc’s dirty work on migration will always be welcome. Its flaws can be ignored. For all its talk of values, the EU is a political creature, not a moral one. It does not cast judgment on those who play along. Governments that attempt to overhaul the EU, as Syriza did, find themselves steamrollered. Those who accept the EU as it is, like New Democracy, can get on with their business without disturbance. Hand in the homework on time and no one will care. ■



The economy

Hot but not overheating

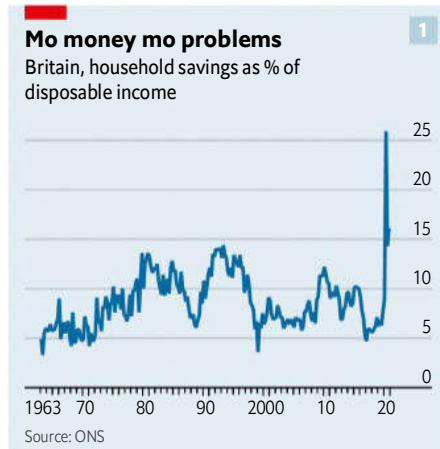
STEVENAGE

British consumers are rushing out to spend. That is nothing to worry about

THE GRAND reopening of Nando's, a chicken-oriented restaurant, in Stevenage's Leisure Park on May 17th was a sedate affair. There was no ribbon-cutting and no long queue. But the youngish crowd was happy to be eating indoors for the first time since December, when the government ordered restaurants to close. Around a third of the indoor tables were occupied, more than would normally be expected on a Monday lunchtime. The staff do not think the restaurant will be full again until the multiplex cinema and bowling alley reopen later in the summer. But a busier than normal chain restaurant in a leisure park which currently has no leisure activities suggests that Britons are willing to go out and spend.

If the restaurant trade was having a good day, the pubs were having an excellent one. By mid-afternoon every table in the cavernous local branch of Wetherspoons, a pub chain, was occupied. At one table the manager interviewed a teenage student in further education who was looking for kitchen work. Among the questions was: "when can you start?"

The British economy is quickly recovering from its steepest drop in three centuries—so quickly, indeed, that some people are beginning to worry about the risk of overheating. Labour-market statistics released on May 18th showed a fall in unemployment and a pickup in wage growth. Inflation figures the following day revealed the largest monthly rise in the annual rate



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of consumer price inflation (CPI) in over a decade. Headline inflation rose from 0.7% in March to 1.5% in May.

But talk of overheating is premature. Global energy costs rather than domestic developments drove most of the rise in consumer prices. There is so far no sign of "a post-reopening surge in services inflation" according to Samuel Tombs of Pantheon Macroeconomics, a consultancy.

The stronger-than-expected wage numbers included in the labour-market statistics are also less startling than they seem. The Office for National Statistics (ONS) reported that average regular pay growth was 4.6% in the three months to March. But the statisticians caution that the average is affected by a fall in the number of low-paid jobs compared with the pre-pandemic norm. Stripping out this compositional effect suggests that wages are growing by an underlying rate of 3%. Indeed, a recruitment website, reports little in the way of advertised wage growth for low-paid jobs.

Many hospitality bosses are fretting over a shortage of workers, but that industry is not typical. It has been especially hard hit by the departure of European immigrants and by the shifting economic geography caused by the rise in home working. Many potential hospitality workers are now in the wrong parts of the country. Modestly higher wage rates should help the market to readjust. A worker shortage seems unlikely to derail the recovery.

The recession of 2020 was not only the steepest for centuries but one of the od-

dest. The government absorbed much more of the economic hit than in a typical downturn through its furlough scheme, tax cuts and soft loans. Despite a fall of around 10% in GDP, unemployment never rose above 5.1%. Business insolvencies were rarer than in 2019.

Household balance sheets have seldom been healthier. Last year the household savings ratio—the percentage of disposable income that people save rather than consume—leapt to its highest level on record (see chart 1). Office workers found themselves saving a tidy sum on commuting costs and sandwich lunches, and had fewer opportunities to spend the extra money. Around £145bn (6.9% of GDP) was added to household bank accounts in 2020, although the Bank of England estimates that this rise was driven mostly by the highest earners.

How quickly the economy recovers will depend on what households choose to do with this hoard. Although overall consumption fell sharply in 2020 (see chart 2), transport and recreation activities accounted for most of the drop. Households are unlikely to make up for lost trips to the hairdresser in 2020 by getting their hair re-styled more often in 2021, but they might pop out to the pub and restaurants a bit more than they did in 2019. Measures of consumer confidence point to a large bounce in spending. Services are likely to benefit from that.

Healthier bank balances should support higher spending this year even if the cash is not withdrawn. Consumers with higher than usual deposit levels ought to feel less compelled to put aside as much of their income as normal, reducing their flow of new savings and increasing their consumption. The National Institute for Economic and Social Affairs, a think-tank, forecasts GDP growth of 5.7% for 2021, assuming that the savings ratio falls to more normal levels. If households choose to spend the accumulated cash balances, NIESR estimates that GDP growth could be around three percentage points higher.



Like a coiled spring, the British economy is bouncing as the government loosens restrictions. Pub and restaurant bosses in Stevenage, and across the country, are preparing for a summer of fun as people make up for lost opportunities. But for all the optimism, most analysts still expect the economy to be smaller at the end of the year than it was on the eve of the pandemic. That suggests there is still enough slack in the system to absorb rebounding demand. Britain's economic summer looks likely to be typical of British summers in general: good fun, but accompanied by no great risk of overheating. ■

tion, growth rates slowed through the beginning of this week and even declined in some areas.

The health service will struggle to deal with another covid-19 surge even if it comes with a lower rate of serious illness and death. Waiting lists for other conditions have grown long and staff morale is low. A surge would also pose risks to children's education. Some schools in Bolton have already moved entire year groups back to online classes.

If the number of cases climbs, the government will face pressure to delay the relaxation of restrictions, and perhaps to implement local lockdowns. In the meantime Bolton's vaccine bus has the right idea. It is focusing on getting jabs to areas of the city like Deane, Rumsworth and Great Lever. Data on vaccinations from Public Health England shows that those areas have far lower vaccine coverage than the average for Bolton or Britain. As of May 9th only 42% of people in Rumsworth aged 16 or older had taken a first dose of vaccine. The average across Britain is almost 70%. On May 15th Lynn Donkin, Bolton's assistant director of public health, told the Bolton Hindu Forum that new cases are concentrated in those areas too.

Some blame vaccine hesitancy among ethnic minorities in south Bolton for this low uptake. There may be some truth to that, but those areas are also poorer than their surroundings, with shabbier public transport. Yasmin Qureshi, the Labour MP for Bolton south-east, has said that the only place for her constituents to get vaccinated until recently was a health centre in the city centre. That the bus now brings the vaccine to them is good.

The world should keep an eye on Britain's struggle with 617.2. The outbreak in Bolton has already shown that uneven vaccine coverage can offer new variants a foothold. For as long as understanding of the virus and its variants remains murky, a risk remains that any foothold can become a platform for exponential growth. That threatens everyone. ■

Covid-19 in Bolton

Variations on a gene

A new coronavirus variant is spreading in Britain. But this time is different

BOLTON'S VACCINE bus plies the town's southern neighbourhoods. On social media the doctors who run it advertise the fact that there is "Pfizer on the bus!" That vaccine is more popular locally than one made by AstraZeneca, which has been dogged by reports of extremely rare blood clots. Queues form as the bus rolls up to car parks outside mosques, schools and community centres.

A new variant of coronavirus was detected in India last year and arrived in Britain this spring. Cases have grown quickly in recent weeks, particularly in Bolton. The viral geneticists call it B.1.617.2. The media call it the "Indian variant". The government's scientific advisers believe that 617.2 is more infectious than the "Kent variant", B.1.1.7, which drove Britain's deadly second wave through January. Indeed, 617.2 has started to outcompete 1.1.7 (see chart).

It is doing so in a very different environment. Most Britons have received a first dose of coronavirus vaccine. Twenty million, most of them old or otherwise highly vulnerable, have had two. Any infection a vaccinated person does get is likely to be milder, meaning they are less likely to distribute the virus. So 617.2 will spread in a different manner to 1.1.7.

The majority of new cases being found in Britain are in teenagers. In the seven-day period to May 13th just four people per 100,000 aged between 85 and 89 tested positive in England. The equivalent number for 10-14 year olds was 46. Even though cases of 617.2 are growing proportionally, cases of coronavirus overall are flat. So are measures of hospitalisation and death. Whereas last week saw cases surge in Bolton and other places with clusters of infec-

Here we go again

England, SARS-CoV-2 genomes sequenced*

By variant, %

Date	B	B.1.177	B.1.617.2	Other
Sep 2020	~80%	~10%	~10%	~0%
Oct 2020	~60%	~20%	~20%	~0%
Nov 2020	~40%	~30%	~30%	~0%
Dec 2020	~20%	~40%	~40%	~0%
Jan 2021	~10%	~30%	~60%	~0%
Feb 2021	~5%	~20%	~75%	~0%
Mar 2021	~2%	~10%	~88%	~0%
Apr 2021	~1%	~5%	~94%	~0%
May 2021	~0%	~0%	~100%	~0%

Source: Wellcome Sanger Institute

*Excluding samples from surge testing, travellers and studies

Bagehot | Over there and over here

A multi-ethnic society makes foreign policy more complicated



HERE ARE a few vignettes from Britain over the past week. Tens of thousands of protesters marched on the Israeli embassy, some shouting "Israel is a terror state". A convoy of vehicles festooned with Palestinian flags drove into a heavily Jewish part of north London while a thug bellowed "fuck the Jews and rape their daughters". Two Leicester City football players celebrated their victory in the FA Cup by unveiling a Palestinian flag. Many of these protesters belonged to Britain's large Muslim population.

The fact that Britain is now a multi-ethnic society means that events abroad resonate more loudly than they used to. The invasion of Iraq under a Labour government infuriated many British Muslims. The fate of Kashmir is such a hot issue in Wycombe, in rural Buckinghamshire, that the local Tory MP has started the Conservative Friends of Kashmir. Classical statesmen did their best to protect foreign policy from democratic pressures in order to keep their eye, like Plato's guardians, on the state's long-term interests. Today foreign policy is buffeted not just by democratic pressures but by ethnic forces.

Political parties compete to win the votes of ethnic minorities, with foreign policy thrown into the bidding wars. The Conservative Party is mounting a challenge to Labour's traditional hold over minorities, particularly in non-Muslim populations from the Indian subcontinent. Indian-origin voters favoured Labour over the Conservatives by only about five to four in the 2019 general election, compared with three to one among ethnic minorities as a whole. The government therefore has an interest in forging close relations with India even if that strains relations with Pakistan. It also means that party activists have an incentive to tell Indian-origin voters, *sotto voce*, that the Labour Party is a plaything of Muslims in general and Pakistan in particular.

Ethnic pressure-groups are multiplying. There are now 40 to 50 "friends" groups on the Tory side of the aisle and about the same number on the Labour side. The Conservative Friends of Israel has helped to turn the Tories from an instinctively pro-Arab party into a broadly pro-Israeli one. Now a second CFI, the Conservative Friends of India, is on the rise. It points to the growing number of Hindu faces in the upper ranks of the party such as the chancellor, Rishi Sunak, and the home secretary, Priti Patel. It also hint-

ed in 2019 that it could deliver 40 seats for the party.

There is much to fear in this. One is the balkanisation of foreign policy: designing policies to suit particular domestic interest groups. Another is raw emotion. The problems of Israel and Kashmir are complicated enough before they become intertwined with the local politics of north London or Bolton. A third is what Samuel Huntington called "the clash of civilisations". The more Labour becomes identified with Muslims, and the Conservatives with Hindu and Israeli nationalism, the more wrenching conflicts will be reproduced in Britain's constituencies.

How can policymakers avoid such disasters while acknowledging that Britain has been transformed by mass immigration? It is easy to say that politicians must pursue the national interest rather than the sectional interests of ethnic groups. But what is the national interest but the sum of the interests of all the country's citizens? If the composition of those citizens changes then so does that interest. Ethnic groups have a perfect right to organise and agitate. And Britain's regional interest in India and Pakistan (and Kashmir) is surely shaped by the fact that millions of British citizens have strong family connections there.

It is also easy enough to say that policymakers should avoid seeing policy through the eyes of particular groups. But another danger comes from doing the opposite: seeing all foreign policy as an extension of domestic struggles. Jeremy Corbyn, Labour's former leader, who appeared on the national stage this week standing next to an inflatable figure with a hooked nose, is a leading offender. He sees groups such as Palestinians and Kashmiris as the global equivalents of the British working classes, a homogeneous mass of the oppressed rather than particular peoples operating in particular contexts. Some Brexiteers make the same mistake by positing a global struggle between the forces of rising nationalism on the one hand and a retreating globalism on the other.

Farewell, dear friends

Foreign-policymakers need to update their skills for a new age: for example, they need to be more sensitive to the importance of cultural ties and the power of religion. But they also need to make vigorous use of some of the oldest tools in the diplomatic box, notably objectivity and scepticism. They should pour cold water on ethnic passions even while recognising the power of those passions. They also need to cut self-proclaimed community leaders and "friends" organisations down to size, for neither is truly representative. Most ethnic communities are divided about foreign policy: many British Jews oppose Israel's policy in the West Bank while many young Muslims ignore the elderly imams who claim to speak on behalf of their faith. Some friends organisations are controlled by factions with a very particular take on the domestic policies of the countries they claim to represent. Others are little more than a handful of lobbyists and a letterhead.

There is also reason for cautious optimism. The country's ethnic minorities ought to be important resources for "global Britain" as it turns from Europe to Asia. Who better to forge closer trading ties than people who can speak the local language and who have family ties with local trading groups? Norman Tebbit, a Conservative cabinet minister in the 1980s, coined his "cricket test" in the name of division: he wanted to see where people's loyalties lay. But cricket also provides an example of the opposite. A game that was invented by an imperial nation is played by Hindus, Muslims and dozens of other ethnic and religious groups who put aside their differences and observe a common set of rules. ■



Eritrea's war

Master of the Horn?

ADDIS ABABA

Eritrea's power-hungry president has taken a lethal gamble in Tigray

SHY AND awkward, the teenage Issaias Afwerki did not stand out. As a student in Asmara, Eritrea's capital, the future president was known less for his bookish brilliance than for sudden flashes of temper. One day in the early 1960s his physics teacher, an American, handed him a particularly shoddy mark. Issaias walked calmly to the front of the class and slapped him in the face. An act of vindictiveness as well as self-confidence, it was characteristic of the man for the rest of his life.

It is 30 years this month since Issaias, as leader of the secessionist Eritrean People's Liberation Front, at last succeeded in overthrowing Ethiopia's military dictatorship. In alliance with the Tigrayan People's Liberation Front (TPLF), a rebel movement to Eritrea's south, Issaias, now 75, assumed power in Asmara, while his TPLF friends took up the reins in Addis Ababa, Ethiopia's capital. Two years later Eritreans voted in a referendum to break away from Ethiopia. Issaias became the nation's first

and only president. There has never been an election.

Few African leaders have ruled their countrymen so harshly or handled their neighbours so aggressively. In 1998 Eritrea went to war with Ethiopia over a barren stretch of land worth almost nothing (pictured). In two bloody years perhaps 70,000 lives were lost. The remains of Eritrea's fledgling democracy was crushed. A decade later Issaias invaded Djibouti, which abuts Eritrea at the mouth of the Red Sea.

Now Eritrean forces, made up of conscripts, are fighting again. This time they are in Tigray as allies of Ethiopia's govern-

ment in a catastrophic war against Issaias's former allies, the TPLF. The Eritreans have been accused of war crimes, including massacres of civilians and mass rape.

The secretiveness of Issaias's regime spawns endless speculation about his intentions. Some say the president's main aim is to outmanoeuvre Ethiopia and remake the Horn of Africa in his own anti-democratic image. Though this is sometimes overstated, he is thought to wield great influence over Abiy Ahmed, Ethiopia's prime minister, with whom he signed an opaque peace agreement in 2018 that put an end to nearly two decades of cold war between the two countries. He has also drawn close to Somalia's authoritarian president, Mohamed Abdullahi Mohamed, better known as Farmaajo, and has hosted and trained thousands of Somali troops.

Issaias's foreign policy has three main planks. The first is his belief that the Horn of Africa is a bear pit where there are no permanent friends. Second, the use of force is always legitimate. Third, even a tiny and impoverished country like Eritrea can, with ruthlessness and guile, punch well above its weight. Ask North Korea.

The breakdown of Issaias's relations with his old comrades in the TPLF testifies to his belief that no ally can be trusted. Eritrea's defeat in the border war with Ethiopia (then ruled by the TPLF) in 1998-2000 sorely embittered him. Awet Tewelde Wel- ►

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demichael, an Eritrean at Queen's University in Canada, likens Issaias to "a camel which can never sleep without settling a score". When Abiy, an ethnic Oromo from Ethiopia's south, took office in 2018 and sidelined the Tigrayan old guard, Issaias saw his chance. Six months ago his troops joined the fray as allies of Abiy, almost as soon as fighting broke out between Ethiopia's federal government and the TPLF.

The destruction wrought by the Eritreans in Tigray reflects more than a desire for vengeance. It also stems from Issaias's long-standing conviction that the TPLF threatens his country's very existence. Butchering young Tigrayan men, as well as looting infrastructure, food and medical supplies, should—reckons Issaias—scotch any chance of this happening. By the same token, the destruction of two camps in Tigray hosting Eritrean refugees and dissidents was intended to prevent the TPLF from training and arming a potential opposition to Issaias's regime.

Issaias's ambitions, however, reach well beyond Tigray. "Eliminating the TPLF is about eliminating an obstacle on his path to Addis Ababa and the region," says Seeye Abraha, a former defence minister of Ethiopia who was once high in the TPLF. Recently in *Foreign Policy*, an American journal, he argued that what Issaias really covets is access to Ethiopia's wealth.

In his bid to master the Horn of Africa, he has sought to influence Abiy, who runs a much larger and more important country. Last year, with the backing of the Ethiopian and Somali pair of leaders, he set up a new regional bloc, which he hopes will replace the Intergovernmental Authority on Development, hitherto the region's premier club, which also includes Djibouti (seat of its secretariat), Kenya, the two Sudans and Uganda. The trio of leaders is wooing South Sudan to join the new club. This particularly annoys Djibouti.

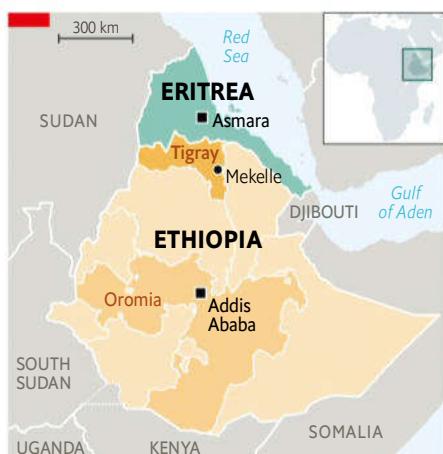
Even more controversial are rumours of plans to bind Ethiopia and Eritrea into some kind of union. Their armies are co-operating along Ethiopia's shaky border

with Sudan, as well as in Tigray. In March a spokesman for Ethiopia's foreign ministry suggested that Eritrean independence had been a mistake that political integration could one day rectify. He apologised in the face of a backlash. But Issaias spoke enthusiastically about a confederation with Ethiopia after the independence referendum of 1993. Might he again contemplate such an arrangement, provided Eritrea won more clout alongside its beefier partner? "Issaias will never allow any federation with Ethiopia which does not allow him to dominate it," says a former colleague, now in exile.

Right now, Issaias has more pressing

concerns. His troops are bogged down in Tigray, though both he and Abiy agreed in March to remove them. "We see nothing that would lead us to believe there are preparations on the ground for such a withdrawal," says a senior state department official. The American administration is threatening sanctions against Ethiopia and Eritrea. The EU has already withdrawn more than \$100m in aid for Eritrea.

Issaias's survival depends on winning his latest war. "He's bet the house on [it]," says Dan Connell, the author of a book on Eritrea's liberation war. "He's thrown everything at it...He has to fight on." ■



South Africa's indigenous people

Saving a language with 45 clicks

Only two fluent speakers of Nlulu survive. Both are in their 80s

TWO AND a half millennia ago the San had southern Africa to themselves, living lightly on the land as hunter-gatherers. Then came the Khoekhoen from the north-east to wrest some of the San's hunting grounds for their cattle. The 17th-century Dutch incomers called the hunter-gatherers "Boesmans" ("Bushmen") after their habitat, while the Khoekhoen were "Hottentots".

The word Hottentot may mimic the click sound of the Khoekhoen's speech. Africa is the only continent where clicks act as a kind of consonant in basic word-building sounds.

Many of southern Africa's original click-rich languages have died out. For the complexity and repertoire of its clicks, the Nlulu language of a long-scattered subgroup of the San is among humanity's most startling creations. It has but two known surviving fluent speakers, both in their 80s. The bar after the N indicates a particular click of the tongue against the teeth. Nlulu is one of just three languages known to feature a kiss-click made with both lips.

Katrina Esau is one of the surviving pair. To hear her speak Nlulu is astonishing, as if two tracks are playing at once, with "normal" speech overlaid with a peppering of soft explosions.

Port Elizabeth has recently been renamed Gqeberha, a word in Xhosa (South Africa's most widely spoken indigenous language, along with Zulu) that begins with a click. If the knack of pronouncing Gqeberha eludes many, consider that Nlulu has 45 such sounds. Ms Esau has dedicated her last years to teaching it. Illiterate, she uses a schoolroom next to her home to teach people in her Northern Cape community through song, play and images. "I didn't learn this



Clickbait

language; I sucked it out of my mother's breast," says Ms Esau in "Lost Tongue", a film about Nlulu made in 2016. "But I buried it at the back of my head."

She buried it because long ago her white employers forbade her from speaking it. It was as though this ban, as well as the extermination, scattering and assimilation of the San, struck the language dumb. It was thought extinct until the 1990s, when a Nlulu speaker, Elsie Vaalbooi, appealed on the radio for speakers to come forward. A Nlulu writing system has recently been developed. Esau's granddaughter, Claudia Snyman, now teaches the written language.

Sheena Shah and Matthias Brenzinger, both linguists, collaborated with locals to render this teeming language of 114 basic units of sound with an extended version of the Latin alphabet. They hope the language's revival may help rebuild the San's identity.

Cain v Abel

Cowabungle

A Nigerian plan to reduce clashes over cattle is not working

CHIGOZIE OBIOMA and his family moved to Benue state in 2004 for its tranquillity. Last week, however, Chigozie's father was awoken by bomb blasts, as the army tried to dislodge an armed band of suspected cattle thieves hiding nearby. Conflict over land and cattle, which has always been common in the north of country, is spreading farther south and becoming more intense, despite a government plan intended to curb it.

For centuries Fulani nomads have herded cattle across west Africa, travelling along established routes from Nigeria to Mali. But as the region's population has grown, there are ever more people living in their path. What is more, climate change has reduced the amount of water and grazing available along northerly routes, diverting more and more Fulani into Nigeria's agricultural heartland to the south. When villagers try to turn the pastoralists away, violent altercations are common. Cattle rustling, a common vice, adds to the volatility. Raids and reprisals sometimes lead to villages or nomadic encampments being burned, and herders or farmers killed. In April, for instance, 83 people died in what appears to have been fighting between locals and pastoralists in three villages in Zamfara state.

The government has concluded that migratory grazing is no longer viable. Instead, it wants the pastoralists to turn to settled ranching, under a scheme called the National Livestock Transformation Plan (NLTP). It aims to create more than 100

ranches by 2028 and forge business relationships between the herders and farmers. In a recent report, the International Crisis Group called it "Nigeria's most comprehensive strategy yet". Unfortunately, it is not proving comprehensive enough.

The violence has fed hostility to the Fulani which will not be easily smoothed over. Azeez Olaniyan, an academic who studies the conflict, argues: "People will not be comfortable with a Fulani ranch being run in the southern area of the country where they aren't indigenous." This was the main objection to a similar scheme to promote ranching, which was suspended in 2019 owing to widespread opposition. Mr Olaniyan says he cannot see the difference.

The national government cannot force the plan's adoption as it does not own the land that would be used for ranches—the states do. It has tried to encourage states to sign up by offering funding, but a third of them have not yet done so. The holdouts include several of the states that suffer most from conflict between herders and farmers, notes Idayat Hassan, whose think-tank has been helping the government explain the unpopular plan to suspicious farmers.

Worse, the government has emptied its coffers responding to covid-19. Although the NLTP is theoretically still in train, as of last month "no federal funds had been approved or released to states to implement projects," reports the ICG. Not a single new ranch has been built in the two years since its launch.

As a result, the governors of Nigeria's 36 states are taking matters into their own hands. Seventeen of them resolved in mid-May to ban all grazing on public land in their states. Their statement made no reference to the NLTP, which is seen as having done nothing to curb the problems associated with cattle herding.

The problems are multiplying. Benue state is known as Nigeria's food basket;

widespread conflict there could hurt the whole country. The instability also attracts other troublemakers. Although the widespread violence is typically blamed on Fulani herders, it is clear that Boko Haram, a brutal jihadist outfit, and perhaps other criminal groups, are exploiting the upheaval. Stories of rape and abduction are now commonplace—not something usually associated with conflicts between farmers and herders. Security forces are overwhelmed and understaffed. "It's gone from bad to worse," says Mr Olaniyan. "They have graduated from cattle rustling to human rustling." ■

The Strait of Hormuz

When the ship hits the scam

Why vessels passing near Iran may have trouble staying on course

THE STRAIT OF HORMUZ is hard to navigate at the best of times. It is narrow, crooked, dotted with islands and, as the only way in or out of the Persian Gulf, busy. Recently, a new peril has joined the list: that satellite-navigation systems may be "spoofed" to lure vessels off course.

The world has four global-navigation satellite systems (GNSS), of which GPS is the best known. Global shipping—and much else—is almost completely reliant on them. But in 2008 an American academic named Todd Humphreys revealed that satnav systems could be fooled by sending counterfeit signals. Five years later he proved it by sending a big yacht miles out of its way, to the consternation of the FBI. An Iranian general once boasted of his forces' prowess in this technique, which appears to have been used in 2011 to inveigle an American drone from Afghan airspace into Iran, where it was captured and put on display.

Crews of vessels passing through the Strait of Hormuz suspect that Iran is now performing much the same trick on them, to induce them to stray into Iran's territorial waters, whereupon they are seized by the Iranian navy. That may be what happened in 2016, when two small American naval patrol boats and ten sailors were captured near a tiny Iranian island in the Gulf. If so, it was quite a coup: naval vessels tend to have equipment and procedures intended to prevent spoofing. Typically, it is commercial vessels that are most at risk.

There is some debate as to whether the *Stena Impero*, a tanker seized by Iran in the strait in 2019 (pictured overleaf), was a victim of spoofing. The Swedish firm that owns it, Stena Bulk, says it was captured ►►



Pull in those horns



A questionable seizure

► outside Iranian waters. No evidence of spoofing has been found. But the firm's CEO, Erik Hanell, concedes that if spoofing is stealthy, proving it is hard. Stena Bulk, he says, had been warned by spy agencies that spoofing was a risk. Dozens of ships in the strait had detected satnav anomalies in the days before the seizure, reports c4ADS, an American investigative outfit.

Whatever happened, shipowners appear to be worried about spoofing. Some instruct crew to check up on their satnavs using the old-fashioned navigation methods that preceded GPS—although not many crew members know how to do this these days. Others are investing in systems to foil spoofing. Shift5, an American firm that sells such kit, says its sales are on track to quadruple this year.

For Iran, spoofing is a cheap way of riling Western powers and giving itself leverage in international affairs. It sees the scam as "a way to mark its territory, show its determination", says Gérard Valin, a former commander of France's forces in the Indian Ocean, including the Gulf. But sabotaging the technology that underpins commercial shipping also has some very practical applications. Windward, an Israeli firm that tracks vessels, mostly from space, has recently detected a scam involving the transponders that allow owners (and others) to keep track of where their ships are. A tanker sails, its transponder off, from Iran to the Gulf of Oman. There, it meets a vessel that came from elsewhere, its transponder on. The second vessel then turns its transponder off just as the first starts to send out signals mimicking the second's transponder, in what Dror Salzman of Windward calls a "handshake". After the impostor drops off its oil, it returns, relinquishing the transponder signal to its waiting double, and disappears. For a country struggling to export its supply of oil owing to strict American sanctions, such a ruse would be invaluable. ■

Morocco and Spain

Testing the floodgates

MADRID

King Muhammad is weaponising migration

THEY CAME in their hundreds, swimming around the border fence that protects the Spanish city of Ceuta, or walking across the beach at low tide under the permissive eyes of Moroccan border guards, who would normally stop them. In 36 hours this week, 8,000 would-be migrants descended on Ceuta, an enclave of 85,000 people (see map). For the Spanish authorities, coping with this influx was an immediate humanitarian headache. And Morocco's weaponisation of migration also puts the government of Pedro Sánchez, Spain's prime minister, in a longer-term bind.

Clearly rattled and caught by surprise, Spain deployed 3,000 troops with armoured cars from the garrison in Ceuta and sent 200 police reinforcements. Mr Sánchez himself flew to the city, vowing to defend its "territorial integrity". Spanish officials recall the "Green March" of 1975, when Hassan II, then Morocco's king, mobilised 350,000 civilians to occupy Western Sahara, to the south, as Spain gave up its colony.

Although Morocco claims Ceuta and Melilla, another Spanish enclave, the aim of this week's incursion was more limited. The government is furious that Spain recently admitted Brahim Ghali, the leader of Polisario, a group which has fought for Western Sahara's independence since colonial times, for treatment for covid-19. Spain failed to inform Morocco of an action it says was purely humanitarian. "Actions have consequences," said Morocco's ambassador to Madrid this week.

Having made its point, Morocco closed the border with Ceuta again on May 18th. Spain has sent back most of the migrants,

but under international law it cannot easily deport some 1,500 unaccompanied minors. Spanish officials stress that Morocco is a partner with which they value close ties and co-operation. They have been careful not to stoke further confrontation. But this week is unlikely to mark the end of months of growing tension.

Morocco's current king, Muhammad VI, felt empowered by the decision in December of Donald Trump, then America's president, to break the international consensus and recognise Morocco's sovereignty over Western Sahara in return for its recognition of Israel. Morocco wants Spain to follow suit. That is hard for two reasons. As the former colonial power, Spain feels a responsibility to support United Nations resolutions which require Morocco and Polisario to negotiate. In fact, there is almost no chance of the dispute being settled. Moroccan control is a reality; Polisario holds only 20% of Western Sahara, deep in the desert interior. The second reason is that Spain depends on Algeria, Polisario's main backer, for a third of its imports of natural gas.

Yet Morocco is a vital partner for Spain, especially in controlling migration and terrorism. "They say we help you on issues that are existential for you and I have an existential issue [Western Sahara] and you don't help at all," says José Ignacio Torreblanca of the European Council on Foreign Relations, a think-tank.

Does King Muhammad risk overplaying his hand? His recognition of Israel is unpopular at home. It was surely no coincidence that the Ceuta operation came as Israel was pounding Gaza (see Briefing). The pandemic has interrupted years of steady economic growth. Many younger Moroccans, better educated than their parents and with relatives in Europe, are itching to leave. His government, whose understanding of Spanish politics is better than the other way round, knows that sending unaccompanied minors to Ceuta is grist for Vox, a far-right nationalist party that would be a hostile neighbour.

The European Union, which is an important source of trade and aid for Morocco, was quick to stand behind Spain this week. After the Syrian crisis, the rest of Europe understands that uncontrolled migration is an "enormous potential factor of political destabilisation, especially when used as a weapon," says Mr Torreblanca. But that hasn't stopped Turkey's ruler, Recep Tayyip Erdogan, from using migrants in that way. At the other end of the Mediterranean, King Muhammad may reckon he can continue to do the same. ■



Award John McDermott, our Chief Africa correspondent, won the Society for Advancing Business Editing and Writing (SABEW) award for International Reporting for his pieces on land rights.

HOW MALAYSIA'S MANUFACTURERS ROSE TO THE COVID CHALLENGE

As the pandemic continues to wreak havoc with the global economy, evaluations are taking place within the investment community. Destinations free of legacy trade skirmishes and a business-friendly approach to access and visas are in demand—and investors are looking to Malaysia

In early months of 2020, the covid-19 pandemic hit the global electrical and electronics (E&E) sector hard. Extended periods of lockdown in major electronics manufacturing hubs and disruptions to global supply chains saw both the production and consumption of electronics fall.

As the industry bounces back, investors are looking for a reliable location to base their manufacturing and logistical operations. And Malaysia might just be the partner they are looking for.

THE MALAYSIAN ADVANTAGE

Malaysia has built a reputation of being the manufacturing hub of South-East Asia. The country, hosting Asia-Pacific's largest manufacturing sector in terms of E&E exports, is one of the largest producers and exporters of medical devices—exports topped US\$7.1 billion in 2020, and was an early adopter of Industry 4.0 technologies, logistics sophistication and modern warehousing.

The medical devices industry in Malaysia currently comprises over 200 manufacturers. Much of the industry is serviced by MNCs and more than 30 of these, who focus on higher value-added processes, have made Malaysia their offshore location for manufacturing operations—including companies such as Abbott, B. Braun and Ciba Vision.

The medical devices industry in Malaysia currently comprises over 200 manufacturers. Much of the industry is serviced by MNCs and more than 30 of these, who focus on higher value-added processes, have made Malaysia their offshore location for manufacturing operations—including companies such as Abbott, B. Braun and Ciba Vision.

COVID-19: ADAPT, INNOVATE AND OVERCOME

In 2020, covid-induced disruptions to both the manufacturing sector and supply chains meant that it became increasingly difficult to import the materials Malaysia needed to make surgical tools, syringes and needles, orthopaedic products and optical lenses. To cope, the country's public and private sectors worked in tandem to ensure the country had sufficient face masks, personal protective equipment (PPE), ventilators and sanitisers; and could fulfil its export orders. For instance, Top Glove, the world's leading manufacturer of latex gloves, pivoted their business to meet rising consumer demand for face masks, building a new facility with a production capacity of 110 million face masks annually.

Successes like these were a demonstration of how Malaysia's well-developed technological infrastructure, paired with an enterprising spirit of adaptation and innovation, enabled Malaysia-based businesses to react, adapt and meet global demand.



ADDRESSING THE INDUSTRY'S CHALLENGES

While the advent of covid-19 strengthened the nation's domestic capabilities, it also raised Malaysia's exporting capacity. This has attracted the industry's big players. In 2020, the British medical equipment maker, Smith+Nephew, began construction of its first plant in South-East Asia—a high-tech manufacturing facility in Penang. DexCom, an American medical device manufacturer, was similarly attracted by Malaysia's investor-friendly business policies, network of related industries and strong supporting facilities. By 2020, eight out of the top 30 global medical devices companies were operating or planning to operate in Penang.

One of Malaysia's most successful medical device sub-sectors is high-technology rubber products. In the space of a few decades, the country has gone from being mainly an exporter of natural rubber, to a leading international supplier of high-technology rubber products. As it stands, Malaysia is the world's largest source of medical gloves, with a market share of about 65%.

SECURING THE FUTURE

As Malaysia's E&E sector continues to grow, overseas investors can assess Malaysia—its manufacturing sector's advanced Industry 4.0 capabilities, and the country's excellent shipping and production facilities, world-class infrastructure and skilled multilingual workforce—and be confident of a support system that will enable them to take advantage of all the business opportunities Malaysia offers.

MALAYSIA'S THRIVING MEDICAL DEVICE INDUSTRY

US\$1.5 billion

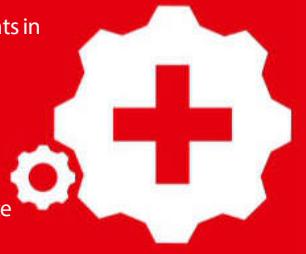
The total value of approved investments in 2020 was RM6.1 billion (US\$1.5 billion)

US\$5.6 billion

Exports topped US\$7.1 billion in 2020

> 200 manufacturers

Home to more than 200 medical device manufacturers in 2020





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Nico Colchester

—
Journalism fellowships

THE FOUNDATION's aim is to help continental writers understand Britain and British writers understand continental Europe. The fellowships were established in memory of Nico Colchester, who died in 1996 after an outstanding career at the *Financial Times*, *The Economist* and the Economist Intelligence Unit. Nico had a passion for writing about European politics, economics, and society—his sharp, witty, authoritative analysis would have been especially precious today.

Europe is grappling with a health-care and economic crisis at a time of political flux: Germany's search for a successor to Angela Merkel; Mario Draghi suddenly re-elected as prime minister of Italy; Emmanuel Macron's difficult re-election bid. The forces of populism in Europe are contained, but far from extinguished. The economic impact of Brexit could still prove to be a drag on both sides of the Channel.

All this would have given Nico, one of the finest reporters on European affairs of his generation, plenty to write about in his original and inimitable way, which included such ideas as a Mars Bar index and the division of countries and their leaders into the "crunchy" and the "soggy".

In another momentous year for the European Union, here is your chance to emulate Nico's successful career by

The
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FT FINANCIAL
TIMES

launching yourself into the world of journalism at two of the world's most global and well-respected news organisations.

What do the prizes involve and who is eligible?

Two awards are on offer:

- British or Irish citizen—a three-month fellowship in London linked to *The Economist*.
- EU citizen—a three-month fellowship linked to the Paris or Brussels bureau of the *Financial Times*.

The two fellowships are open only to citizens of the EU or UK. Each winner will receive a bursary of £6,000 to cover accommodation and travel.

Who are the fellowships suited for?

The fellowships are aimed at aspiring or early-career journalists with bold ideas and a lively writing style, capable of working amid the excitement and pressures of a modern newsroom. You should have a particular interest and curiosity about European affairs.

What is this year's subject?

How and where can Europe lead the world? The EU may be squeezed geopolitically by the US and China, but in some areas it is emerging as a superpower in its own right, from trade, to climate, regulation, science and human rights.

Drawing from your own personal or professional experiences, or those of your community, please tell us where you think the EU has the greatest potential to set global norms.

How to apply:

Please send a submission on the subject above, together with a cv and covering letter.

It can be:

- an unpublished written article, blog post
- a data-rich essay of max 850 words (pdf or doc)
- an unpublished 2-minute video (avi or mp4)
- an unpublished 2-minute podcast (mp3)

Ensure you submit your work in one of the formats specified. Big files can be sent using a file transfer or file-hosting service or by submitting a password-protected link.

Entries should be sent by **June 7th 2021**, via email to: ncprize@ft.com.

Shortlisted candidates will be asked to provide confirmation of their citizenship. Successful applicants will be notified by the end of June 2021.

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The role of the state

Joe se transforme

WASHINGTON,DC

The president has a plan to Europeanise America's safety net

WHAT A DIFFERENCE 25 years can make. In 1996, then-Senator Joe Biden was gushing about the vote he would soon cast in support of sharp reductions in cash payments for single mothers. "The culture of welfare must be replaced with the culture of work," he said on the floor of the Senate. "The culture of dependence must be replaced with the culture of self-sufficiency and personal responsibility."

These days, President Joe Biden is proposing an ambitious reweaving of the American safety-net, which the White House estimates will cost \$1.8trn. The American Families Plan contains components of a European welfare state that have long been missing in the country: a child allowance, paid family leave, universal pre-school, subsidised child care and free community college. It contains no reference to work requirements. Now that Mr Biden is president, his analysis of the problem has changed. "There's millions of women out of work today not because they're not qualified for the jobs they have, but they can't take care of their children and do their job," he has said.

The president's opinions have followed those of his party: where the party goes, the man follows. So how did Democrats go from Clintonism—which implicitly conceded the Reaganite idea that too much government assistance is a very bad thing—to its present-day relish for deficit-financed expansions of the safety-net? Many factors are at work. They include general worries about inequality; a changed academic consensus among economists; a leftward shift reflected in the Democratic presidential primaries; the Republican Party's abandonment of fiscal responsibility under Donald Trump; and the recent spending bonanza prompted by covid-19.

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Data for Progress, a polling outfit, finds that the vast majority of Democratic voters endorse deficit spending on universal pre-school, clean-energy research, a health-insurance public option and a child allowance. More surprising is their finding that majorities of Republican voters support the same suite of policies (except for health insurance, on which they are exactly split).

However it happened, the break in philosophy, epitomised in the president's own transformation, is here. According to this approach, reducing poverty is no longer just about aid targeted at the poor, which remains only tepidly popular. Poverty reduction is a side-benefit of programmes that aim to help middle-class Americans as well. This would bring America more in line with the rest of the developed world. Average government spending on benefits such as child allowances, family leave and early education is 2.1% of GDP in the OECD club of mostly rich countries. In America, it is just 0.6%. The recommendations of the Biden plan could do a lot of good for American families, particularly if its excesses were curtailed.

Start with the most important bits. At present, one in six American children live in poverty by the government's own measure. International comparisons, using a measure called relative poverty, suggest that the American rate is among the highest in the rich world. It is caused by flimsy support for the youngest (the elderly, meanwhile, receive Social Security and Medicare). A generous child allowance is ➤

► the main anti-poverty tool in most rich countries—and one America lacks. One such scheme was created this year as part of the covid-19 relief bill that the president signed in March. It will pay most families \$3,000 per year per child (\$3,600 for young children) and is expected to halve the poverty rate soon after its payments begin in July. A simultaneous boost to the earned-income tax credit, which tops up the wages of low-paid workers, would also reduce poverty among childless adults (while reducing disincentives to work).

Under the terms of the law, the child-allocation payments will last for only one year. The president's plan proposes to extend these payments until 2025. Some Democrats think they should simply be made permanent rather than risking difficult concessions in a future when Republicans hold one chamber of Congress or the White House. "That's the real downside risk: the possibility that we could end up having to agree to a bunch of regressive tax policies in order to extend what is a very progressive and popular tax policy," says Michael Bennet, a Democratic senator from Colorado who has championed proposals of this sort since 2017. If the payments lapsed, child-poverty rates would probably shoot up again.

The administration's decision to set an expiry date for the most important portion of its families package illustrates a quirk of Bidenism. The president wants to pursue a progressive wish-list while also nodding towards fiscal moderation. His team is already stretching the maths to suggest that its plans in this area could all be paid for by taxes on corporations and the wealthy. Recent number-crunching by the Penn Wharton Budget Model thinks the administration would still be several hundred billion dollars short. Making the child-allocation permanent would have been even harder to match with tax increases, particularly if they applied only to the rich.

The families plan resembles policy platforms of Mr Biden's Democratic challengers, cobbled together and funded at a fraction of their originally proposed cost. Among this set of rival ideas are Mr Bennet's child-benefits plan, Kirsten Gillibrand's paid family-leave proposal and Elizabeth Warren's massive subsidies for child-care centres. Republicans claim that all this is evidence of a Trojan-horse presidency of creeping socialism. But it is worth noting that Mr Biden's proposed spending, grand as it seems, is approximately one-tenth of that laid out by Ms Warren in her primary campaign.

A half-strength cocktail can still induce a buzz. "In pretty much every respect, it really is just catching us up to what our peer countries have done for quite some time. On paid family leave, that dates back to Bismarck in Germany," says Jane Wald-

fogel, an influential scholar on child well-being at Columbia University. Only America and Papua New Guinea lack a paid maternity-leave programme, notes Ms Wald-fogel. Mr Biden aims to rectify that by setting up a federal scheme that would guarantee 12 weeks of leave. The federal compensation for time taken off would cost \$225bn over the coming decade.

States that have implemented paid family leave on their own initiative, like California, suggest that what works in the rest of the developed world would take well in America, too. Infant health, maternal health and rates of breastfeeding all increase with the implementation of such a programme, says Maya Rossin-Slater, an economist at Stanford University. Ms Rossin-Slater's own studies of the Californian example have shown a positive effect on new mothers taking up jobs, though other studies have found a reduction in employment. "I like to say that paid family leave is not a silver bullet for solving gender-equity issues," Ms Rossin-Slater points out.

A kinder kindergarten

A similar amount, about \$200bn, is proposed to create universal pre-school for children aged three and four. This was a policy goal of Democrats even before Barack Obama pitched it, unsuccessfully, in his second term (at a more modest cost of \$75bn). Advocates often cite the impressive long-run results from two experiments conducted 50 years ago, the Perry Preschool Project and the Abecedarian Early Intervention Project, which brought remarkable improvements to education levels, employment and family lives. The question, however, is whether high-quality pre-school can be scaled up. States such as Oklahoma, which implemented universal pre-school programmes decades ago,

provide more up-to-date evidence. These, too, register positive effects on middle-school performance years later. Poorer pupils benefit the most from these programmes, scholars agree, but the results depend on the quality of the schooling.

Other components are shakier. Take the generous subsidies proposed for child-care centres, under which families in rich states could receive tens of thousands of dollars in federal payments. According to the proposal, the cost of care at such centres would be capped at 7% of household income, for families making as much as 150% of the median household income in a given state. The paradox of child care in America is that it is ruinously expensive, almost \$15,000 for an infant looked after in a centre, while child-care workers make \$12.24 per hour. Mr Biden thinks that this market failure can be rectified by an enormous infusion of cash. But it seems more likely that, if the federal government is paying for much of it, such child care would become even more expensive.

Discussion of efficient spending may now be seen as gauche in Democratic circles, but the question of quality matters as well. Done poorly, child care can have long-run negative effects rather than positive ones. The province of Quebec implemented a heavily subsidised universal child-care programme. A review of the results by three economists found that children had worse behaviour and social skills as a result; their parents, though they worked more, were less caring and reported worse health. Reviewing the evidence 11 years later, the same trio found that the negative effects had persisted and that "cohorts with increased child-care access had worse health, lower life satisfaction, and higher crime rates later in life".

This ought not to be fatal to the aspiration of universal child care in America. A brief experiment with the idea during the second world war seemed to benefit children later, for instance. But it is a cautionary tale about the quality of public services that Democrats seem reluctant to grapple with. For all the expense of formal child care in America, only one in ten providers are considered high quality.

A similar problem may confront Mr Biden's proposal to make community college free for two years. Generous subsidies and loan provision with little attention to quality resulted in the growth of shoddy for-profit colleges (remember Trump University?). The Obama administration spent years drafting regulations to rectify that problem. With a newly advertised \$109bn pot of money, ensuring that students actually enroll in degree programmes that provide gainful employment will be all the more important. Mr Biden's approach is at least admirably restrained in comparison with the ideas coming from the party's left ►



Cost centres at work

▶ wing, which endorses a highly regressive programme of universal student-debt cancellation and heavy subsidies for four-year colleges favoured by the rich.

If Mr Biden does manage to create a durable new welfare policy, one characterised more by its benefits for the middle class than by aggressive means-testing, he could create a better safety-net. Beyond the political challenge of actually getting it passed in Congress, however, lies the need to prove that the new approach is economically sound. If employment drops, opponents will fret, as Paul Ryan, a former Republican speaker of the House, once did,

that the net has become “a hammock that lulls able-bodied people into complacency and dependency.” Already, Republicans are arguing that too-generous unemployment benefits are stalling the recovery (see Finance and economics). If inflation spikes, Mr Biden will be attacked for spending too much and overheating the economy.

Meanwhile, progressives in his party will forever think he did not go far enough. Nonetheless, they may also step back and consider their luck. After half a century in Washington, the final role Mr Biden wants to play is as the author of the biggest experiment in social policy since the 1960s. ■

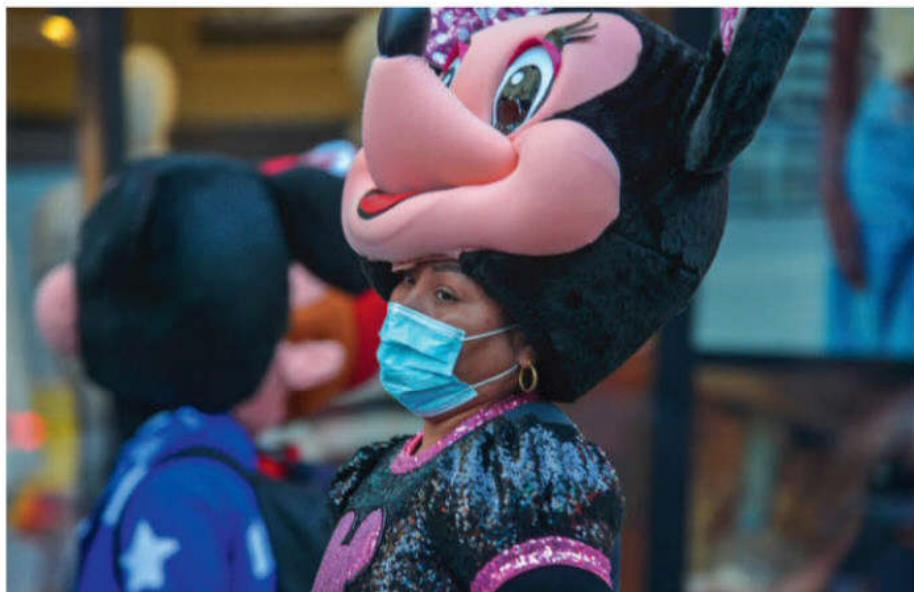
the cdc,” argues Dr Leana Wen, a former health commissioner for Baltimore, who calls the decision “a major blunder” and “an unforced error.” Dr Howard Koh, a former health commissioner for Massachusetts, is less pessimistic. He thinks that the statement underscored the effectiveness of the vaccines in preventing disease and death. The cdc is giving a public signal that “the end of our public-health marathon is in sight,” Dr Koh reckons.

Whatever the wisdom of the announcement, it has probably created a disincentive for holdouts to get the jab. Vaccination rates have slowed and only 38% of Americans are fully vaccinated. Many state and local governments planned to use dropping mask requirements as a carrot for vaccination. Before the change in guidance, Minnesota’s state government had announced that mask requirements would be removed by July 1st, or once 70% of the eligible population was vaccinated. But amid prodding from Republican state legislators after the statement from the cdc, masks are now no longer required in Minnesota regardless of vaccination status, except for child-care settings and schools.

Maryland’s state government also removed its mask guidance, reneging on its plan to take off the masks once vaccination reached 70%. Several other states, including New York, Virginia, Kentucky and Michigan have also ended mask requirements for vaccinated Americans, though none has outlined procedures for determining vaccination status. By implementing a policy for vaccinated people without guidance on how to check for vaccination status, the cdc has essentially removed masks for everyone.

That means state and local governments will have to get more creative. New Orleans’s health department teamed up with Cajun Seafood, a local seafood market, to offer a pound of free boiled crayfish with a jab. Maine is giving away free fishing or hunting licenses. Younger West Virginians can get a \$100 savings bond if they get a vaccination. In Buffalo, a city in upstate New York, a “Shot and a chaser” pop-up vaccination site is offering free beer. The site vaccinated more people in one day than the other sites in the county combined did in a week.

Dr Koh is still optimistic that the country will reach herd immunity, despite the cdc’s zigzags. As for the latest criticism of the agency, he thinks people will soon get comfortable with the policy. “Change, even positive change, can be unsettling. I think that’s where we are right now.” ■



America unmasks

Off their face

WASHINGTON, DC

Having taken criticism for being overcautious, the cdc tries the opposite

PERHAPS THE Centres for Disease Control and Prevention (cdc) intended to create an incentive for people to get jabbed when it rolled back mask requirements for vaccinated Americans. The announcement was welcomed by those eager to return to normalcy. But with daily vaccination rates slowing, despite ample supply of vaccine, does the guidance risk making herd immunity a more distant prospect?

Inoculated Americans no longer need to wear masks indoors or to physically distance except on public transport and when required to do so by federal, state, local or private regulations. Before the announcement, public-health officials had been critical of the cdc’s extreme caution. Just two weeks before, the cdc made an announce-

ment that only vaccinated Americans could go outdoors without masks. Many saw this as unnecessarily timid: studies suggest the unvaccinated would probably be safe while outside and unmasked. Evidence for outdoor transmission is slim. And outdoor dining had been available in most places throughout the pandemic, which requires unmasking regardless of vaccination status.

The latest announcement therefore came as a surprise. The cdc’s job is to provide scientific recommendations, but in this case it made a decision that influenced policy without warning, catching city mayors, state health officials and business owners unawares. “The White House covid team should have been directing this, not

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Silicon Valley

Woke at work

SAN FRANCISCO

Why tech firms are trying to run away from politics—and failing

WHEN AT WORK, steer clear of politics. This rule, generally accepted around the world, does not apply in techland. Employees bring their “whole self to work”, including their political beliefs. Internal online forums are full of heated debates about social issues, ranging from sexual harassment to police brutality. Some firms have started to push back. Facebook, Google and Shopify discourage political debates on their internal message boards. Basecamp, a small but culturally influential maker of web software, recently caused a stir when it declared itself a politics-free zone, as Coinbase, a cryptocurrency exchange, had a few months earlier.

Last week even Apple, otherwise famously focused on its products, got caught up in the debate. It fired a well-known new staff member, Antonio García Martínez, after employees circulated a petition highlighting the supposedly misogynistic tone of a book he penned in 2016 mocking life in Silicon Valley. And last week Alphabet, Google’s parent, had to deal with another internal petition circulating among employees, this one calling on the firm’s leadership to make a statement “recognising the violence in Palestine and Israel”.

Digital technology has always had a political bent, starting with firms such as Apple, which have their roots in the 1960s counterculture. Technological shifts have tended to be framed in political terms, as was the case with open-source software, which initially had an anti-capitalist impetus. More recently, to attract top employees, tech firms have felt obliged to offer plenty of perks, such as free food, but also “work that aligns with personal values”, says Jennifer Kim, a noted startup adviser. Such expectations also explain why bosses of big tech firms pipe up on issues ranging from immigration to misinformation.

But lately the pendulum has started to swing back. One reason is that more than in other sectors, discussions in tech firms mostly take place over Slack and other corporate communication services—not ideal forums in which to advance nuanced arguments. This has been a problem in large tech firms particularly, which is why Google and Facebook now have moderators to keep internal online debates from getting out of hand.

Stir in defensive management and hyper-critical workers, and it is easy to see why some firms have blown up. That seems to

The MOVE bombing

Moving on

PHILADELPHIA

A city reckons with the day its police force bombed a house

ON MAY 13TH 1985, 500 police officers surrounded a row house in West Philadelphia. Inside, members of MOVE, an eccentric black liberation and back-to-nature religious group, barricaded the doors and windows. The police and members of MOVE exchanged fire. Police officers fired thousands of rounds of ammunition as well as tear-gas into the house. Then the police department dropped an explosive onto the house from a helicopter, knowing there were children inside. The subsequent fire destroyed more than 60 neighbouring houses, leaving 250 people homeless. The police commissioner ordered the fire department to “let it burn”. Eleven people died, including five children. A special investigation commission in 1986 called the bombing “reckless, ill-conceived” and “unconscionable”.

Though this episode is perhaps not as well-known as it should be, the aftershocks of it are still being felt. On the 36th anniversary of the bombing, which fell last week, Thomas Farley, Philadelphia’s health commissioner, resigned after Jim Kenney, Philadelphia’s mayor, found out that he had ordered the remains of one or more victims, which were still in the city’s possession, to be cremated and discarded. He had not contacted family members, who had thought the bodies were buried decades ago. The mayor said Dr Farley’s actions “lacked empathy”. The next day Mr Kenney said that the remains had in fact been discovered by the medical examiner’s staff. Apparently an underling disobeyed the order; City Hall has promised an investigation.

This followed a discovery last month by Abdul-Aliy Muhammad, who wrote in the *Philadelphia Inquirer* that University of Pennsylvania and Princeton University anthropologists had been using the bones of an unidentified victim of the MOVE bombing in classes. They were also used in an online course offered by Princeton called “Real Bones: Adventures in Forensic Anthropology”. The universities have apologised and say they will reunite the remains with the family. “I could not have imagined that 36 years later they would be displaying our family as if they’re some dinosaur relics that they dug up,” Mike Africa junior told *Billy Penn*, a local news website. Mr Africa was a child in 1985, and not at home the day his house was bombed.

The MOVE bombing was largely forgotten. Richard Kent Evans, author of “MOVE: An American Religion”, speculates that “it was forgotten because it is unthinkable”. Last year the city council issued a formal apology for the events 36 years ago. For Mr Africa, the family’s spokesperson, not enough has changed since 1985. The city is still very segregated. Many African-Americans are still poor. He described the treatment of the remains as “immoral. It’s horrific. It’s insensitive. It’s racist.”



1985, not 1945

have been the case with Basecamp, whose two founders were hitherto mostly known for their books about a saner startup life. After a series of internal conflicts, Jason Fried, one founder, wrote a memo banning political debates on Basecamp’s systems. “It’s a major distraction. It saps our energy, and redirects our dialogue towards dark places,” he argued.

But even if they wanted to, most tech firms can only go so far in pushing back. Coinbase and Basecamp, which each lost

60 employees after their bosses changed the rules, have apparently been inundated with applications from people wanting to work for politics-free firms. Yet the pool of such workers appears to be limited: according to a new Harris poll commissioned by Paradigm, a diversity consultancy, more than two-thirds of adults in America want to be able to discuss racial-justice issues at work. For better or for worse, workers in tech will be talking politics for a long time to come. ■



Children divorcing their parents

Laters, maybe

WASHINGTON, DC

A young field of research suggests that a large proportion of Americans are estranged from a close relative

UNHAPPILY MARRIED for many years, Peter (not his real name) waited until his children were grown up before he divorced their mother. He hoped this would make the experience less upsetting for them. Yet in the six years since, he has not seen either of his two sons. He speaks to the younger one, who is in his 20s, once or twice a year; the eldest, in his 30s, has cut off all contact. His middle child, a daughter, has at times tried to act as go-between, an experience she has found distressing. "For me it has been completely devastating," he says. "I get on with my life, but I get teary when I think about them." Losing contact with children is like bereavement, he says, but with the painful tug of hope that they might one day be reconciled.

Though people tend not to talk about it much, familial estrangement seems to be widespread in America. The first large-scale nationwide survey, recently conducted by Cornell University, found that 27% of adult Americans are estranged from a close family member. Karl Pillemer, a professor of sociology who led the research and wrote a book about its findings called "Fault Lines", says that because people often feel shame, the real figure is likely to be higher. The relationship most commonly severed is that between parent and adult child, and in most cases it is the child who wields the knife.

Because family estrangement has been a subject of research only for the past decade there are no data to show whether it is

becoming more common. But many sociologists and psychologists think it is. In one way this seems surprising. Divorce heightens the risk of other family fractures. Joshua Coleman, a psychologist and the author of "Rules of Estrangement", found in a recent survey of 1,600 estranged parents that more than 70% had divorced their child's other parent (children of divorce are more likely to dump their fathers, he notes). In recent years America's divorce rate has fallen. Yet Dr Coleman reckons other trends are making parent-child estrangements likelier than ever. Other therapists, who do not specialise in family rifts, concur.

Me, myself and I

A rise in individualism that emphasises personal happiness is the biggest factor. People are increasingly likely to reject relatives who obstruct feelings of well-being in some way, by holding clashing beliefs or failing to embrace those of others. Personal fulfilment has increasingly come to displace filial duty, says Dr Coleman. Whereas families have always fought and relatives fallen out, he says, the idea of cutting oneself off from a relative as a path to one's own happiness seems to be new. In some ways it is a positive development: people find it easier to separate from parents who have been abusive. But it can also carry heavy costs.

More individualistic than most rich countries, America also has a higher di-

vorce rate. This suggests adult-child separation is more common in America than it is in other places. "My impression is that this isn't considered much of a problem in many European countries," says Dr Pillemer. Geography also plays a part. Though people move from state to state less than they used to, America remains one of the most geographically mobile countries in the world. The vast distances often involved allow people who want to leave their families behind to do so. Peter reckons that if he and his younger son, who live hundreds of miles apart, still lived in the same city they would have patched things up by now. That, in turn, might have softened his older son. "If two out of three were talking to me, I wonder if he might think again," he says.

Those who decide to break off contact with their parents find support in a growing body of books (often with the word "toxic" in the title), as well as online. Threads on internet forums for people who want to break ties with their parents reveal strangers labelling people they have never met as narcissistic or toxic and advising an immediate cessation of contact. This may make it easier to shelve feelings of guilt.

Therapy has played a role too, says Dr Coleman. A lot of therapy in America emphasises the role family dysfunction plays in personal unhappiness. Though it is often a factor, it is also often not, he says. "As therapists we need to do due diligence on what our patients say. Just as I wouldn't take at face value a parent's depiction of their parenting as flawless, I wouldn't assume an adult child's claim that a parent is 'toxic' should be accepted without further inquiry," he says. He is launching an online programme with a British researcher that helps therapists and others develop techniques for working with those who have become estranged from close relatives.

Raising awareness about the issue in this way is likely to be important, and not only because some broken bonds may be fixable. Parent-child estrangement has negative effects beyond the heartbreak it causes. Research suggests that the habit of cutting off relatives is likely to spread in families. But most immediately, it is likely to exacerbate loneliness in old age.

Dr Pillemer, who is also a professor of gerontology in medicine at Weill Cornell Medicine, says the idea for the research was sparked by a one-to-one survey he did of elderly people. "I discovered that dozens had been cut off by their children," he says. Often, they did not want to admit it. People who work with the elderly should consider the possibility, he says, that an old person is not receiving the support and solace that might be assumed about someone who has adult children. "Mrs Smith may say she has two daughters," he says. "She is quite likely not to add that she never sees them." ■

Lexington | Joe's modest Middle East medicine

The Biden administration's foreign policy realism leaves little room for peacemaking



DONALD TRUMP TRIED to be as different from Barack Obama as possible. But on the Middle East he ended up in the same place. In their different ways, both men tried and failed to reduce America's commitments in the region. Joe Biden has the same aim—and has emphasised his alternative priorities, China and the climate, even more clearly than his predecessors did. The current violence between Israelis and Palestinians, the worst since 2014, is an early test of his prospects of succeeding where they fell short.

It will not be, as some progressives claim, by ditching the Palestinians as Mr Trump did. In the first weeks of his presidency Mr Biden restored \$250m of aid to them that his predecessor had cut, promised to reopen the de facto American consulate for Palestinians in Jerusalem that Mr Trump had closed and restated his support for a Palestinian state, on which the Republican president was ambivalent. Yet Mr Biden shares the consensus view that no resolution is possible under today's Israeli and Palestinian leadership. And as he previously signalled in Afghanistan, he has little time for a losing cause.

That sets him apart from Mr Obama. By his second term Mr Biden's Democratic predecessor also believed that a resolution to the Israeli-Palestinian conflict was less possible and less important to regional stability than he had once thought. Yet he suffered his more hopeful secretary of state, John Kerry, to launch a round of peace diplomacy anyhow; just as Mr Obama had previously been swayed to overcome his scepticism and intervene in Libya and double down in Afghanistan. Mr Biden, no fan of those efforts at the time and a witness to the failures they became, already appears unswayable. He has set his stall out to be the first president not to launch a Middle East peace initiative since Gerald Ford. In the Washington, DC, jargon: "He is not interested in a Nobel prize."

This attitude helps explain the administration's slowness to respond to the tensions in East Jerusalem this month, after protests against the anticipated court-ordered eviction of six Palestinian families turned violent. It took three days for Jake Sullivan, the national security adviser, to discuss the escalating conflict with his Israeli counterpart, by which time it had already become a heated international issue. It was a flat-footed response, revealing the tension inherent in "deprioritising" a volatile region of persistent

geopolitical and domestic significance. It is a strategy that requires the close attention and nimble diplomacy that America's generally reserves for its highest priorities.

It is also a strategy supportive of the status quo, as has been apparent in the administration's delicate subsequent handling of Israel after it returned Hamas's rockets with salvos of missiles into Gaza. Left-wing Democrats such as Representative Rashida Tlaib urged Mr Biden to raise the heat on Israel's prime minister, Benjamin Netanyahu. To the contrary, the administration has not explicitly called for a ceasefire or allowed the UN Security Council to do so, both of which Mr Obama might well have done. Besides Mr Biden's longstanding commitment to the Jewish state's security—as a rare Democratic Zionist—this also reflects the administration's reluctance to involve itself in the crisis more than it must.

Aggravating as it has been to Ms Tlaib, and to around a quarter of congressional Democrats overall, the administration considers its quiet diplomacy to be the most practical way to stop the Israelis going too far. It reasons that the Obama administration's imprecations against Mr Netanyahu did not improve him. Better, it thinks, to store up leverage with the Israeli leader by supporting him early in the crisis in order to try to curtail it later on. Similarly, the administration considers the growing antipathy towards Israel among progressives to be primarily another source of potential leverage for it to use against Mr Netanyahu.

That seems a reasonable calculation. In an otherwise drearily familiar conflict, the pro-Palestinian shift among Democrats is novel and, for Israel, ominous. It may augur a hostile future president and the Middle East becoming an even more partisan issue than Mr Trump made it. The willingness of some pro-Israel Democrats, such as Senator Robert Menendez, to join their colleagues in criticising Israel's use of force in Gaza underlines that. But provided the conflict does not drag on, the pressure on Mr Biden from his party looks insufficient to change his low-key tactics. A pro-Israel resolution would still sail through Congress.

Given its ambition to restore the Iran nuclear agreement, the administration may be more concerned about how its efforts are received in the region. The Iranians and their proxies will view them as a test of its diplomatic mettle. Israel, Saudi Arabia and other potential spoilers of the Iran negotiation are meanwhile appraising Mr Biden's willingness to stand by traditional allies—a quality they doubted in Mr Obama.

War and crisis management

On both measures, the administration's early efforts in the Middle East appear, after their slow start, to be going satisfactorily. As Lexington went to press, the conflict in Gaza seemed on course to end in days not, as in 2014, weeks. That would be in accordance with Mr Biden's reported "private" advice to Mr Netanyahu. It would also be in line with America's advice to the Palestinians, conducted through Egypt, another ally Mr Obama was considered to have gone wobbly on. As an early proof of Mr Biden's theory that America can achieve more by traditional statecraft than unilateralism, he could not ask for much more.

Such progress is inevitably fragile. The stability of the Middle East is determined far more by local circumstances than American action, which is another fact guiding Mr Biden's non-committal approach. Yet the corollary is that America has little control over when the locals turn what is now a second-order issue for America into a first-order one, as they have this month. That persistent reality should keep Mr Biden on his toes. ■

**SPECIAL
REPORT:**
Race in America

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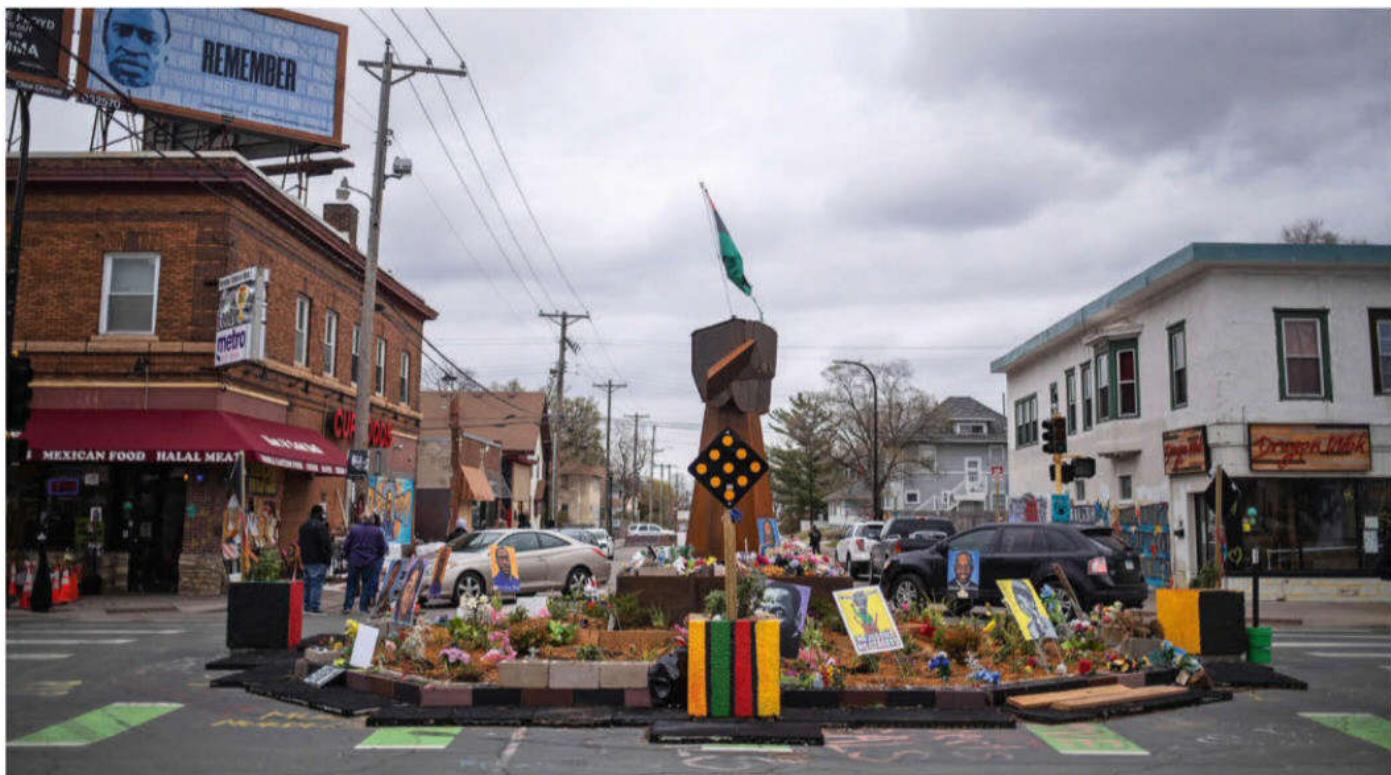


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What it means to be an American

America is becoming less racist and yet more divided by racism, says John Prideaux

WHEN DEREK CHAUVIN knelt on George Floyd's neck at the corner of 38th and Chicago on a warm, cloudy night in Minneapolis a year ago, there was little unusual about the scene. Not for Mr Floyd, who had been arrested before. Not for Mr Chauvin, who had been disciplined twice for misconduct and had 17 complaints against him. And not for America, where police kill over 1,000 people a year—three-quarters of them, unlike Mr Floyd, armed. Sorted by race, more whites die like this than any other group. But black Americans (13% of the population) are over twice as likely to be killed by the police. In this, as in many other ways, African-American men who are poor are at the bottom of the heap. To find someone else's knee on their throat is, sadly, unsurprising.

The reaction to this murder was a shock, though. Mr Floyd's death, which was filmed by a bystander, sparked the biggest civil-rights protests in America's history. Some 20m Americans took part, flouting covid-19 restrictions. There were 7,750 protests in over 2,440 places, in every state. Beyond America, Black Lives Matter protests were staged in Brazil, France, Japan and New Zealand, among others. Companies around the world have been busily examining whether, through their hiring, buying and selling, they play a part in perpetuating racism. A year on, footballers in England's Premier League, who play in a country where just 3% of the population is black, still take a knee before games, a gesture that is broadcast to 188 countries. Thus America's struggle to defeat racism shapes other societies too.

The image of a white-skinned man, wearing a uniform that reads "To Protect With Courage, To Serve With Compassion", kneeling on the neck of a dark-skinned man evokes the worst of

America's past so strongly that there seems little doubt what killed Mr Floyd. Police violence was part of it, as was poverty. But the real culprit was racism. The jury that on April 21st, after a short deliberation, convicted Mr Chauvin of murder seemed to agree.

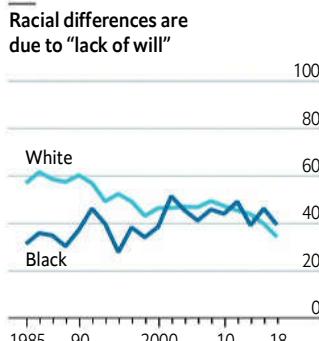
For many African-Americans, watching a constant stream of death videos, combined with the country's still racialised politics, feels like "drowning in the news", according to Eddie Glaude of Princeton University. "I never really had faith in the United States in the strongest sense of the word," he writes in "Begin Again", a book about James Baldwin published after the protests. "I hoped that one day white people here would finally leave behind the belief that they mattered more. But what do you do when this glimmer of hope fades, and you are left with the belief that white people will never change—that the country, no matter what we do, will remain basically the same?"

Drowning in the news makes it easy to miss the profound improvements in racial attitudes in America that have taken place just in the past generation, a change reflected in the scale of outrage about Mr Floyd's murder (and the rare conviction of a police officer for it). When Bill Clinton became president, a majority of Americans disapproved of interracial marriages. Cynthia Duncan, a sociologist who worked in the Mississippi Delta during the 1990s, observed that "when blacks describe a white who does not seem racist, they say, 'she treated me like a person', repeating the phrase to emphasise how rare and remarkable the encounter had been." And this was 30 years after the passage of the Civil Rights Act and the Voting Rights Act.

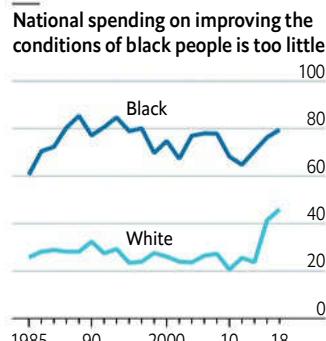
Now another 30 years have passed, 90% of Americans approve ►

Converging

United States, by race, % agreeing



Source: General Social Survey



jobs, lower incomes and crummier houses because of discrimination shot up. The share of whites who thought government should give no special treatment to black Americans shrank by a third in six years. In the year Mr Obama was elected, half of white Americans thought racial differences in incomes and wealth were caused mainly by lack of will. By 2018 that share had fallen by 15 points. Now black respondents are slightly more likely to blame African-Americans for their circumstances than whites are.

Understanding race and racism in American means grasping a set of contradictions. Despair at the slowness of improvement can be a sign of progress. Racial attitudes have changed, but black and white Americans are as segregated as they were in the era of James Brown and John Denver. As a true multiracial democracy, America has existed for less than the span of a lifetime. It is home to the biggest black middle class in the world, but also to a large black underclass that has made little economic progress since the 1960s. Writing about race is normally shorthand for writing about African-Americans, Hispanics or Asians. But as they are becoming more aware, whites are a race too.

In a multiracial democracy, emphasising race can be a recipe for zero-sum competition for public resources. Partly for this reason, the French government largely bans collection of data on race. But ducking the issue can mean that racial inequality persists. In 1967, another time of despair at racist violence, James Baldwin wrote that he wanted black Americans "to do something unprecedented: to create ourselves without finding it necessary to create an enemy." America's task now is to make multiracial politics work without setting groups against each other. No other big, rich democracy is as multiracial, but plenty will be one day. So America is once again a testing-ground for a great democratic experiment. For it to work, the first thing to understand is why it was Mr Chauvin's knee that was on Mr Floyd's throat, and not the other way around. ■

African-Americans**Things not seen****More than half a century after the Civil Rights Act, millions of African-Americans remain stuck**

THE PLACE that is now known as George Floyd Square is these days blocked to cars, creating an effective memorial. Walk in from the Powderhorn Park end and you see posters giving advice about proper behaviour, rather like those signs outside a church advising that shorts and flash-photography are forbidden. A few doors down from the Cup Foods grocery store, the last place that Mr Floyd entered before he was murdered, an arts centre has been converted into a museum for all the protest signs that were waved on the street outside. Within the arts centre there is discussion of the importance of protest gardening. In a park nearby stand around 150 white plastic headstones, each of them marked with the name of an African-American killed by the police, their dates, a fist that was the emblem of the Black Panther party and the words "Rest in Power". The combination of hippydom with symbols that are drawn from black radicalism gives the place something of the feel of the 1960s.

Powderhorn is nothing like such places as West Baltimore, Chicago's South Side or East Cleveland, where neighbourhoods are full of abandoned houses, entrenched poverty, violence and heavy-handed policing. About half its residents are white, 30% His- ►

► of mixed-race marriage. Measuring changes in racial attitudes is fraught, because as people become more conscious that prejudices they hold are no longer widely accepted, they may become more reluctant to admit them. Yet changes in behaviour suggest the shift is real, not just what people believe they should say to pollsters. More than 10% of babies born in America are now mixed-race. Research drawing on data from dating apps suggests that one in three couples who meet online are too. This is part of a demographic transformation. Since 2019, white, non-Hispanic children have been in a minority in America.

African-Americans, whose opinion on the matter ought to count, think there is less racial discrimination than there was. In 1985 three-quarters of African-Americans thought that the fact that whites had better jobs, better wages and better houses was mainly down to discrimination. By 2012, less than half thought this was the case (a share that rose after Donald Trump was elected). And yet among the general population, racism is rated a more important issue in Gallup's polling than health care, poverty, crime, the environment or national security.

How can the country have become both less racist and yet more worried that the prevalence of racism is growing? And if racism is indeed declining, why do so many African-Americans still seem to be so stuck?

Racism and awareness of racism are related but distinct. Sometimes they move in opposite directions. In the old South, where people were denied the right to vote for a century after the abolition of slavery because of the colour of their skin, it was a cliché for whites to claim not only that they were not racist but also that they understood African-Americans better than did those progressives in northern cities. Similarly, many whites who may have been unaware of racism when it was far more prevalent are more conscious of it now, as the protests after Mr Floyd's murder showed.

Guess who's coming to dinner

Since Barack Obama's election in 2008, left-leaning white Americans have undergone what Matt Yglesias, a journalist, dubbed a Great Awakening on race. R.T. Rybak, a former mayor of Minneapolis, calls it "reality therapy". The Trump-powered birther movement, which asserted that the country's first black president was a foreigner, the well-publicised killings by police of Freddie Gray in Baltimore and Eric Garner in New York, a mass-shooting at a black church in South Carolina: all these made people realise that racism was more widespread than they had thought. And then Mr Trump was elected president.

The share of whites who thought black Americans had worse

► panic and 15% African-American, a patchwork that is as rare in Minneapolis as in other cities. Barbecue restaurants run by African-Americans coexist with places selling tacos and cafés in which everything is vegan, fair trade or both. This menu echoes the alliance of white liberals with African-Americans and Hispanics that keeps Democrats in power in almost all of America's big cities. In Minneapolis the mayor, Jacob Frey, is young, Jewish and progressive, and the chief of police, Medaria Arradondo, is an African-American. This alliance can be uneasy—Nakima Levy Armstrong, a lawyer-professor turned activist, accuses the city council of being obsessed with "bike lanes and things white folks care about". But it mostly holds together.

Minneapolis is an unlikely avatar of American racism. The city to which Mr Floyd moved from Houston was built by Scandinavian immigrants, who exploited the steep natural weir on the Mississippi river to create the milling capital of the world. These immigrants brought with them a distinctively Scandinavian form of capitalism. There is still an expectation that large companies will give away 5% of their pre-tax profits, and the chamber of commerce compiles a list of companies that have done so. "The list is long and you do not want to be on it," says David Mortenson, boss of Mortenson, a *Fortune* 500 construction company founded by his Swedish great-grandfather that is based in the city. One of these causes is refugee resettlement. Minnesota is home to large Hmong and Somali refugees from civil wars. Both groups are thriving: from time to time delegations of Swedes visit to try to work out why Somalis do so much better in Minneapolis than they do in Malmö.

Within this progressive utopia, though, are areas of concentrated poverty, where inhabitants are segregated by race and a boy is more likely as an adult to go to prison than to own a home or get married. Head north from Powderhorn Park towards downtown, where the old brick mills and warehouses on the Mississippi have been converted into attractive apartments and offices, and you find yourself in Phillips. Number-crunching by Raj Chetty and colleagues at Harvard University found that a black child born poor here 35 years ago would live today in a household where the average annual income is just \$23,000 (£17,000). The number is a bit lower for boys, slightly higher for girls.

This poverty, passed from parent to child, is a feature of many big cities. Mr Floyd was raised in public housing in Houston, but seemed to find an exit via a sports scholarship to a community college in Florida. When that did not work out he bounced between part-time work, jail and struggles with drugs, finding hope through a religious awakening and moving to Minneapolis to start afresh. One of his jobs there was at a nightclub where Derek Chauvin worked off duty. Mr Floyd left one neighbourhood scarred by deep poverty only to land in another.

A pattern of deprivation

The persistence of deprivation in the same places, generation after generation, reflects how cities were settled. The South, where a majority of African-Americans still live, had formal segregation. Something similar was created in the north after the great migration of 6m black people, who moved from the bayous to the great lakes between 1916 and 1970 to flee Jim Crow and get better jobs. On arrival in Minneapolis, blacks who tried to make their homes in white areas were chased out by mobs and lawyers.

Even in the north, the threat of extreme violence was never far away. Although most of the 4,400-odd lynchings recorded by the National Memorial for Peace and Justice in Montgomery, Alabama, took place in the South, this was a northern phenomenon too. In Duluth, a city in northern Minnesota, six African-American circus workers were accused in 1920 of raping a white woman. An examination by a physician found no evidence of this. Three were

lynched anyway. A black-and-white photograph shows two men stripped to the waist and hanging by ropes from a pole, with a third man dead on the ground. They are surrounded by a large group of white men in suits and hats, some of them smiling. Duluth has had an awakening too: it put up a memorial to the victims last October.

Racial boundaries were often enforced by restrictive covenants on homes. The Mapping Prejudice project at the University of Minnesota has uncovered thousands of these, forming a ring around downtown Minneapolis. One clause in such a deed reads: "This property shall not be sold, mortgaged or leased to or occupied by any person or persons other than members of the Caucasian race." These clauses reflected racial classifications common at the time. Some referred to Aryans, the category placed first by the Minnesota Eugenics Society run by Charles Fremont Dight, who believed the key to progress was a mix of socialism with state-sponsored sterilisation of the feeble-minded. He counted Adolf Hitler among his correspondents.

When the Federal Housing Administration, created as part of the New Deal, began to underwrite mortgages in the 1930s, these racial covenants helped determine where to lend—and where not to. Light-skinned borrowers received subsidised credit to buy or build new homes, dark-skinned ones did not. In 1948, in *Shelley v Kraemer*, the Supreme Court ruled that such covenants, which were common in most big cities, could not be enforced. But anyone who sold to a black family could still be sued for damaging the value of nearby properties.

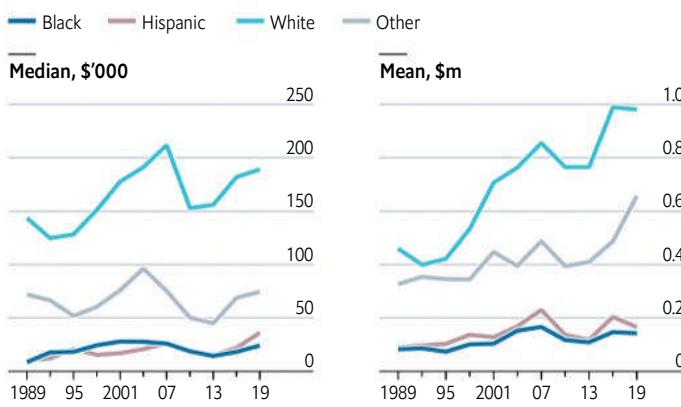
This practice was only finally stopped by the Fair Housing Act of 1968. But after the act was passed, a large number of whites fled to the suburbs, sometimes along new federal highways that were either built right through black neighbourhoods or were actively planned to wall them in. Chicago constructed a 14-lane expressway that separated a predominantly black neighbourhood with ►►



Walled off in Detroit

Diverging

United States, family net worth, by race, 2019 dollars



Source: Federal Reserve, Survey of Consumer Finances

► lots of public housing from the rest of the city. In Montgomery, Alabama, the federal highway follows a snaking path that seems to make little sense—unless you know which parts of town were black and which white.

Despite this, the first half of the 20th century and the Civil Rights Act of 1964 marked big progress for African-Americans. In 1900 life expectancy for black Americans was just 33 years, against 48 for white ones. By 1960 the gap had narrowed to seven years. After that, progress stalled. One of the most counter-intuitive facts about economic progress for African-Americans is that most of it happened before the civil-rights legislation of the 1960s. Rates of black home-ownership in 2021 are lower than rates of white home-ownership were in 1870. In Minneapolis, three-quarters of white families own homes but only a quarter of black families do, the second widest gap in the country. A survey by Robert Putnam and Shaylyn Romney Garrett in their book "The Upswing" concluded that there was "essentially no relative economic progress" for black men after 1970.

This presents a paradox. All but the most determined pessimist would concede that racism has declined since Martin Luther King was assassinated in 1968. So why have the life prospects of African-Americans, particularly men, stopped improving? The answer often given by campaigners is still racism, but transmuted into a new hidden and insidious form. This is true, yet it is more complicated than that word implies.

The great stalling

Shortly after African-Americans were guaranteed voting rights by Lyndon Johnson and a coalition of Democrats and Republicans in Congress, the great migration ended. Deindustrialisation swept through northern cities that would soon form the rustbelt. Racism did not do this: recession, shifting trade patterns, technological change and the appeal of non-unionised workforces in the South were more responsible. But, as the sociologist William Julius Wilson puts it, racist housing policies had put African-Americans in places where job losses were worst, and racist education policies had over generations left them with fewer skills to adjust and compete. Decades later the scarring is still visible. Only 60% of African-American men are employed, compared with 66% of white men and 73% of Hispanics.

At the same time two things happened to black neighbourhoods. The first was a crime spike, the causes of which are still disputed. African-American men were more likely to be both victims and perpetrators. For black men who dropped out of high school, a

spell in prison became a normal stop on the road to middle age, damaging their prospects on release and making African-American families less stable. By the mid-2000s two in every 100 black men were behind bars (the share has since fallen). The spree of lawlessness began to wane in the 1990s, for reasons that were as mysterious as they were welcome. But crime remains higher in predominantly African-American spots: 40% of black Americans say they are afraid to walk around after dark, compared with 30% of whites. This is one reason why defunding the police is so unpopular in black neighbourhoods.

The second big change was that not only did many whites leave for the suburbs, but so did many middle-class African-Americans who could get out. Thus began also a reverse migration to the South. In northern cities where the population has shrunk, residential segregation is harder to undo because little new housing is now being built. Minneapolis, which in the 1970s built the majority of its public housing in the suburbs, now builds it in more deprived areas, concentrating poverty there. The city and state also paused a politically awkward effort to integrate schools. As a result, even as cities have grown more diverse and gentrified, at a neighbourhood level black-white residential segregation is still stuck in the 1970s.

Those left behind have not fared well. Black boys born 30 years ago in the area now known as George Floyd Square would go on to live in households with an average annual income of \$17,000 a year in their 30s. One in ten would spend time in prison. This was the neighbourhood where Mr Floyd found himself outside Cup Foods that night in May 2020, with a police officer on top of him. But what brought Derek Chauvin there? ■

White Americans**The souls of white folk****White Americans are realising that they belong to a race too**

DEREK CHAUVIN was born three years after George Floyd, and grew up in Cottage Grove, a suburb of the Twin Cities 20 miles from the corner where one man killed the other. Cottage Grove is a place of detached bungalows, private yards and public driveways connected by shared lawns. Several houses have large pick-up trucks parked in front. Some fly outsized American flags from their flagpoles. This is not a rich place, but it is several rungs above Cuney Homes, the complex of apartments in Houston's third ward where Mr Floyd was raised. A boy born in Cottage Grove 30 years ago could expect to grow up in a household with an annual income of \$55,000 (the median for America is \$68,000). At the latest census, 85% of the inhabitants were white.

The story of race in America is usually about African-Americans and, more recently, Hispanics and Asians. But it is also about whites. Mr Chauvin's parents divorced when he was young. He did not graduate from high school and worked at a McDonald's for a while. He got his life on track via a traditional route of social mobility for working-class white youths: military service and the police force. In 2010 he married Kellie Xiong, a Hmong refugee, who had recently escaped an abusive marriage. A year and a half before the killing, she was crowned Mrs Minnesota in a beauty pageant. Stop his story in 2019 and Mr Chauvin, who had a medal of valour, a degree in law enforcement from a state university and a condo in Florida, seemed to have pulled himself up by his bootstraps. ►

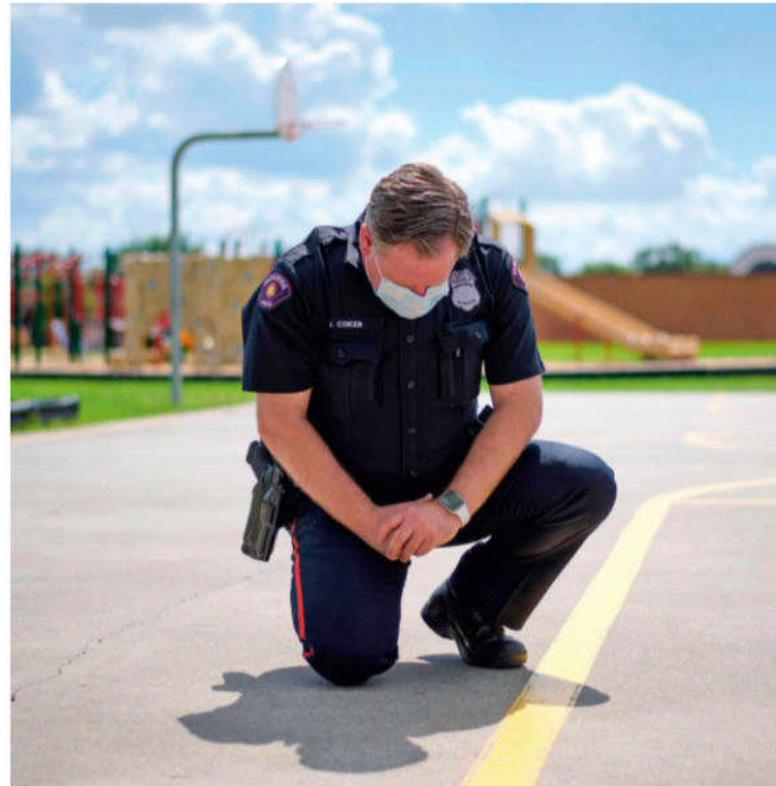
Like most of the other 800 officers in Minneapolis's police department, Mr Chauvin commuted to work every day from the suburbs. Before 2000 city police officers were obliged to live in Minneapolis. Now, as elsewhere, over 90% of them live outside it. Mike Elliott, mayor of Brooklyn Center, Minnesota, where Daunte Wright was killed by a white officer in April, said that none of his police officers lived in the city. This can give the police the appearance of an occupying force, moving in from largely white, well-off suburbs to enforce order in poor, non-white neighbourhoods, and then leaving. It also means that America's great political divide between diverse cities and inner suburbs, which vote Democratic, and whiter exurbs and rural areas, which vote Republican, is mirrored in relations between the police and the policed.

Tribal concerns

In Minneapolis the police chief is appointed by the mayor, invariably a Democrat. But the chief's ability to change the force is limited by the Police Officers Federation. The police union has support from Republicans in the state legislature, who represent rural, white districts and outer suburbs. At the time of Mr Floyd's death, the head of Minneapolis's police union, Bob Kroll, lived in Hugo, just outside Minneapolis. Hugo sits in Washington County, which like Cottage Grove is 85% white. Mr Kroll grew up in a blue-collar, union family in the city centre but moved out, one more case of white flight. He is an enthusiastic Trump supporter, even appearing on stage at one of the former president's rallies in 2019. "Good evening patriots," he began, before admonishing the Obama administration for "the handcuffing and oppression of the police" and praising Mr Trump for "letting cops do their jobs".

When it comes to their own race, white Americans divide into two tribes. As left-leaning whites become more conscious of racism, they also think more about what it means to be white. Six months after Mr Floyd's death, 30% of whites told a poll run by Ipsos that they had "personally taken actions to understand racial issues in America". A new university field, Critical Whiteness Studies, has sprung up to examine white guilt, white shame and white "power evasion" (the denial that they are responsible for maintaining white supremacy). Yet this way of talking has limited traction beyond left-leaning redoubts. More widespread is a feeling of some responsibility for the plight of African-Americans. Between 2014 and 2019, the share of whites who thought the government should spend more money on improving the conditions of African-Americans increased from 24% to 46%.

The second white tribe is different. Over the past decade, according to calculations by Bill Frey of the Brookings Institution, a



The finest taking the knee

think-tank, the number of Americans who describe themselves as Latino or Hispanic, Asian, African- or Native American (plus those who identify as from two or more races) has risen by 53%. Over the same period America's white population grew by less than 1%.

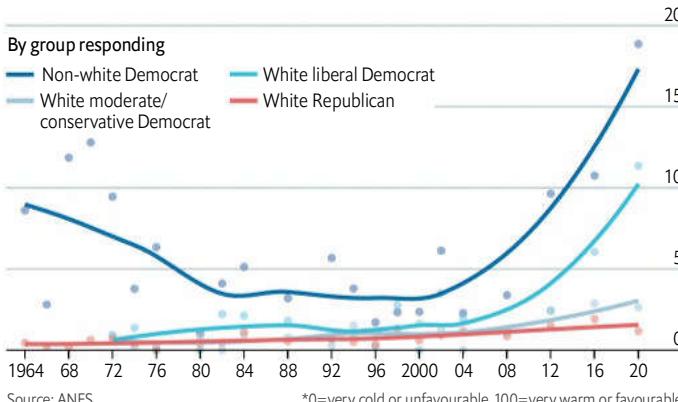
When he was running for the Senate in Texas in the mid-1960s, George H.W. Bush opposed the 1964 Civil Rights Act because it "was passed to protect 14% of the people". He said "I'm also worried about the other 86%." Ronald Reagan took the same line when running for governor of California. Richard Nixon, while pushing policies that benefited African-Americans, said that minorities were "undercutting American greatness", a familiar refrain. An unease over demographic transformation now plays a similar role in politics to the backlash against civil rights 50 years ago.

By 2005 the Republican Party had disowned its "southern strategy" of prising white Southerners away from the Democrats. "Some Republicans gave up on winning the African-American vote, looking the other way or trying to benefit politically from racial polarisation," the party chairman told the NAACP pressure-group. "I am here today as the Republican chairman to tell you we were wrong." Three years later America elected its first black president. Michael Tesler of the University of California, Irvine, notes that Barack Obama's victory set off a fresh exodus of whites away from the Democrats. "It took the election of the first black president for some white Americans to work out that the Democratic Party is the party of non-whites," he says. By 2020 the Republican Party's lead among white men without a college degree was huge: they backed Mr Trump by a margin of 40 points.

These voting patterns did not reflect only fondness for tax cuts or a dislike of immigration, the most recognisable bits of Mr Trump's pitch. They also reflected a view of race. According to Ashley Jardina of Duke University, 30-40% of whites say their racial identity is "very important". This is far lower than the share of black or Hispanic Americans saying the same. But this group of ►►

Feeling colder

United States, those rating white people below 50 on a warmth of feeling scale*, %



Source: ANES

▶ race-conscious whites, who also say they have “a lot” or “a great deal” in common with other whites, numbers about 75m people of voting age. That makes them more numerous than any minority.

White racial solidarity has a murderous past. Recently it has been associated with tiki torches, neo-Nazis and the Unite the Right rally in Charlottesville, Virginia, in 2017. Yet only a tiny fraction of white Americans share such extreme views. The sense of solidarity among whites described by Ms Jardina is broader. In her book “White Identity Politics”, she says that “white identity” is not a polite way of saying “dislike toward other racial or ethnic minorities”. White racial consciousness comes out instead in such beliefs as the evil of reverse discrimination—whites being discriminated against because of the colour of their skin. Such views are not racist in the classic sense of white superiority. Those who hold them reject anti-black stereotypes. But they are likely to discount the effects of past racism, and to believe that African-Americans would catch up with whites if only they worked harder. Like Mr Kroll, the police-union boss, who complained that Democrats accuse those who disagree with them of being racist, or Mr Trump, who claimed to be “the least racist person anywhere in the world”, many are acutely sensitive to accusations of racism.

As America becomes more multiracial, and whites lose the status of dominant group, their sense of racial solidarity may grow and the taboo against white pride may fade. A recent attempt to launch an Anglo-Saxon caucus by Republican House members could be a portent. Already many rural and suburban whites, who in Minnesota might have defined themselves as Swedes or Germans as well as Americans, define themselves as white. They, not Minnesota’s African-Americans, now live in the most racially segregated places of all.

This second white tribe thinks more like a minority than part of the country’s biggest single group. Geographic separation can lead to a reflexive bias that is different from racism in the 1950s but still lethal. Perhaps Mr Chauvin carried such instincts as he left his white suburb for work in Minneapolis. Perhaps he believed that, as the husband of an Asian woman, who also had many non-white colleagues, he treated everyone the same. After all, wasn’t that what diversity training programmes at work asked of him? ■

Anti-discrimination policies

Black power’s not gonna get your mama

How to design anti-discrimination policies that actually work

IN 1969 JULIUS LESTER published a book about the black-power movement called, “Look Out, Whitey! Black Power’s Gon’ Get Your Mama!” Since then, approaches to managing friction between different racial groups have become less confrontational and more professional. For many American institutions this takes the form of diversity training.

Like most city forces, the Minneapolis police department puts its officers through diversity training. Tanya Gladney, an ex-cop who has trained officers in nearby St Paul, says such training became standard in police departments 15 or 20 years ago. It has not stopped forces from shooting unarmed citizens, a disproportionate share of them black men. The curriculum has been tweaked and extended to incorporate the latest research into “unconscious bias”. Since then, in Minneapolis alone, Jamar Clark was shot dead by a white officer while pinned on the pavement in 2015; Philando



Let us all cool off

Castile was shot dead by a Latino officer while inside his own car in 2016; and Justine Damond, an Australian woman who called the police about a possible assault, was shot dead by the Somali-American officer who arrived to investigate in 2017.

Diversity training for police officers has been updated again. The latest curriculum was developed in New Orleans, home to a police department that became notorious after Hurricane Katrina for its violence. The training, which is called EPIC (Ethical Policing is Courageous), emphasises the responsibility of officers who stand by while colleagues use excessive force. What started in New Orleans has been rolled out across the country with the help of Georgetown University, under the brand name ABLE (Active Bystandership for Law Enforcement). Focusing on a violent cop’s silent buddies, says Ms Gladney, aims to change “what we mean by a bad apple”. Perhaps it will work. Yet in constantly tweaking their diversity training in the hope of finding something that does, police departments struggle with a higher-stakes version of a problem confronting many American institutions.

When an organisation faces internal claims of racism, or decides to change hiring or promotion in response to external prods, the impulse is strong to show that this is a priority. Over the past year, many more bodies have offered or mandated training, backed up with reinforcement sessions. Lots have hired chief diversity officers. Russell Reynolds, a headhunter, estimated before George Floyd’s death that half of Fortune 500 companies had such a post, and says demand has since leapt. But average tenure in such positions is short, at about three years. And the people who take on these jobs often feel that they are being asked to do something impossible.

That sense of impotence is reflected in academic studies. Frank Dobbin, of Harvard, and Alexandra Kalev, of Tel Aviv University, who reviewed studies of the effectiveness of diversity training, found that by making staff think more about racial attitudes, companies may actually reinforce negative stereotypes. Diversity ►



summarise their findings. "People do not want to shoot unarmed suspects at all, let alone in a racially discriminatory way, and most would be particularly motivated to avoid exhibiting this kind of discrimination. Nevertheless, most do."

A cocktail of ancestral bias, media stories and a hangover after the crime wave from the 1960s to the 1990s, all mixed in unknown proportions, may account for this. But bias is malleable, meaning it can be reduced. Ms Eberhardt's research suggests that slowing people down, giving them time to think what they are doing, can help. That fits with the shooter-test finding that people are more likely to exhibit stronger shooter bias if they have first been set a hard set of anagrams to solve and so are tired of thinking. Ms Eberhardt has worked with Nextdoor.com, a social network that had an epidemic of users reporting sightings of suspicious-looking black men, who on closer inspection turned out to be just black men. Getting users to slow down and be more specific about what they saw reduced the problem. She has also worked with Oakland's police department, which found that when officers first had to explain why they were stopping people in the street, they stopped far fewer black men.

Mr Dobbin and Ms Kalev have recommendations for what works instead. It includes recruitment programmes to identify talented women and minorities, mentoring programmes, diversity task-forces and anything that puts "existing higher-ups in touch with people from different race/ethnic/gender groups who hope to move up". Such initiatives nominally help minorities. But their real beneficiaries may be managers. Someone whose closest encounters with black males involve watching American football on TV may have different mental shortcuts to someone whose African-American colleague helps him untangle his budget.

When those suspicious of each other are brought together, hostile feelings can fade. That can lessen the sense of outrage at whatever divided them in the first place. But it may also dilute the impulse usually required to make further progress. Sociologists who study interactions between groups talk of "the paradox of harmony". As a commitment to diversity has become core to capitalist America, activists and academics who work on race find that they too are struggling with the paradox of harmony. ■

Racial categories

The all-American skin game

Anti-racists disagree over whether the goal is for race as a category to be preserved or to disappear

OF THE THREE officers with Derek Chauvin at the corner of 38th and Chicago, one identifies as African-American. In left-leaning media, James Alexander Kueng was described as Black, after a recent move to capitalise skin tone. Depending on the political leanings of the audience, his presence was proof either that the killing of Mr Floyd was not racist, because one of the officers was black, or that racism is so omnipresent that black officers stand by while white colleagues murder their kin. Yet Mr Kueng's racial self-identification, which was core to this speculation, is a peculiarly American phenomenon. In Brazil, home to more descendants of African slaves than America, he might call himself white.

Racial categorisation still bears marks of how white Americans thought in the 18th and 19th centuries. The first census in 1790 had three categories: free whites, other free persons and slaves. The 1890 census was obsessed with measuring the African blood in ►►

► training can also be divisive. White employees respond better to messages that are race-neutral, something Martin Luther King understood when he talked about judging people "not by the colour of their skin but by the content of their character". For many non-whites, that approach is off-putting and suggests a desire to skirt around the problem, which is why, despite its masterly inoffensiveness, this King quote has often been controversial.

It is a fair bet that in 2021 most Americans do not wish to indulge in racist stereotyping. There are powerful internal motives (people like to believe they are acting justly) and external ones (negative consequences for careers) to avoid doing so. And yet it happens all the time. Jennifer Eberhardt, a black social psychologist at Stanford, tells of boarding a plane with her (black) son when he was five. On spotting the only black adult male on the aircraft, Ms Eberhardt's son said "that man looks like Daddy!" And then he added, "I hope he doesn't rob the plane!" As Ms Eberhardt talked to her son about negative stereotypes, her academic work on bias and her unpaid labour as a parent briefly merged.

So-called unconscious bias may show up in people who think they are committed opponents of racism. It is controversial because some see it as an excuse (it was my unconscious that did it, not myself) while others see it as a sin that must be confessed before redemption is possible. Yet an awareness of implicit bias is useful in helping people to reflect about how they think, even if training them to be aware of it does not eliminate racism, whether in police departments or in Wall Street banks.

Conscious unconscious

Some evidence comes from policing. In the shooter test, subjects are shown images of people in a short space of time. Some are armed and some not. Some are black and some not. The person taking the test has to judge in a split-second whether the use of force would be justified. Katherine Spencer, Amanda Charbonneau and Jack Glaser, of the University of California, Berkeley,



Leaders of yesteryear

► each American: octofoots (one-eighth black) had one box, quadoons (one-quarter black) another. In 1990 respondents were allowed to identify their own racial group (before 1960 census enumerators knocked on doors and decided for themselves the race of the person who responded). But they could choose only one.

This was hard for multiracial Americans, and a headache for the Census Bureau. In the 1960 census people unsure of their race were told to pick the same one as their father (there was no guidance for what to do if that was uncertain). A decade later the bureau decided that, in ambiguous cases, the mother's race was more reliable. It was not until 2000 that Americans were given the option of choosing more than one race. When filling out the 2020 form they had a choice of white, black/African-American, American Indian/Alaska Native, Asian, Native Hawaiian/Pacific Islander and Some Other Race—or any combination of these.

Asked to fill out the form, a geneticist might tick all the boxes. The classification of races by Europeans began in earnest in the 18th century, and came with generalisations about each race's characteristics from some of Europe's most brilliant minds. "In the hot countries the human being matures earlier in all ways but does not reach the perfection of the temperate zones," wrote Immanuel Kant. The author of the "Critique of Pure Reason" went on to explain why weather meant Indians had less talent. These categorisations, if not the prejudice that goes with them, are still reflected in census categories that divide Asians, Europeans, Native Americans and so on. But the notion that race and ethnicity can be separated goes against how most geneticists think about race.

The genes controlling physical traits that correspond, more or less, with contemporary racial categories (such as eyelid shape, skin tone and nose shape) do not correspond with much else. Attempts to link particular races to desirable characteristics, such as intelligence or athleticism, are becoming rarer. In 2019 James Watson, co-discoverer of the double-helix structure of DNA, had his name removed from his laboratory in Cold Spring Harbour, Long Island, after scientists became exasperated with his repetitions of stereotypes about African-Americans, Jews and so on. The laboratory acknowledged his contribution to research, but condemned his "misuse of science to justify prejudice".

Such views return in guises like the "human biodiversity"

movement, which exists mostly on Reddit, an online message-board. Reddit is home to a fringe genre in which white supremacists take DNA tests and either discover they are not, in fact, pure bloods, or boast of the percentage of European in them. Richard Spencer, an organiser of the rally at Charlottesville for neo-Nazis, turns out to have Mongolian and north African ancestors from the 19th century. Mankind's family tree makes this inevitable. "Every white supremacist has Middle Eastern ancestors," writes Adam Rutherford, a geneticist and author. "Every racist has African, Indian, Chinese, Native American, aboriginal Australian ancestors, as well as everyone else, and not just in the sense that humankind is an African species in deep prehistory, but at a minimum from classical times, and probably much more recently."

Multiple choice

While geneticists have been breaking down racial categories, more Americans are choosing more than one box in the census. In the first one where multiple options were allowed, 6.8m declared they were multiracial. In the second, the number had risen to 9m. When the 2020 results come in it will surely increase again. Given the effort many white Americans have put into drawing a clear colour line, this ought to be something for anti-racists to celebrate.

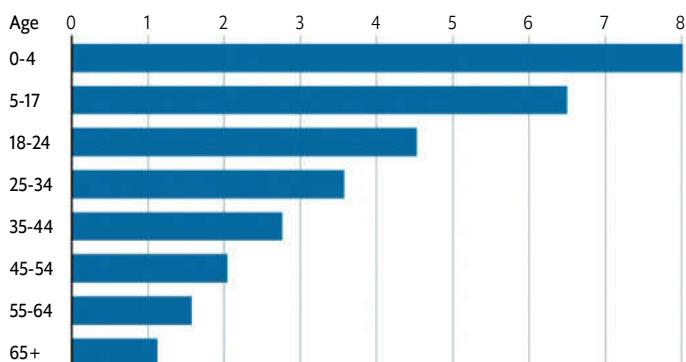
Keeping categories separate is one thing Southern segregationists and the Nation of Islam agree on. Even well-meaning activists pursuing racial equality stray towards it. Ibram X. Kendi, a populariser of "Critical Race Theory", a way of thinking about race in American academia that borrows from French post-modernists and American legal scholars, frets that merging black culture and society into a dominant whiteness will rob black Americans of the identity they need to fight racism. According to this view, integration, the aim of so many civil-rights activists, is suspicious. Mr Kendi accuses "integrationists" of "lynching black cultures".

For race to become less significant, which would be what most geneticists think and earlier civil-rights activists desired, it may need first to matter more. James Baldwin, who saw black identity politics as a means to the end of race mattering less, grasped this paradox early. "We find ourselves bound, first without, then within, by the nature of categorisations," he wrote. This is at the core of the disagreement between Mr Kendi and his generation and an older generation of intellectuals, like Glenn Loury of Brown University. Both agree that race is not real as a biological category. But one side favours what Mr Loury calls "transracial humanism", while the other worries that attempts to make race less defining may be just another form of white supremacy.

Such debates may seem distant from practical questions such ►

Young and multiracial

United States, share of each age group identifying as of two or more races, 2019, %



Source: American Community Survey

► as how to organise hiring at large firms or allocate capital. But the distance can be short. In 1989 Kimberlé Crenshaw published a paper on the disadvantages faced by black women working at General Motors in the 1960s and 1970s, who were subject to both sexist and racist discrimination. Thinking about disadvantage or oppression in "intersectional" terms has since become commonplace. Earlier this year Goldman Sachs announced plans to invest \$10bn in 1m black women. The idea of micro-aggressions, or daily slights against non-whites revealing underlying prejudice, has moved from academia to mainstream in under a decade.

Such ways of thinking about racism can be helpful. Ms Crenshaw's paper urged people to be more subtle. Mr Kendi's Critical Race Theory began as an attempt to persuade legal scholars to think about how American society really works, rather than assuming discrimination had ended when laws were passed in the 1960s. But they can also lead to absurdities like the LGBT People of

Colour Micro-aggressions Scale. Not every black woman is oppressed, just as not every white male is privileged. Such a mechanical approach gives the false impression that the key to fixing racism is to seek out the most oppressed perspective possible. To the alarm of some and the delight of others, this view is now close to orthodoxy for many students.

It also shifts attention from poverty towards identity. Some black women may face double oppression, but they still graduate from college and earn higher incomes than black men. African-American college professors often face maddening slights, reminding them of the country's racist past. In her book about caste in America, India and Nazi Germany, Isabel Wilkerson writes of feeling uncomfortable while flying on airlines, for example. But these incidents are trivial compared with the macro-aggression of a policeman kneeling on the neck of an unarmed suspect until he dies. What can be done about that? ■

The freedman's bureau

Why reparations alone would not repair racism

DRIVE SOUTH-EAST from Minneapolis for an hour and you come to the Prairie Island Indian reservation, home to one of Minnesota's 11 federally recognised Native American tribes. The federal government built a dam in the 1930s, flooding the place. In the 1970s it allowed the construction of a nuclear-power plant. Despite these blots, on a rainy Wednesday afternoon Prairie Island is full of visitors. People have come from Minnesota and Wisconsin to play the slot machines and blackjack and poker tables at the Treasure Island casino, operated by the tribe.

The Native American story runs through Minnesota. The largest mass-execution in American history took place at Mankato, south-west of Minneapolis, when 38 Dakota tribesmen were hanged in 1862. Today a small memorial garden in Mankato has a bench inscribed "forgive everyone everything". Native Americans also receive reparations. In most states they take the form of land, though it is often useless for farming or property development. But federally recognised tribes are not subject to state laws against casino gambling. So Native Americans with reservations near cities have a near monopoly over a lucrative industry. Yet gambling has been only a partial success. Native Americans still have lower life expectancy and educational attainment than any other group.

The federal government has made some attempts similarly to recompense African-Americans, but these efforts were either ineffective or withdrawn after meeting too much opposition. The unpopular attempt to redistribute land



Reparation celebration

in the South after the abolition of slavery was soon suspended. From the 1960s, various schemes were tried to favour minority-owned businesses in government contracting. They have not made much difference. For private businesses, reserving jobs for people of one race is illegal. Affirmative action, which gives African-Americans favourable treatment in university admissions and federal contracting, is being litigated away, mainly because it tends to discriminate against Asian-Americans.

Yet the idea of paying reparations for slavery has moved from the fringe since 1989, when John Conyers, a Michigan congressman, first introduced a reparations bill in Congress. Mr Conyers persisted in every Congress until he retired. It was not until Ta-Nehisi Coates

wrote an article in the *Atlantic* in 2014 that the idea became more mainstream among Democrats. In the party's 2020 primary the leading contenders all supported reparations. Since he moved into the White House, Joe Biden has announced his support for studying the issue, which looks like a case of a politician signalling support for an idea without actually having to do anything to advance it.

Even if a reparations bill passed the House, which is unlikely, it would have no chance in the Senate. The idea, which is popular among upscale Democrats, has the support of only half of African-Americans. Practical questions, such as who should receive any payment and who should be obliged to contribute, remain formidable. The political backlash against a party that made a determined push for reparations from the federal government would be fierce. This has not stopped some towns and institutions from trying. Asheville in North Carolina, Evanston in Illinois and Georgetown University have all taken steps in this direction by acknowledging a moral responsibility for slavery and segregation.

Initiatives like this may be worthy, but they will not deal with disparities in income, wealth, education and housing. The reparations movement is driven by arguments about justice, but the economic arguments for it are weak. The bulk of the black-white wealth gap is accounted for not because white Americans have inherited far more than black Americans. It is caused by African-Americans having lower incomes which, compounded over time, lead to less wealth. A one-off reparations payment would not fix that.

The future

The price of the ticket

As racism declines, the scarring it leaves behind will not disappear of its own accord

WHEN AMERICA has a shock, African-Americans suffer first and most. After the financial crisis, black unemployment soared to 20%. The meagre progress to narrow the wealth gap over the previous 50 years was erased. When covid-19 struck, African-Americans died at twice the rate of Asian-Americans. The causes are a mix of history, culture and policy. Even if racism were to vanish, African-Americans would be worst hit by future disasters.

Attempts to fix persistent disadvantage can be caught by debate over whether the remedies should be race-neutral. The Obama administration pursued policies that were race-neutral but especially benefited African-Americans. To many activists this pragmatism seemed cowardly, though calls for more boldness did not seem so bright when Donald Trump won the 2016 election. Yet the Trump administration showed the value of race-neutral policies. A tight labour market and big government spending as part of the first covid-19 stimulus lifted some 10m Americans out of poverty between June 2019 and June 2020, despite much of the economy being partially closed. Though Mr Trump was never accused of fretting about urban poverty, this helped African-Americans disproportionately, because they are disproportionately poor.

Likewise, the Biden administration's expansion of a child tax credit in its first covid-19 stimulus seems race-neutral. But it could cut child poverty among African-Americans by two-thirds, because there are so many poor black children. Before he was assassinated Martin Luther King hoped to transform the civil-rights movement into a campaign to reduce poverty. He said, "It is a cruel jest to say to a bootless man that he ought to lift himself up by his own bootstraps." A tight labour market provides a lot of boots, which is why activists follow the Federal Reserve closely.

Alongside measures to reduce poverty, something more targeted is needed. The best chance of slowing the inheritance of disadvantage from one generation to the next is for people to move out of neighbourhoods where poverty and violence are endemic. For classical liberals, this poses a philosophical and political dilemma. Liberals favour policies that maximise individual choices, but such choices often result in more segregated schools and districts. Attempts to remedy this by building public housing in better neighbourhoods, or busing black children to better schools, have set off a backlash among white Americans. In America's federal system they also retain disproportionate power, thanks to rural bias in the Senate and the electoral college.

What if people in areas of concentrated, multi-generational poverty were helped to move out? That happened in the 1970s when Chicago was sued for building public housing in black neighbourhoods. The city had to put more public housing in white areas, creating a natural experiment 20 years later. Among families who stayed put, 20% of children dropped out of high school and 21% went to college. Among those helped to move to a better area, 5% dropped out of high school and 54% had been to college.

The Clinton administration seized on this for housing schemes in Baltimore, Boston, Los Angeles and New York as part of a project called Moving to Opportunity. When Raj Chetty, then of Stanford, and Nathaniel Hendren and Larry Katz of Harvard, looked at the results in 2016 they found that, by their mid-20s, those who moved as children had incomes 30% higher than those

who stayed. This policy has since been tried in Seattle, with promising outcomes. The cost comes in the form of a couple of thousand dollars a year of higher rent, at public expense, and \$2,500 in assistance with the moves.

That is a lot of money, but Americans could pay for 6m such moves a year merely by giving up tax relief on the interest they pay on their mortgages. "There is this idea that we need ten times the Marshall Plan for everything, but these interventions are quite cheap," says Stephanie DeLuca of Johns Hopkins University, who worked on the Seattle experiment. Allowing apartments to be built in neighbourhoods zoned for single-family houses, making them more affordable for poorer families, costs nothing.

A widespread acknowledgment of racism has created an expectation that the country will move forward. But since Americans have wrestled for more than 200 years with the effects of their government's colour line, scepticism about the likelihood of progress is justified. America has been here before, in the middle of the 20th century, when most people assumed that the end of legal inequality between white and black Americans would be followed by a reduction in the economic sort. When such hopes are not met, they can soon curdle into pessimism and violent protest.

Moving forward

Part of the reaction to George Floyd's death can be explained by the shock of white Americans, more politically conscious after the first black president, finding that police were still killing so many unarmed black men. Yet disbelief will not accomplish much on its own. Reducing poverty, restraining police forces and chipping away at residential segregation could. And the chances of its happening will rise if, rather than making politics about all the ways that people with different skin tones compete with each other, politicians, activists, academics and students emphasised what Americans have in common. That does not mean erasing race. As Ralph Ellison wrote, "whatever else the true American is, he is also somehow black." But it does mean keeping a focus on poverty.

This is not just a matter of idealism. For a multiracial democracy like America, the instinct of groups to favour themselves can be destabilising. There is a well-established correlation between how homogenous a nation is in racial or ethnic terms and how much its citizens trust each other. America has grown more diverse since the 1960s, when immigration laws that explicitly favoured white Europeans were scrapped. Over the same period, Americans' trust in one another has declined. These two developments seem likely to be related.

Breaking the link, and narrowing racial disparities, is a task for the next 30 years. In his book "The Omni-Americans", Albert Murray wrote "American culture, even in its most rigidly segregated precincts, is patently and irrevocably composite...the so-called black and so-called white people of the United States resemble nobody else in the world so much as they resemble each other." This is not a bad slogan for anti-racists to adopt. ■

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Colombia

Writing on the wall

CALI

Prolonged riots point to deep problems in the country

THE STREETS of Cali, Colombia's third-largest city, have a dystopian feel these days. Marks of the protests which have convulsed the country for the past three weeks are visible everywhere. Several bus stations are now burnt-out shells; many petrol stations have been abandoned. The stench of rubbish and faeces fills the air. Towards the east of the city, protesters have occupied Puerto Rellena, a big crossroads, and renamed it "Puerto Resistencia" (Port of Resistance). Surrounded by bonfires and stolen cars, and with rap music blaring, they dance and light candles in honour of those hurt in confrontations with the police. "We're here because we are tired of corruption, we are tired of struggling, we are tired of being poor," says Blanca Cortés, a mother of two.

Cali has been hardest hit by the protests that began on April 28th in response to President Iván Duque's proposed tax-reform bill. Despite the withdrawal of the bill on May 2nd and the resignation next day of Alberto Carrasquilla, the finance minister, people are still out on the streets.

Most protests are peaceful, but several

have descended into violence, probably with the involvement of criminal groups. At least 16 people have died, according to Human Rights Watch, a pressure group, and 740 have been injured, according to government figures. Some 850 police officers have also been hurt. Roadblocks erected by the protesters across the country have led to shortages of food, medicine and vaccines at a time when Colombia is experiencing a third wave of covid-19.

The primary reason for the protests is economic. Despite decent growth since the early 2000s, inequality remains high. At the current rate of improvement, it would take 11 generations for descendants of a poor Colombian to attain the average income, estimates the OECD. The protests follow on from demonstrations in 2019, when thousands took to the streets to demand better wages and more money for higher

education. The pandemic, and one of the longest lockdowns, has exacerbated these problems. Last year the economy shrank by 6% and the government's budget deficit tripled to nearly 8% of GDP. Some 2.8m people fell into extreme poverty (earning less than 145,000 pesos a month, or \$38).

Discontent with Mr Duque, who had approval ratings of 33% before the riots, has also brought people out onto the streets. The president has failed to keep his campaign promise to make Colombia safer. Voters plumped for him rather than the leftist Gustavo Petro in 2018 partly because his party, the Democratic Centre, was known as the "party of security". But at the beginning of his term Mr Duque spent most of his time attacking the peace deal his predecessor, Juan Manuel Santos, signed in 2016 with the FARC, a Marxist guerrilla group, rather than dealing with the causes of crime.

Since then, smaller illegal armed groups—descendants from the FARC or right-wing paramilitary groups—have grown stronger. Working with Mexican gangs, they supply around 70% of the world's cocaine. Colombia is producing more of the drug than at the height of Pablo Escobar's reign, says Alejandro Eder, a politician who helped negotiate the peace deal. Indeed it is highly likely that the extreme violence in Cali, where around 180 gangs are based, was exacerbated by criminals who see an opportunity to create chaos.

More broadly Mr Duque has failed to see that Colombians, and especially the ➤

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▶ young, have a new set of “political values”, argues Andrés Mejía, a political analyst. With the FARC officially gone, they are more comfortable with left-wing politics. They also have more precarious living standards. Even before the pandemic hit, fully 28% of those between the ages of 20-24 were neither employed nor studying in a school or university. It is no surprise that most demonstrators are young, nor indeed that support for Mr Petro, Mr Duque’s left-wing former rival, is surging. He now polls at around 38% and is the frontrunner in next year’s presidential election.

The tax-reform bill would have dealt with some of these underlying economic issues, by increasing taxes on the rich so that the government could spend more on transfers to the poor. But it was seen by many as unfair. Now the protesters have a list of more than 100 grievances. Among other things, they want Mr Duque’s government to stop forcibly eradicating coca bushes, both manually and by aerial spraying. They are also demanding the introduction of a basic-income programme for 20m people that would cost the government 6% of GDP. In Cali people are furious at Jorge Iván Ospina, the city’s mayor, because he splurged public funds in a virtual version of a yearly salsa fair. Some 40% of the money was misspent or wasted, according to the body that examines public expenditure.

Mr Duque has tried to meet with the peaceful protesters, as he did in November 2019. “The most important thing is that we have to turn this into an opportunity,” he said in an interview with *The Economist*, adding later that “my obsession today is that we can address the needs of the youngsters”. On May 11th he announced that the poorest 50% of students, who account for 97% of those at public universities and technical schools, would get free education from the second half of the year. The government will soon start a job-subsidy scheme, in which it covers 25% of the salary of around 500,000 18-to-28-year-olds for at least a year, in order to boost employment among the young.

But so far the meetings between Mr Duque and civil-society groups, including the National Strike Committee, an alliance of trade unions and other pressure groups that convened the protests, have not persuaded people to leave the streets.

Another problem is that Mr Duque has no way to pay for these handouts, both of which were in his tax bill. On May 20th Standard & Poor’s, a big credit-rating agency, downgraded Colombia’s foreign-currency debt, ending a decade in which it had enjoyed investment-grade status. This will sharply increase the costs of borrowing for the government, making it even harder to raise the money the protesters would like the government to spend.

Mr Duque’s political weakness does not

help, either. His term ends in August 2022 and his party does not have a majority in the national Congress. Videos of police beating protesters have damaged Colombia’s reputation abroad. On May 13th Claudia Blum, the foreign minister, resigned amid criticism from the UN, the United States and other foreign governments over the government’s handling of the protests.

In Chile, huge protests in 2019 were appeased partly with the promise of a vote on a new constitution. By contrast, no single

measure can “deactivate” Colombia’s protests, says Francisco Miranda, a political analyst. The demands are too diverse.

Meanwhile Mr Petro is trying to strike a balance between supporting the protests, as most Colombians do, and opposing things like the roadblocks, which most people object to. If he can pull that off, he may become Colombia’s first left-wing president. Even if he doesn’t, however, the past few weeks have shown how much the country has changed. ■

Non-independent islands

Head v heart

Two islands in the Caribbean wrestle with their colonial powers

EVERY YEAR from May 25th to May 31st, the UN marks the snappily-named “International Week of Solidarity with the Peoples of Non-Self-Governing Territories”. When it comes to the Caribbean, some might not think there is much need for solidarity. For one thing, the region’s 17 non-sovereign island territories (seven of which are on the UN list) are richer and more politically stable than their 13 flag-waving neighbours: in terms of GDP per person, seven of the ten richest places in the Caribbean are non-sovereign. For another, they enjoy all the advantages of their former colonisers’ far greater geopolitical clout, powerful passports and the opportunity to move to Europe or the United States.

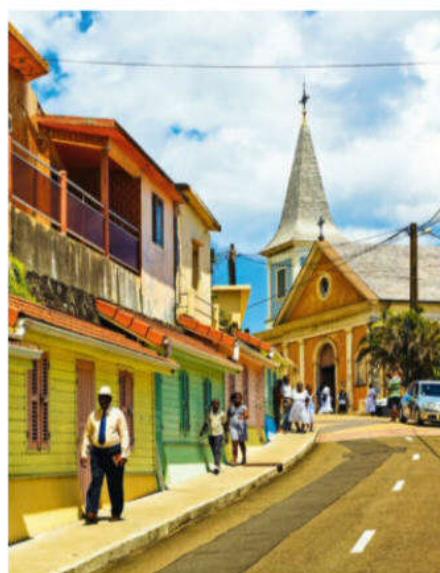
There are drawbacks, however, to not going it alone. Islanders have long wrestled with a head-versus-heart dilemma, in which material gains come at the cost of

pride and a sense of belonging. Over the past decade, cracks in the relationships with their colonisers have been widening. Covid-19 and the Black Lives Matter protests in the United States have added to a growing sense of discontent. In recent months tensions have mounted on two islands in particular.

The first is Martinique. Like its sister island of Guadeloupe, Martinique has been a *département* of France since 1946. On paper it is as much a part of France as Alsace or Normandy, and far more integrated than the Caribbean’s five British Overseas Territories, the six islands affiliated with the Kingdom of the Netherlands, or the two American territories of Puerto Rico and the US Virgin Islands (see map on next page).

Yet an old scandal has caused tensions to emerge. Chlordenecone, a very persistent pesticide, was used in banana plantations from 1972 until 1993, long after it was banned in other parts of the world. It is linked with higher rates of cancer, and some estimate that 92% of Martinican adults have been exposed to it. In January, after a 15-year legal battle, a case for “reckless endangerment” was eventually heard in a French court. To many Martinicans’ dismay, however, it was then announced that the statute of limitations to prosecute culprits might have expired, a claim that Martinican lawyers dispute. Thousands took to the streets to protest in February.

Many blame the *békés*, a white minority descended from slaveholders, for the poisonings. They control vast swathes of the island’s agricultural land and factories despite accounting for a tiny part of the population. “French colonialism never really ceased,” claims Rodolphe Solbiac, a Martinican academic. The pandemic has worsened tensions. Last year activists blocked roads to an airport and attempted to stop ►►



Paradise, run from Paris

► cruise boats from bringing in tourists—and with them, the first cases of covid-19.

Martinique is not the only island struggling with a perceived lack of agency. Sint Maarten lies 440km (270 miles) to the north, and shares an island with another French territory, Saint-Martin. In 2010 it became one of four constituent countries of the Kingdom of the Netherlands (previously it was part of the Dutch Antilles). On paper the countries are equal: they have one representative each on the Kingdom's

Council, and retain control over their own domestic affairs. In reality the islands are dwarfed in size and wealth by the Netherlands. As in Puerto Rico, it is the old colonial power that has the final say.

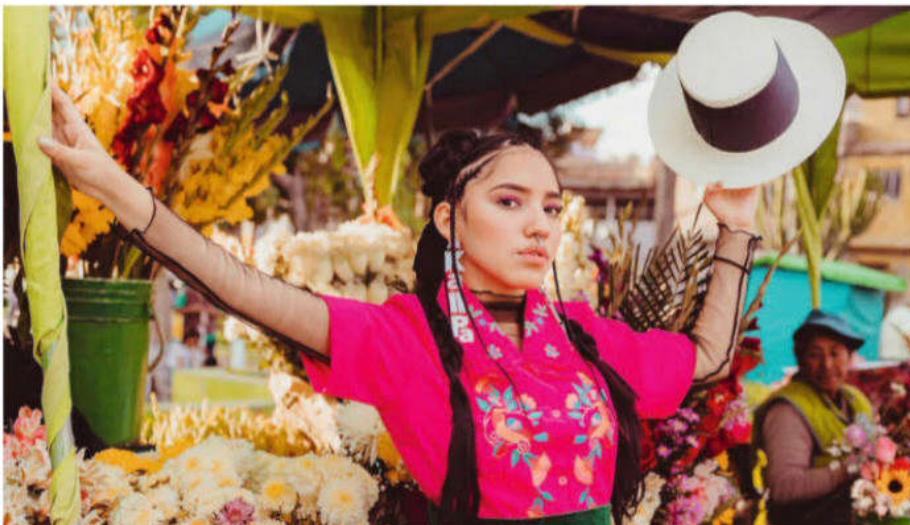
In March, 12 of the island's 15 MPs signed a petition to the UN accusing the Kingdom of the Netherlands of "persistent acts of racial discrimination and violations of international human-rights law". Politicians (rather than activists) already grumbled about their "white Dutch fiscal overseers",

referring to members of a Board of Financial Supervision who monitor Sint Maarten's public finances. The trigger for the petition was a demand that another supervisory body be created in exchange for €18m (\$22m) in covid-19 relief. The new Caribbean Reform Entity will have powers to oversee budget cuts (including MP's salaries) and introduce tax reforms.

Non-independent territories get sizeable wads of cash from their former colonisers. Following Hurricane Irma in 2017, the Netherlands distributed grants through a trust fund amounting to €550m, or about 60% of Sint Maarten's GDP. In 2019, fiscal transfers from France to Martinique came to €2.9bn, the equivalent of almost a third of Martinique's GDP.

Yet to many, these arrangements feel paternalistic. The petition also accused the Dutch of imposing excessively harsh austerity measures, creating a "debt trap" with its conditional loans, and of being too slow to release aid. Similar issues have plagued Puerto Rico and certain British territories. The Dutch say intervention is necessary to stop bad governance. The Sint Maarten MPs argue that their right to self-government is being trampled.

In Martinique, calls are growing for reparations for the Chorldecone scandal and for slavery, something also demanded in the Sint Maarten petition. The Sint Maarten parliament also passed a motion to "finalise the decolonisation process" (it has not specified what exactly this means). Even so, independence is unlikely. In a referendum in 2010 79% of Martinicans voted to preserve the status quo. In Sint Maarten ordinary folk are more pragmatic than their MPs (who also quietly admit they are not ready for independence). "Maybe we see things from a different perspective, the people and the politicians," says Ellen, a 67-year-old cashier at a jewellery shop on the seafront. Because of covid-19 the tourist-dependent economy is estimated to have shrunk by a quarter, and times are tough. "If we go independent, we're gonna be in a hole we can't come out of." ■



Renata Flores

The way it makes her feel

LIMA

A Peruvian singer embraces her Quechua heritage

FEW POP videos require subtitles. But a minute into "Francisca Pizarro", a song by the Peruvian singer Renata Flores, some appear. "Let's just remember that our worlds came together," Ms Flores (pictured) croons in Spanish, shortly before breaking into dance and into Quechua, the language of the Inca.

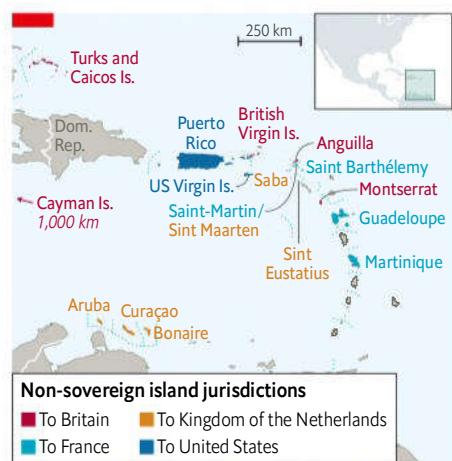
Some 47 indigenous languages are used in Peru, by 4m people. Around three-quarters speak Quechua, which is also spoken in Bolivia and Ecuador. Designated an official language in 1975, it has been promoted in recent years by politicians. In 2017 Pedro Pablo Kuczynski, then president, launched a "policy for native languages", including state-run news programmes in indigenous tongues, ahead of the 200th anniversary of independence from Spain this year.

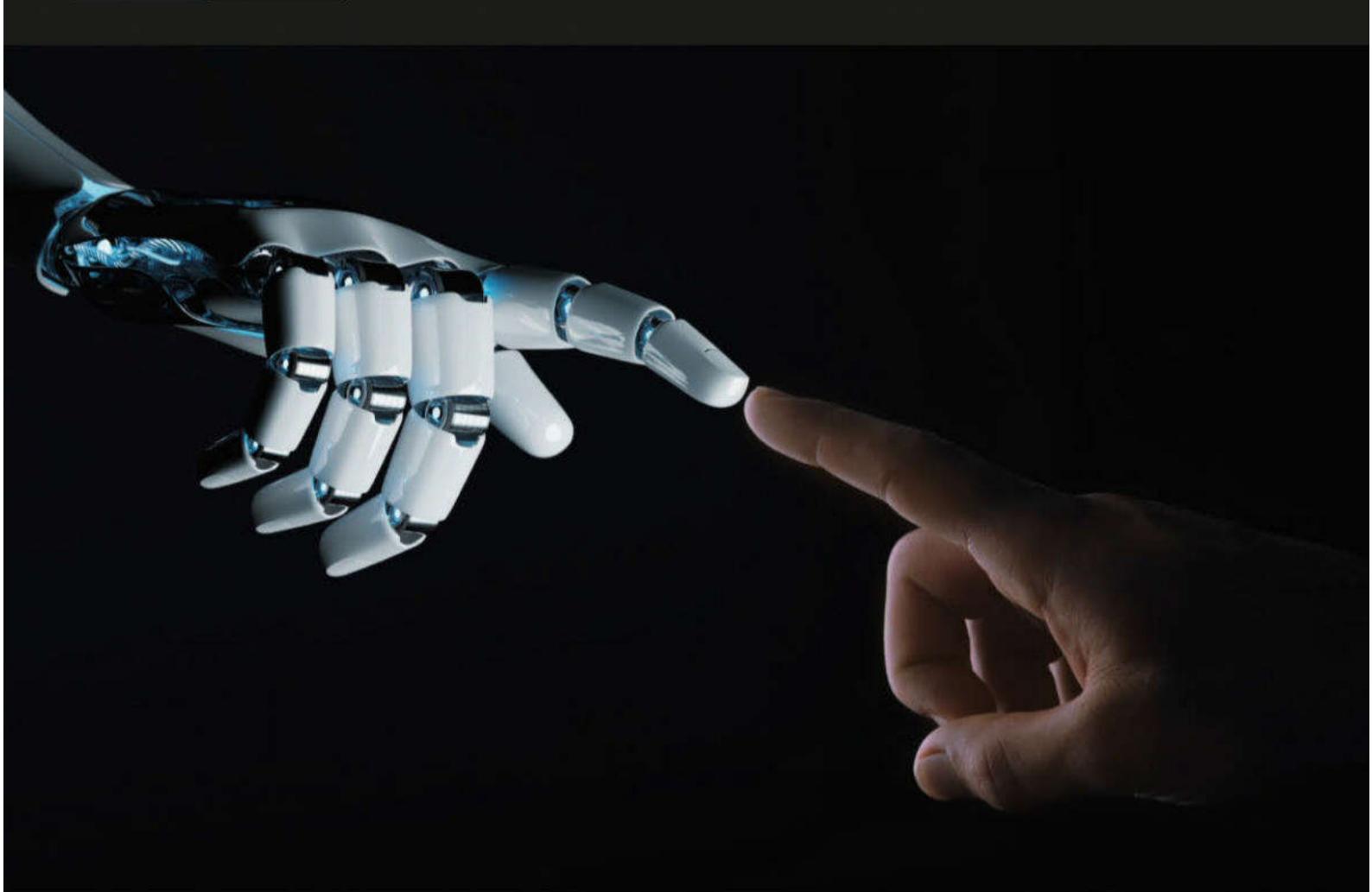
Such endeavours have given Quechua a modest boost. It has received a bigger one, some say, from the music of Ms Flores, a 20-year-old from Ayacucho. Her Quechua cover of Michael Jackson's "The Way You Make Me Feel" went viral online in 2015. In March Ms Flores released her first full-length album, which fuses rap

and hip-hop with pop and blues and which is mostly sung in Quechua. She also became the face of a new line of perfume, speaking the language in the adverts. "I think people can do much bigger things when they can use their own language," says Ms Flores.

All this is despite the fact that she did not study it until she was 13. Indeed, although now fairly fluent she still goes to university classes to brush up on it. Luis Andrade of the Catholic University of Peru suggests her music could be part of the reason why more people are now identifying as being of Quechua descent.

"The use of Quechua, for me...is being able to express yourself in a way you feel comfortable," says Ms Flores. Of course, it also draws attention, which is useful for a pop star. Rosalía, a Spanish singer whom Ms Flores name-checks in "Francisca Pizarro", has been accused of "cultural appropriation" for using reggaeton (which originated in Puerto Rico) and flamenco (which is associated with the Roma). Ms Flores has yet to face similar complaints for copying an African-American artist, but you never know.





Now & Next

Creative differences

How AI took on Jay-Z

The latest in a series of films exploring the defining themes of the modern age



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The Tokyo Olympics

Faster, stronger, superspreader?

TOKYO

With vaccination going slowly, opposition to the games is intensifying

AS THE OLYMPIC torch passed through Hiroshima this week, organisers kept the relay away from the streets. A torch-lighting ceremony took place without spectators. Thomas Bach, the president of the International Olympic Committee (IOC), cancelled a planned visit. Hiroshima, along with Tokyo, the host city, and seven other prefectures, is under a state of emergency amid a fourth wave of covid-19.

The event underlined the contortions required to host a global sporting extravaganza during a pandemic. Japan has so far avoided explosive outbreaks of the virus, with fewer than 12,000 deaths since the start of the pandemic, thanks in part to stringent border controls in place since last spring. But more than two-thirds of those fatalities have come this year. The latest wave, fuelled by more infectious variants of the virus, has strained regional health systems, while vaccinations have been slow to flow. The Olympics are scheduled to kick off in two months. About 15,000 athletes and perhaps 90,000 hang-oners from some 200 countries are set to enter Japan. Many Japanese worry that

they will be the losers: 60% would rather not hold the games at all.

Organisers insist the Tokyo Olympics can be held safely. They point to recent virus-free sporting events, such as the Masters, an American golf tournament. They aim to create bubbles around the Olympic village and competition sites, to isolate participants from locals. Though vaccination will not be mandatory for athletes, Mr Bach claims that 80% of those in the Olympic village will be vaccinated by the start of the games. Foreign spectators will not be allowed to attend. A decision on local spectators is expected in June.

Many doctors and public-health experts remain unconvinced. Resources that

could be used for testing, treating or vaccinating the local population may be diverted to the games. Increased movement of people within Japan, such as during public holidays in early May, has tended to beget rises in cases. With events planned in nine prefectures including Tokyo, training camps across the country, and volunteers coming from all over, more movement is inevitable—and with it, more cases, argues Taniguchi Kiyosu, the head of a big hospital in Mie prefecture and a co-author of an editorial in the *British Medical Journal* calling for the games to be cancelled. Dozens of towns have scrapped their plans to be bases for foreign teams to train.

New viral variants complicate things even more. The more infectious B.1.1.7 strain already circulates widely. The convergence of people from across the world could allow yet more to enter and mutations to form. "Japan will become a mixing vessel," says Mr Taniguchi. Participants could bring the virus back to their home countries, many of which have less robust health systems, says Oshitani Hitoshi, a virologist who sits on an expert panel advising the government. "Just one imported case can trigger a large outbreak," he says.

Japanese people might feel safer if they had as much protection from the virus as Olympic athletes. According to *The Economist's* covid-19 tracker, just 4.5% of Japan's adult population has received at least one dose of the vaccine, a shade behind Myanmar. Suga Yoshihide, Japan's prime minister, wants to finish vaccinating the elderly ►►

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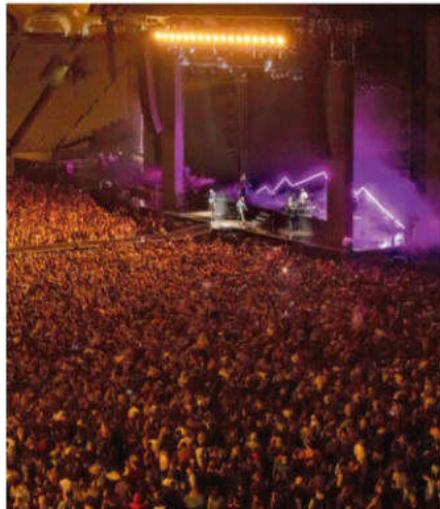
▶ by the end of July. But only two-thirds of Tokyo's wards reckon they will be able to. Supply is not the problem. *Nikkei*, a business daily, recently estimated that at least 10m doses remain unused in freezers.

Nor, at this stage, is the problem demand. Although Japanese tend to express a high degree of hesitancy about vaccines in general, that reluctance does not appear to extend to the covid-19 vaccine, says Shimoariso Makoto of Japan's covid-19 task force. When reservations for a mass-vaccination centre in Osaka opened this week, the 25,000 slots on offer were booked up in around 25 minutes.

Instead, logistical tangles and bureaucratic risk-aversion have slowed the roll-out. Booking websites and call centres have suffered technical glitches. The health ministry stuck to rules requiring local clinical trials for foreign vaccines. Only the Pfizer-BioNTech shot has been approved for use so far. Japan also lacks staff to administer vaccines, in part because Japanese law allows only registered doctors or nurses to do so. An exception has been made for dentists; officials are now wringing their hands over whether to let pharmacists give jabs too. A mistake by an inexperienced practitioner could have fatal knock-on effects, given Japan's history of vaccine hesitancy, argues Mr Oshitani: "We are very, very sensitive to any adverse event in Japan. One single such event may halt the whole vaccination process."

Nonetheless, the pace of vaccination is accelerating and likely to quicken more in the coming weeks. Japanese officials were expected to approve the Moderna and AstraZeneca vaccines as *The Economist* went to press. The defence ministry plans more mass-vaccination centres. That will please citizens unhappy with the government's dawdling. More than 80% of Japanese believe the vaccine roll-out is moving too slowly. Approval of Mr Suga's cabinet has in turn slid to record lows.

Cancelling the Olympics might help allay many voters' suspicions that he is giving priority to the games over their health. But it is not as simple as it seems. Olympic host-city contracts give the IOC the exclusive right to call off the games. It remains eager to move forward. If the Japanese government were to cancel unilaterally, the IOC would have the right to seek damages in court, says Matsumoto Taisuke, a sports-law expert at Waseda University in Tokyo. Japanese officials also dread the impression they would create if Japan bailed out, while China, its regional rival, pulls off the Winter Olympics in Beijing early next year. Instead, Mr Suga has taken to repeating a single phrase like a mantra: Japan, he says, will put on a "safe and secure games". Much, from the fate of his premiership to the course of the pandemic around the world, rides on that promise. ■



The isolated Antipodes

Tall borders

SYDNEY

Australia and New Zealand cannot hide from covid-19 forever

LAST MONTH Six60, a mystifyingly popular Kiwi band, played a gig for a real, flesh-and-blood audience of 50,000 people. "Next time they tell you it's impossible," the band wrote online, "Show them this." Alongside was a photo of the sort of crowds unseen in most of the world since early 2020.

Kiwis and Australians can enjoy what used to be known as normal life because they have almost eliminated the novel coronavirus. Neither country has had many local transmissions this year. Restaurants and bars are busy. Provincial towns bustle with domestic tourists.

The secret to their success is simple: both countries, already hard to reach, simply cut themselves off from the rest of the world. They pulled up the drawbridge in March 2020, allowing only citizens and permanent residents to return. Neither plans to lower it again soon. Australia's international borders will stay closed until at least mid-2022, its government announced on May 11th. "We have to be careful not to exchange [our] way of life for what everyone else has," the prime minister, Scott Morrison, told a local newspaper.

This goes down well with voters on both sides of the Tasman Sea, who have got used to living without risk. Yet covid-19 will circulate globally for years to come, even with vaccines. Antipodeans cannot keep it out forever, "unless they want to be isolated from the world until the end of time", says Alexander Downer, a former Australian foreign minister.

Some have started asking what happens next. A group of business leaders in New Zealand has called for "a path towards sustainable virus management". Australia cannot ride out the pandemic in an "eliminationist bunker", Nick Coatsworth, Australia's former deputy chief medical officer, told a room of doctors this month. "There will come a point where we have to change the way we measure our success against covid," says Gladys Berejiklian, the Liberal (ie, conservative) premier of New South Wales—though not until locals are vaccinated.

Yet vaccine roll-outs in both countries are proceeding slowly. Only 7.5% of adults in New Zealand have received a first dose, fewer than in Zimbabwe or Palestine, according to *The Economist's* tracker. Australia has jabbed 16% of adults once, but many Australians are hesitant about having a shot. The federal government hopes it can immunise all adults by the end of 2021, which would mean working twice as fast.

There are ways to loosen restrictions before that. One is to impose less onerous quarantines on vaccinated travellers, who must spend two weeks in isolation in a guarded hotel, just like unvaccinated ones. Australia's government says it is thinking about allowing them to quarantine at home. That could help reunite separated families, of which there are many.

Another is to start travel corridors with countries with low rates of transmission. Australia is in talks with Singapore, but a fresh outbreak in the city-state has shown how hard these will be to launch. Nervy Kiwis balked even at a bubble with Australia, which started in April, notes Oliver Hartwich of the New Zealand Initiative, a think-tank. That, he says, is about as ambitious as Jacinda Ardern, New Zealand's prime minister, will get for now.

Neither she nor Mr Morrison has much reason to push hard. Their economies are faring well. And they can easily brush away criticism as callous disregard for life. When the boss of Virgin Australia, an airline, suggested recently that "covid will become part of the community" and "some people may die", Mr Morrison berated her for being "insensitive". An election is expected soon. He is well ahead in the polls.

About 35,000 Australians are still stuck overseas, unable to snag a spot in quarantine hotels or on unpredictable flights. When a new wave of covid-19 washed over India last month, Mr Morrison barred Australians in India from returning or risk fines and jail time. No other country has threatened its own people thus. He later reversed the policy, but three Australian citizens have since died in India. "Going down the hermit route," says Tim Soutphommasane of the University of Sydney, is "a rejection of our modern transformation into a confident, multicultural country." ■

Archaeology in Laos

Jars on a plain

PHONSAVAN

Why are hundreds of massive stone jars scattered across north-east Laos?

ASK LAO elders, and many will tell you that their lands were once ruled by giants. The greatest was a warrior king named Khun Jeuang whose armies, the story goes, celebrated their conquests in modern-day Xieng Khouang province in north-east Laos, with whisky served from enormous stone urns. Today more than 2,000 of these vessels, standing up to three metres high and weighing as much as 30 tonnes, can be found scattered across the prosaically named Plain of Jars. Generations of Lao grandchildren have heard the tale. But the details can be fuzzy. Asked when the events took place, Champa, a goish local, estimates it was "looong ago".

Ask archaeologists working in Laos and their answers are not much more precise. The first systematic study of the Plain of Jars was done in the 1930s by Madeleine Colani, a French geologist, who found dozens of sites and a puzzling array of objects: stone pendants, glass beads, human bones, children's teeth. She reckoned the sites functioned as a necropolis during South-East Asia's Iron Age, which was roughly between 500BC and 500AD.

Events thwarted further research. The second world war, Japanese occupation, French retreat and civil war did not offer conditions conducive to archaeology. During the war in Vietnam, many American bombs fell on the area. A third of them failed to detonate. For decades the landscape was littered with unexploded ordnance, much of which remains. Researchers pursued easier targets, leaving Laos, in

the words of one Lao archaeologist, "terra incognita".

Recent bomb clearance has opened the door for renewed study. Colani knew of 26 jar sites. Today over 100 and counting have been catalogued. Technology has also advanced since her time. Scientists have used carbon dating on organic objects associated with the jars, such as bones, teeth and charcoal. Most were found to be from within the Iron Age window. But the jars themselves are made of stone, which is difficult to date. So an international team of scientists devised a workaround. Over the past few years, using a technique called optically stimulated luminescence, they have tried to measure when the earth beneath the jars was last exposed to light.

In peer-reviewed research in March, the team concluded that samples beneath two jars at one site probably date from between 1350BC and 350BC, much older than thought. Taken with the dates of the other objects, that could help clarify if the jars were always associated with burial or had other purposes too, like storing grain or water. Analysis on two other samples is pending. Other mysteries remain to be solved, too, such as how prehistoric people moved the 30-tonne jars.

Newfangled research has not dampened the spirits of storytellers. Indeed, it may help them spin more yarns. The Lao government hopes to attract foreign tourists to the Plain of Jars, which earned UNESCO's "World Heritage Site" label in 2019. Meanwhile, Lao families and teenage lovebirds have become frequent visitors. And tour guides have elegant ways of answering questions that still elude science. Vong, a 47-year-old tour guide, explains what his grandfather once told him. If the jars belonged to giants, young Vong had asked, why are there human bones near them? Unflustered, the elder replied, "When the giants drank whisky, don't you think they had barbecue too?" ■

Politics in the Pacific

Play FAST and lose

WELLINGTON

Samoa's prime minister of 22 years is booted out by voters and the courts

"**I** AM APPOINTED by God," to lead Samoa, said Tuilaepa Sailele Malielegaoi, the world's second-longest-serving prime minister (after Cambodia's Hun Sen), in response to protests this month demanding that he step down. "They should go to a church and pray instead of protesting in front of the courthouse. The judiciary has no authority over my appointment as prime minister."

The judiciary, it turned out, disagrees. It is one of the few institutions Mr Tuilaepa has not managed to dominate during his over 22-year-long tenure. On May 17th Samoa's Supreme Court ruled unlawful moves by the country's electoral commission and the O le Ao o le Malo, or head of state, which would have allowed Mr Tuilaepa a shot at a sixth term. That clears the way for Fiame Naomi Mata'afa, of the FAST party, to become the country's first female prime minister.

Such political turmoil is unusual for Samoa, an island of stability in a region where most governments struggle to survive a single term. Things like a shift in its timezone to the Asian side of the international dateline and a switch in the side of the road on which Samoans drive count as big changes there. The recent drama started after elections on April 9th, when the prime minister's Human Rights Protection Party (HRPP) won just 25 of the 51 seats in parliament. FAST and a single independent won the rest. On April 20th the electoral commission invoked the gender quota for parliament to manufacture an extra MP for HRPP, on the basis that only five of the new lawmakers were women, 0.2% short of the 10% required.

With parliament now split down the middle, the O le Ao o le Malo accepted the advice of his prime minister, one Mr Tuilaepa, that fresh elections should be held to break the deadlock and allow a new government to get on with the crucial business of passing a budget before the current one expires at the end of June. On May 17th, four days before the new election, the Supreme Court passed down its verdict on both moves. The HRPP lost its additional female MP. The election result was upheld. And the writ for fresh polls was cancelled. Mr Tuilaepa, newly converted to the justice of mere mortals, declared his intention to fight the ruling on the extra MP at the Court of Appeal. He insisted that parliament cannot sit until the 28 challenges to the elec- ►►



A load of crocks

tion in April have been heard by judges. If Mr Tuilaepa is not giving up just yet, it is because he is a master at playing this game.

The chapter may bring to a close 33 years of HRPP rule, 22 of them under Mr Tuilaepa. Over that period the party acquired a reputation for competent economic management, along with one for using its control of state bodies to squash the opposition. Laws changing the rules of the system—such as by requiring MPs who switch parties to vacate their seats, or denying official recognition to small parties, thereby depriving them of public funds—

have long been deployed to weaken the HRPP's rivals. After the previous election, in 2016, the main opposition party at the time, Tautua Samoa, was reduced to just two seats in parliament.

The rise of a viable opposition in this election is thanks to a split in the ruling party. Last year several HRPP members, including Ms Mata'afa, formerly Mr Tuilaepa's deputy, broke away to form FAST. The cause was a set of laws that removed the Supreme Court's jurisdiction over appeals from the Land and Titles Court, mostly concerning disputes about land ownership

and chiefly titles. The intent may have been to appeal to voters tired of long delays in the land court, but the effect was to divide the judicial apparatus into parallel systems, one dealing with criminal matters and the other with customary law.

Ms Mata'afa called the move an "erosion of the rule of law". Mr Tuilaepa accused the FAST leadership of "treason" and launched an investigation into their activities on the last day before the dissolution of parliament. That probe may go nowhere. But if Mr Tuilaepa insists on doing the same, the judges' job may not yet be over. ■

Banyan Vanishing act

As a second wave devastates India, Narendra Modi is nowhere to be seen

OVER THE past seven years Indians have watched Narendra Modi's neat hair and trim beard grow whiter and longer. There was no way to miss the change, because there was no escaping the prime minister's face. He was on television snipping ribbons, waving to adoring crowds and grappling foreign leaders; on posters doling out subsidised cooking gas or cheerleading for pilgrimages to Hindu holy sites; and even, in recent months, gazing benignly out of vaccination certificates next to the words "Together, India will defeat covid-19".

Yet, as covid casualties rocketed up in mid-April, the omnipresent Mr Modi started fading like the Cheshire Cat. For weeks he scarcely appeared at all, and now that his handlers are producing more of what they call "interactions", these tend to take the form of stilted Zoom calls with panels of officials, or, more recently, a helicopter tour over his own storm-battered state of Gujarat.

With thousands of Indians dying daily, and many more failing to find life-giving oxygen or simply a dignified funeral for their loved ones, one might have expected a man with such a showman's talent to rise to the occasion, to signal solace or hope to a wounded nation. But the most powerful leader in a generation seems unable to do more than deliver finger-wagging homilies. "When we needed a warrior we see instead a Himalayan sage," muses Karan Thapar, one of India's most seasoned television interviewers.

The prime minister's absence should come as no surprise. In other moments of turmoil he has similarly chosen to step back rather than forward. When anti-Muslim pogroms roiled the state of Gujarat in 2002, soon after he had become its chief minister, Mr Modi van-

ished into "top-level" conclaves. As prime minister, Mr Modi was absent for months as lynch mobs rampaged in the name of "cow protection". When nationwide protests against new citizenship laws broke out in 2019, when sectarian riots exploded in Delhi a few months later and when more massive protests erupted again last autumn over new farm laws, the prime minister was nowhere to be seen.

In fact, the tendency to shy away from bad news has become a trademark not just of Mr Modi, but of his government. The prime minister himself has never held a press conference, and typically reserves interviews for servile reporters. His lesser ministers, too, have over time grown less accessible and less amenable to questioning, even in parliament: covid has provided an excuse to shorten sessions and cancel committee meetings.

When a stage empties, other actors step in. Cartoonists, an increasingly harried profession under Mr Modi, are now on the offensive, picturing the prime minister hiding in his closet with his multicoloured "Modi jackets", or playing a fiddle

surrounded by funeral pyres. Many have attacked his government's tone-deaf insistence on pursuing a \$2.6bn vanity remake of the government complex in central Delhi in the midst of a pandemic. "And here is the secret bunker where you can hide from any national crisis," says an architect in one cartoon, pointing at what others have derided as the "coffin-shaped" design of India's planned new parliament building. Another cartoon inserts long white beards into a snakes-and-ladders board where the goal is to get vaccinated. Land on a wrong square and you slide back down the beard.

Nor is it just professional funsters who are weighing in. On May 12th one of India's biggest student unions filed a missing-person report for Amit Shah, the home minister, on the grounds that Mr Modi's closest henchman, who is also the most feared person in India, has not been sighted for weeks. Around the same time, posters appeared in Delhi questioning the government's decision to send millions of vaccine doses abroad before securing them for "our children".

But perhaps the hardest blow to Mr Modi's image may be one from a less expected quarter. Writing in the prime minister's native tongue, Gujarati, Parul Khakkar, a housewife-turned-poet whose verse is much admired in the prime minister's own Hindu-nationalist circles, penned a short, bleak poem addressing a king. Your promised "Ram rajya" or heavenly kingdom, she concludes every stanza, has made of the sacred Ganges a corpse-carrying hearse. And the king, his people now see, is naked. After receiving more than 25,000 abusive messages, Ms Khakkar had to turn her Facebook page private. But her bitter diatribe has gone, for want of a better word, viral.





Traditional education

The return of Confucius

ZHUZHOU

Parents and officials want more classical teaching in schools

AT FIRST GLANCE, Huaguoshan kindergarten in Zhuzhou, a city in the southern province of Hunan, looks much like any other nursery. Four brightly painted playrooms have buckets of building bricks and soft, coloured mats. But on higher floors, the classrooms are more spartan. Rice-paper lanterns and a row of black roof tiles running along the top of the walls evoke ancient Chinese architecture. Children wear powder-blue fleeces with the mandarin collars and frog fasteners of traditional jackets. Large portraits of Confucius hang on otherwise bare walls.

The kindergarten opened in September but already has a year-long waiting list. It taps into a growing nationwide demand for *guoxue*, or "national studies". This usually involves learning classical Chinese thought, texts and morals, especially those associated with Confucius. Children at Huaguoshan are taught how to bow, how to greet each other politely in the street and how to sit attentively, with back straight and hands placed carefully in their laps. In one room they noisily stamp leaves onto muslin bags to learn an ancient dyeing technique. In others they recite poems,

practise calligraphy, perform tea ceremonies and play Chinese chess. But, say teachers, mastering skills is secondary to building character. A child learns to "respect her rival and accept defeat" in chess; in the tea room, to "value what is fragile as you would a porcelain cup".

After decades of worshipping foreign trends, many people are now interested in such traditions. Television shows include "Chinese Poetry Conference", in which members of the public are quizzed on classical stanzas. Young people don traditional robes in public. At the heart of the trend is education. Frost & Sullivan, a data firm, estimated that the market for children's *guoxue* education was worth 466bn yuan (\$73bn) in 2018, almost double its value in 2014. Schools charge hefty fees. The organisation that runs Huaguoshan, a non-profit, also relies on donations. It promotes its educational philosophy on social

media, with clips of its pre-schoolers reciting poems in traditional garb.

Revered for 2,500 years, Confucius was vilified during the 20th century. *Guoxue* fans speak of "a hundred-year gap". In 1905 the failing Qing dynasty abolished imperial civil-service examinations based on the *sishu*, the four Confucian texts. Modernisers saw the beliefs as blocking progress.

The worst assaults were after the Communists came to power in 1949. During the Cultural Revolution, Mao exhorted people to smash anything old. Gangs of Red Guards swarmed Qufu, the sage's hometown, and blew up his tomb. It was only in the mid-1980s, nearly a decade after Mao's death, that the anniversary of Confucius's birth could be marked once again.

Top down, bottom up

China's return to tradition is driven in part by a sense of cultural loss. Many Chinese people are eager to rediscover their heritage, stripped away by decades of Communist rule. But it is also flourishing because it now meshes with official objectives. President Xi Jinping has done more than any other modern leader to elevate Confucian ideas. Soon after coming to power in 2013, Mr Xi visited Qufu, as emperors had done before him. He called for "new and positive roles" for Confucianism.

The ancient system of thought emphasises respect for authority, reverence for ancestors and deference to elders. Confucius taught that such values were essential to achieve moral excellence as an individual. Such upstanding citizens would form ►

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50 Xi who must not be named

51 Chaguan: Poor husbands, rich wives

► the basis for wider social harmony and political stability. Emperors used the philosophy to instil obedience. Mr Xi wants to do the same. Party leaders also approve of Confucianism because, unlike socialism, it is home-grown. It appeals to young nationalists who cheer the party's call for *wenhua zixin*, or cultural self-confidence.

Strictly speaking, all primary and secondary students should be at state-regulated schools, though most kindergartens are private. *Guoxue* content, such as classical poems, has long been part of the state secondary-school curriculum. In 2014 more of it was added to the university-entrance exam. The number of classical texts to be taught in schools increased from 14 to 72. In 2017 the government put out guidelines for having a comprehensive *guoxue* syllabus in primary and secondary schools by 2025. In May the education ministry confirmed the plans, saying it was important for young people "to be formed into upright Chinese" with the patriotism "to serve the country". State-approved *guoxue* classes would "enhance a sense of belonging to and pride in the Chinese nation".

For many Chinese, the sage's musings hold a different appeal. In neglected Confucian morals, educators see a set of values that may be a solution to modern social ills, just as some in the West turn to traditional Christian values. Jia Hong, who set up Huaguoshan and two other *guoxue* preschools, says, "Nowadays we hear about so much bullying and brattish behaviour." Many think a lack of good manners is to blame. Three-quarters of the 200 children at Ms Jia's kindergartens used to attend regular ones. She says parents remark on how Confucian rituals have calmed their children and helped them focus.

Many young parents believe that the national obsession with exams has distracted them from other forms of edification, says Cao Shenggao of Shaanxi Normal University. Some do consider the discipline instilled by *guoxue*, or mastery of the zither, say, as one more way to set their child apart in the educational rat race. *Guoxue* institutes often hint that their after-school classes can help boost test scores.

But many others see *guoxue* kindergartens, which are legal, and *guoxue* primary and secondary schools, which operate in a legal grey area, as a way to shield children from relentless competition, at least early on. Scandals have spurred the government to crack down on the shadier end of such schooling. In 2019 a boy died after teachers at his boarding school refused to take him to a hospital, insisting on using traditional medicine. Last year the founder of a *guoxue* camp that claimed to cure internet addiction was sentenced to three years in prison, after pupils were found to have been abused. The government has also banned the teaching of "feudal dregs", such as Con-

fucian texts extolling female submission.

Educators such as Ms Jia support the crackdown. But many popular *guoxue* schools for older children are keen to stay self-sufficient if they can, declining offers to work with local education boards. Tian Yu, a scholar of Chinese education based in America, finds that the schools appeal to certain parents as a way to avoid the political indoctrination of the state system. *Guoxue* educators say quietly that the revival of forgotten culture should come from the bottom up. But in a contest to define what counts as tradition, the party will always want to have a say. ■

Deniable dissent

Xi who must not be named

BEIJING

How nervous citizens talk about you-know-who

ON MAY 6TH Wang Xing, a Chinese tech tycoon, posted a classical ninth-century poem on Fanfou, a social-media platform. The poem mocked an ancient Chinese emperor who tried to quell unrest by burning books. "The ashes of burnt books had not yet faded away but the Qin dynasty was already weak," read the poem. For some reason, cynics suggested that the dynasty Mr Wang had in mind was not an ancient one at all, and the "emperor" he was mocking was Xi Jinping.

Mr Wang swiftly deleted the post, and censors wiped all comments. But the share price of Mr Wang's firm, Meituan, a popular online platform for shopping and delivery services, promptly collapsed. In four days it declined in value by \$26bn, wiping \$2.5bn from Mr Wang's personal fortune. He insisted that he had been referring to competition within the e-commerce industry. His firm is one of several that have come under recent close scrutiny from antitrust regulators.

Open criticism of the most important man in China is taboo. Last year Ren Zhiqiang, a retired property tycoon and vocal critic of the government, published an essay about a speech by Mr Xi in which Mr Ren said he was not an "emperor" showing off his new clothes but a naked "clown". Shortly afterwards, Mr Ren was sentenced to 18 years in prison for corruption.

Even knocking lesser officials is risky. Jack Ma, the boss of Alibaba, another conglomerate, complained about China's financial regulators last year. Authorities stopped the initial public offering of Ant Group, a fintech firm founded by Mr Ma, which would have been the largest ever.

Others have been more careful. In April

Wen Jiabao, China's prime minister from 2003 to 2013, published a remembrance of his mother in a Macau newspaper. It included lines calling for a China "filled with fairness and justice" and "respect for human hearts". Some thought he might be suggesting that fairness and justice were currently lacking. Censors pounced.

Such is the current climate that even those who broadly support the government are sometimes nervous about mentioning Mr Xi's name. Some employees at a state-run media group have taken to substituting the word "Trump" for Mr Xi in chat groups. At small social gatherings, people frequently stop short of uttering the name, even in the most benign contexts. They use instead phrases such as "you-know-who", "big number one", "the eldest brother" or "our big uncle".

When, at a recent private gathering that included diplomats, executives and bankers, the talk turned to Chinese politics, it was suggested that all switch off their mobile phones. No one thought it likely that government snoops were really listening in and no one had anything particularly controversial to say. But all agreed it was better to be safe.

Electronic eavesdropping is not the only concern. The old-fashioned sort is also encouraged. Last month, the government launched a new system, with a website and hotline, for citizens to snitch on one another for making "harmful" political commentary. This can include "denying the excellent traditional Chinese culture, revolution culture and advanced socialist culture" as well as attacks on political leaders or their policies.

In 2014 the Chinese and Japanese ambassadors to Britain each fancifully declared the other's country the "Voldemort" of Asia (after the Harry Potter baddy). Back then, an all-powerful leader known as "He-Who-Must-Not-Be-Named" was the stuff of fiction. Nowadays...shush! ■



Chaguan | New life for an old tradition

How wealthy Chinese families recruit poor graduates as biddable sons-in-law



THE LINGYIN temple in Hangzhou, a lovely, tree-shaded place, has long drawn those seeking the blessings of a good marriage or children. Pilgrims may still be glimpsed today. On a recent afternoon Chaguan watched a mother and daughter leave a tour group to pray, incense sticks held aloft, to a statue of Guanyin, a Buddhist immortal, before hurrying back to their guide.

In centuries past, praying was all that many Chinese, especially women, could do, for they were powerless about much in their lives. Marriage was a transaction between families, not a love match. It led, almost invariably, to a woman moving into her husband's home. There, her role was to give birth to heirs, meaning sons, and to care for his parents in their dotage. A woman could not own property and, once bridal payments and dowries had been exchanged, brought so few benefits to her birth family that married daughters were likened to "sprinkled water". In cruel consequence, girls were often killed at birth.

A few marriages were different. Since the Qin dynasty in the third century, a family without adult sons might recruit a poor but healthy man to "lend his strength" to their household as a live-in son-in-law. Some signed contracts agreeing to give their children their wife's surname and to look after their parents-in-law before their own father and mother. Shocked by such breaches of filial piety, officials in the Yuan and Ming dynasties (between the 13th and the 17th centuries) banned men who were only sons from entering into such unions. Men who did faced widespread scorn. They were called *zhuixu*, or "mortgaged sons-in-law", or, more politely, *shangmen nuxu*—"gate-entering sons-in-law".

Modern China is becoming more open-minded about what constitutes a good family, and with good reason. A national census unveiled on May 11th showed that China is ageing fast and has one of the world's lowest fertility rates, so its population will soon be shrinking. Though the one-child policy became a two-child policy for most urban residents in 2016 and is set to loosen further, its malign effects will endure. Lone children must care for elderly parents without any help from siblings, which is one reason why many of them do not want offspring of their own. Because China is missing millions of women, lots of young men will never marry. Years of illegal, sex-selective abortions skewed China's birth ratio.

The census finds that 111 boys are born for every 100 girls.

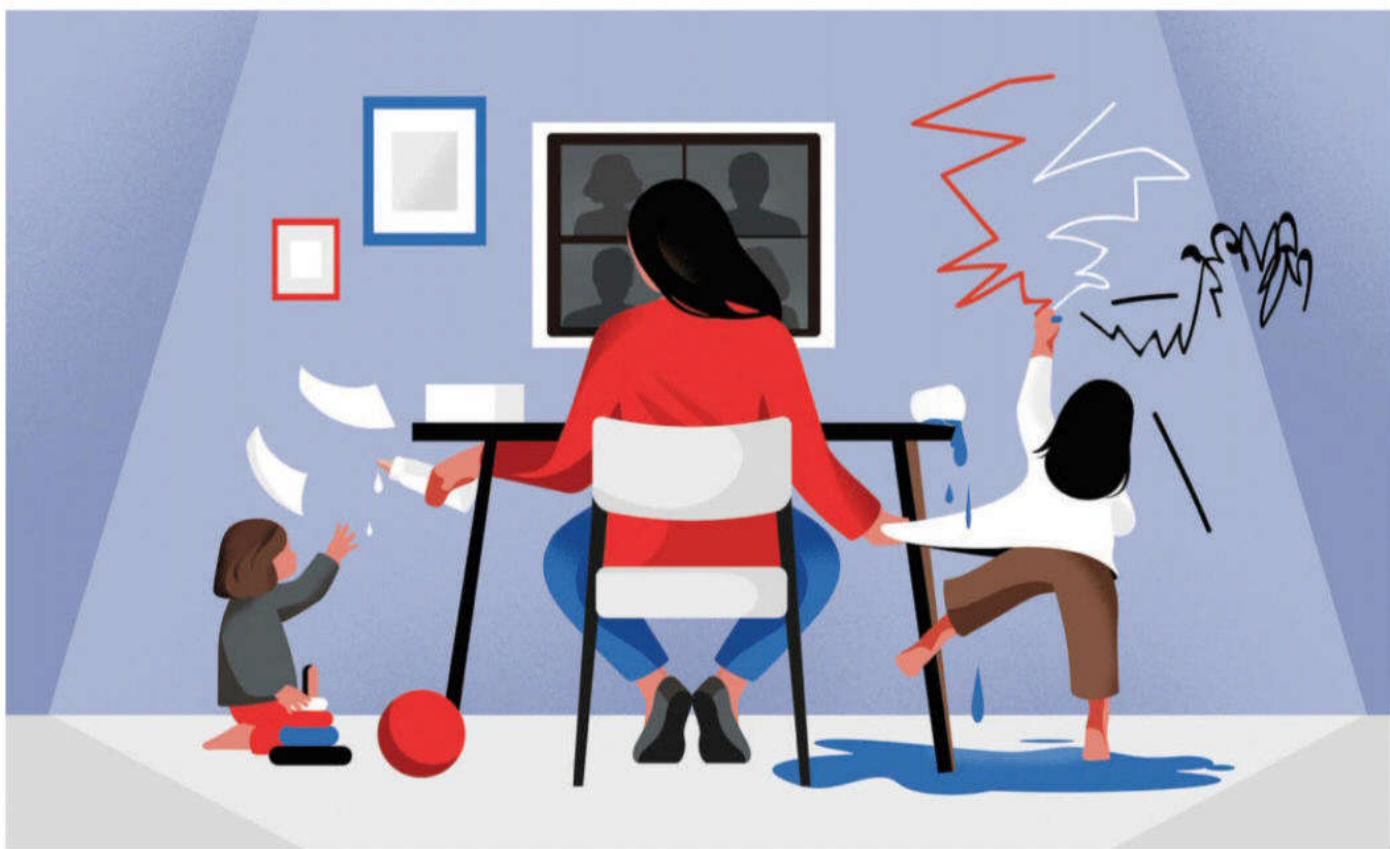
With fewer women, an optimist might imagine they would gain more power over whom they marry. There are other reasons why chauvinist traditions may fade. China is an increasingly urban, mobile country. Some 376m people live in a different city or town from the place named on their *hukou*, the household registration papers that limit where Chinese may live, work and obtain public health care or schooling. China is better educated, with over 200m university graduates. What is more, women students have outnumbered men on college campuses since 2009. In another change, families that own homes in larger cities have become wealthy after a decades-long property boom, especially if they bought apartments 20 or more years ago. Lots of those newly rich families have one child, a daughter, and—quite properly—are ambitious for her. The Beijing College Students Panel Survey, a big study, found that women students are more likely than men to come from affluent big-city families (and to study liberal arts). Male students are more likely to hail from poorer, provincial families and to study sciences or engineering, reflecting family hopes that they will land well-paid technical jobs.

Predictably, it is not hard to find educated, urban women demanding more say over their lives. At the Hangzhou temple, Chaguan meets a fresh-faced couple emerging from the Guanyin shrine, and asks what they wished for. "I prayed we'll endure the test of time, I don't know about him," replies Chen Jiajia, shyly scrutinising her boyfriend, Chen Jingsheng. Now 25, they met at high school in the southern province of Guangdong and have been together for seven years. Most women expect a man to own an apartment before marrying, Mr Chen said. That is a big pressure in a city as expensive as Guangzhou, where he works in information technology. A native of a small city, Meizhou, he lacks a Guangzhou *hukou*, another obstacle to buying property. Ms Chen has Guangzhou papers, and her family helped the couple to buy a flat. "They see potential in him, they think he is driven. If he weren't, our parents would not support us in this way," explains Ms Chen, who works in e-commerce.

Less predictably, such social trends are bringing new attention to an old tradition, that of *zhuixu*. Li Jiyuan, a matchmaker from Xiaoshan, a district of Hangzhou, specialises in finding graduates from poorer provinces to marry property-owning women from his city. His file-choked office is lined with framed photographs of him being interviewed by Chinese television stations and newspapers about the 1,000 marriages he has brokered since 1999. Men on his books must be graduates of vocational college or university, earn 100,000 yuan (\$15,540) a year and be taller than 1.70m. Crucially, they do not need to own property in Hangzhou.

Never mind love, let's talk apartments

Mr Li is busy, fielding telephone calls from potential clients and turning away a young man who walks in but lacks a college degree. "Don't give up," he calls after the crestfallen youth. By taking in a poor outsider, families gain a biddable son-in-law and children bearing their mother's name, he enthuses. He adds approvingly that "non-local boys" will take humble jobs, like riding delivery scooters, if graduate work dries up. Though he praises self-made men, Mr Li's business model is really founded on inequality, a scourge of ancient and modern China alike. In a moment of candour, his wife once remarked that no home-owner would become a gate-entering son-in-law. The couple charge 15,000 yuan for two years' matchmaking. If that fails, there is always prayer. ■



Working parents and covid-19

Take Your Child to Work (Every) Day

BERLIN AND SEOUL

The pandemic has upended the lives of working parents. Women have most to lose

ON SOME DAYS everything gets totally out of hand," sighs Katharina Boesche, a German self-employed lawyer and mother of three. Fourteen months of closures and semi-closures of her daughters' schools have taken a toll. She mostly works late at night or between 4am and 8am—when the house is quiet. The girls have coped with online learning, she says, but the seven-year-old needs a lot of supervision. Their school, like most in Germany, is only welcoming them back part-time. Mrs Boesche is stressed and exhausted.

Since the start of the pandemic countries have on average closed schools for 29 weeks, 17 of them full-time, according to UNESCO, the UN's cultural agency. Most have begun to open their doors once again. But life is far from normal. In Europe and North America only four in ten children live in a country where schools are open full-time and in person. Most students are still struggling with some degree of virtual learning—as are those taking care of them.

The past year will have lasting conse-

quences for some working parents. It will also affect their families, their employers and the economy. Careerwise, mothers of young children are particularly at risk of being left behind, either because they have stopped working outside the home or because the pandemic has forced them to step back professionally. By January 2021 in America 1.5m fewer mothers with children under 13 were in work than a year earlier, an 8% drop. This was far worse than the figure for women in general (5.3%), men (5.1%) or fathers with similar kids (5.6%).

Since then some mothers (and plenty of fathers) have returned, but mothers of small children who do not have a bachelor's degree remain more likely than any other group to have lost their job. If an "office gap" develops, with dads going back to the office and mums largely staying at home, disparities that have emerged during the pandemic will widen.

Today most children in America and Europe grow up in dual-income homes. Around a fifth live with just one parent.

Even before the pandemic such households often struggled to juggle child care with paid work. The daily free child care of school helped a lot.

Covid-19 whipped it away. By April 2020 parents in couples in Britain were each doing on average an additional 3.5 hours of child care and 1.7 hours of home schooling a day, according to the Institute for Fiscal Studies, a think-tank in London. Before the pandemic by 7pm on weeknights seven in ten parents were enjoying some time off; by March 2021 fewer than three in ten were able to relax. In America Latina and black mothers, who are more likely to be single or have a partner working outside the home, were almost twice as likely as white mothers to take on all child care and housework once covid-19 hit, says McKinsey, a consultancy.

The upheaval has affected parents' mental health. The American Psychological Association (APA) found that parents were significantly more likely than non-parents to be diagnosed with a mental-health disorder during the pandemic. Before covid-19 Britons living with children were at no greater risk of mental-health issues, says Elise Paul of University College London. But during the pandemic they have struggled with higher levels of anxiety, loneliness, stress (including financial) and symptoms of depression.

Taking charge of their children's education while working was a large part of this. ►

“Am completely, utterly fucked off with ‘home schooling’,” wrote one poster on Mumsnet, a British parenting forum, one evening in February. Her home computer could run Teams but lacked a camera; her iPad had a camera but could not run Teams; she needed her company laptop for work and it could not run the right programmes either. Dozens of similarly exasperated parents responded. At quarter to midnight another mother, sitting up with an anxious 10-year-old, summed up their collective feelings: “I am clutching at my sanity.”

With each announcement of school closures the Mumsnet “swearometer”—which measures the number of obscenities in posts—spiked (see chart 1). In January, at its pandemic peak, over seven in ten Mumsnetters said they were failing both their employers and their children. Nine in ten concluded that working while looking after young kids was impossible.

The reopening of schools has provided some relief. By May, when in-person teaching had resumed in Britain, the swearometer had calmed down. But the psychological scars of the past year, the fear that schools might suddenly close, and stresses about job security and child safety, mean that for many the struggle is not over.

A scolding from teachers about her son’s failure to complete his assignments tipped Hayley, a 29-year-old single mother from Lincolnshire in England, “over the edge”. She feels lonely, angry and anxious. She has received no help with her mental health from Britain’s National Health Service despite asking repeatedly. She lost her job as a waitress in August. Her youngest son is only at nursery part-time, which makes looking for a job even harder.

In an American study parents who lost their job and their income during the pandemic said that they were much more stressed and depressed than parents who lost their jobs but still had money coming in (often thanks to government support). They also said that they were more likely to yell at their offspring or lose their tempers. Psychological distress in parents can affect

children’s behaviour, says Cathy Creswell, a clinical psychologist at Oxford who saw an increase in such traits as hyperactivity in children in the first lockdown.

Mothers have suffered most. Ben Etheridge and Lisa Spantig of the University of Essex found that in the first months of Britain’s lockdown women’s well-being dropped twice as much as men’s. That some friendships have withered and others have never bloomed could have a lasting impact on new mothers in particular, predicts Margaret Kerr of the University of Wisconsin-Madison.

“I never realised how much interactions at work, like going out for lunch or having adult conversations, fulfilled my social life,” says Alissa, a mother of three from Washington state. Throughout the pandemic she has had several tearful breakdowns and has snapped at her kids—unusual for her. She is most looking forward to “having alone time at work so when I come home I can be a better mom.”

Mothers reported greater deterioration in their mental health but in the APA’s Stress in America survey fathers were more likely to say they boozed more, put on weight and slept poorly. One in two fathers with young children turned to alcohol to cope, more than any other group.

The working wounded

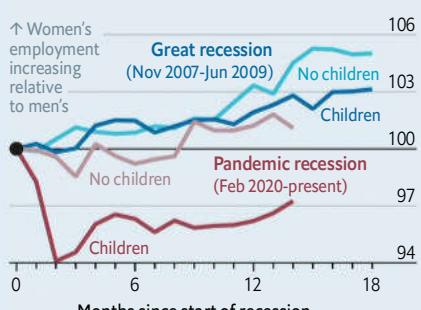
Careers are hurting too. Some parents have had to choose between leaving children unattended or quitting a front-line job. Others volunteered to take part in job-retention schemes, took leave, or were laid off. “The second wave broke caregivers’ backs,” says Matt Krentz of BCG, a consultancy. In America, unlike during past recessions, women—especially those with children—bore the brunt of job losses (see chart 2), in part because of the sectors they work in. The global female workforce shrank by 3.3% in 2020, compared with a 1.7% decline for men, according to the International Labour Organisation.

Parents who could work from home tried to multitask their way through, often at the cost of their productivity, sanity or both. Dutch parents reported that about two-thirds of the time they were working at home they were also looking after children. In Britain mothers were twice as likely as fathers to be disrupted, mostly by their children, while working from home. In America those working remotely who also had child-care duties were three times more likely to turn down a big assignment than those who did not. Mothers were more likely than fathers to cut their hours.

Some damage to careers will come as a result of employers unfairly penalising parents, overlooking them for big projects, say. But those with children have also been less able to invest in their careers than those without. The 12 minutes a day that

Post-natal recession

US, change in difference between women’s and men’s employment*, start of recession=100



Source: “From Mancection to Shecession: Women’s Employment in Regular and Pandemic Recessions” by Alon et al. *Aged 25-55

British parents spent studying before the pandemic plummeted to just one minute; for people without kids it fell from 16 to 12 minutes. Failing to learn new skills may mean parents miss out on future promotions and end up with smaller pensions.

Academics with young children have spent less time on their own research during the pandemic. The impact will last for years. Unless universities adjust their promotion policies, those with child-care responsibilities will be less likely to secure tenure. This affects women “a lot more than men”, says Matthias Doepke, an economist at Northwestern University.

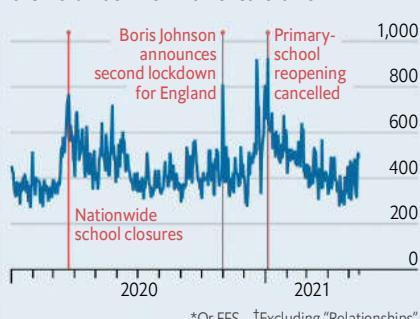
Mr Krentz worries about women in middle management. Many have young children. If they fall behind professionally, the already small pool of potential female bosses will shrink. This could reverse some of the “tenuous progress” women have made in the workplace, he fears.

Highly educated women, who tend to be able to work from home, have struggled to juggle their jobs and child care. Mothers who cannot work remotely have been far more likely to drop out altogether. In America the imbalance in job losses between men and women has been almost entirely driven by women who could not work remotely, according to a working paper, co-authored by Professor Doepke and published in April by the National Bureau of Economic Research.

South Korea offers a grim example. Schools there closed for only five weeks last year, but since then 10- to 18-year-olds have spent several days a week learning virtually at home and there have been sporadic local closures. Kim Na-yeon, a mother of two, says the hardest part is the ongoing uncertainty. Nearly two-thirds of Korean parents polled in March said they struggled to find child care. Of those, three-quarters of women and nearly half of men had considered resigning. The army of South Korean housewives, which had in previous years been decreasing, grew by 5% in the year to February 2021.

The sound and the fury

Britain, number of posts containing the word “fuck”* on Mumsnet forums†



Source: Mumsnet

*Or FFS †Excluding “Relationships” and “Women’s rights” forums

Even before the pandemic, access to affordable care was a problem for employers, with child-care-related absences and increased staff turnover costing companies billions a year, according to the US Chamber of Commerce Foundation. But covid-19 is making the problem worse. In America more than three-quarters of health-care employers who saw workers leave during the pandemic say that child care was a factor. Half of parents who had not returned to work by November last year cited child care as a reason. "If I were an employer I'd find a way to get people back without it having to be 100 hours a week," says Emily Oster, an economist at Brown University.

Some are trying. Mercer, a consultancy, says the fourfold increase in child-care-related inquiries it saw during the pandemic shows no sign of slowing down as schools reopen. Many employers tout "flexible working" as a perk. But support for working parents—such as paid leave and help with child care—is still a rare privilege.

Zalando, a German fashion platform, boasts of its new initiatives for parents, including online emergency tutoring for their children. It does not offer such benefits to its warehouse workers. The New York Times found that in America 29% of high-income workers with a postgraduate degree had been offered paid time off during lockdown; just 9% of those without a college degree did. One in five highly educated workers received payments from their employers towards child care or tutoring; only one in 20 less-educated workers did.

Better when we're together

There have been silver linings. Parents and children have spent more time together, shared more hugs and played together more, according to Equitable Growth, a non-profit organisation in Washington, DC. In Britain working-class parents—who were more likely to lose their jobs or be furloughed—spent slightly more time helping their children with home schooling than middle-class parents. In America mothers who lost their jobs but retained their income reported better relationships with their children. Some families even thrived. "They have become so independent," beams Catherine, an American mother of five, vowing that she will henceforth give her children more freedom.

It is too soon to tell whether all this will cause a shift in parenting styles. Some experts hope it will reduce the amount of "helicopter" parenting. Sheer exhaustion has lowered expectations and relaxed attitudes to screen time, at least temporarily.

Perhaps the biggest question is how the past year will affect the way parents divvy up responsibility. Early in the pandemic men stepped up. When schools first shut British fathers were almost as likely as mothers to be involved in home schooling.

But by late January 2021 only half were educating their offspring, compared with two-thirds of mothers. In March 2020 mothers did one-and-a-half times more child care than fathers; by September they were doing twice as much. Couples seem to be reverting to an old-fashioned form of specialisation, with men bringing home the bacon and women frying it—while listening to a Zoom call with a baby on their hip.

From a couple's perspective, such a division of labour can make sense. Women tend to earn less than their male partners, partly because the men are often older and so likely to earn more. So the loss of their (future) income will cost their families less. The lower-earning partner is also more likely to abandon work when children have to self-isolate.

But what makes sense for couples could widen the gap between the sexes. Some researchers speculate about a "conservative shift", where societies faced with a big threat—such as a terrorist attack or economic collapse—revert to traditional roles. Anne Boring and Gloria Moroni of Sciences Po and Erasmus University found that in France attitudes towards gender regressed during the country's first lockdown, particularly among the parents of under-12s, men and poorer households. Men became more likely to say that men make better political leaders. Both men and women with young children became more likely to believe a woman's job is to look after the family. Such norms are linked with lower levels of female workforce participation. And once women drop out of the workforce they are slower to return than men.

One thing has improved undeniably. For parents whose jobs can be done anywhere with a computer and a Wi-Fi connection, work has become unimaginably more flexible. This has been a boon for millions of mothers. If all workers take advantage of these new freedoms, the pandemic

could mark the start of a better chapter for working parents (of the white-collar variety at least). Women are less willing to endure lengthy commutes, so remote working may open a wider range of jobs to them.

Curb your enthusiasm

But employers are less keen to talk about another scenario. What if videoconferencing becomes an excuse not to fix inadequate child and social care? What if remote working turns offices into "man-caves", as one academic puts it, as mothers feel under pressure to work from home because they can? What if "flexibility" leads to a two-tier workforce with insiders, who can work whenever and wherever needed, and outsiders who can't? "If women specialise in working from home and men in office work, there is a risk that decades of progress in reducing traditional gender roles are reversed," says Claudia Hupkau, an economist at CUNEF University in Madrid.

A forthcoming paper by Abi Adams-Prassl of Oxford University finds that among Britons searching for a new job, women are 29% more likely than men to be doing so because they want to work from home more. In America surveys by Nick Bloom and colleagues at Stanford University show that working mothers of young children want to spend the most time working from home after the pandemic. Working fathers want to spend the least, even less than men without kids. "Perhaps they want to avoid the noise?" suggests Professor Bloom (a father of four).

In Washington Alissa's children are back at school—some of the time. They go four days a week from 8:30am to 11:25am and then come home to study online. She is grateful that her work schedule is flexible. She is trying to stay positive. "It's slowly getting better but I don't think it will ever go back to how it used to be." That may or may not turn out to be a good thing. ■





The streaming wars

Monster of a merger

To survive online, media firms are combining. For some of them, it may already be too late

ONE OF THE biggest hits of recent years on Discovery's cable television network is "90 Day Fiancé", a reality show that follows the fortunes of couples in America on K-1 visas. A condition of the visa is that the pair must marry within three months, or else leave the country. Many of the show's romances are rocky. But the couples—and riveted viewers—realise that, unless they tie the knot in time, deportation awaits.

On May 17th Discovery announced that it was to form a marriage of necessity of its own, joining forces with WarnerMedia, which is to be spun off from its owner, AT&T, a telecoms giant. Combined, the two companies will form the world's second-largest media group by revenue, behind only Disney. Their hope is that this scale will allow them to survive an existential battle for viewers that makes "Godzilla vs. Kong" look like cautious cuddling.

The announcement is a Hollywood plot twist for show business. It has already caused speculation about further mergers, as panicked media companies seek their

own partners before it is too late. Some may already have missed their moment.

At first sight Warner and Discovery make an odd couple. The first specialises in high-quality TV series and films, such as "Game of Thrones" or the Godzilla-Kong saga, whereas the second serves up cheap factual fare. Yet their different programming, and the sheer quantity of it, ought to help them appeal to a wider audience. The \$19bn that the two spent on content last year was more than either Disney or Netflix (see chart on next page). The new firm will also have the biggest share of American

cable viewers. Its channels accounted for 29% of viewing time last year, according to MoffettNathanson, a research firm, which expects it to use its heft to negotiate better affiliate fees and ad rates. The merged firm expects to save \$3bn a year in costs.

For AT&T, the deal represents an admission that its expensive foray into entertainment has flopped. It bought Time Warner in 2016 at an enterprise value of \$110bn, later changing its name to WarnerMedia. The previous year it had purchased DirecTV, a satellite-television firm, at an enterprise value of \$67bn. The idea was to vertically integrate the businesses of content creation and distribution. But the liaison proved an unhappy one. And while regulators delayed the Time Warner acquisition by two years, Disney and other rivals gained ground.

In February AT&T began to unwind its position, spinning out DirecTV in a deal that valued the division at just \$16bn. By hiving off WarnerMedia it will receive the equivalent of \$43bn upfront, in a mix of cash, securities and transferred debt. As well as this, AT&T shareholders will own 71% of the new company, with Discovery's shareholders getting the rest. The deal values WarnerMedia at about \$100bn, meaning that under AT&T its value has stagnated even as other media giants grew fast.

The new company is to be run by Discovery's boss, David Zaslav, leaving no place for Jason Kilar, who was hired a year ago to run WarnerMedia. Mr Kilar, whose back-►

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▶ ground is in technology, had gone all out to push HBO Max, Warner's streaming service. In December he said that all of this year's releases from the Warner Bros studio would be available for streaming at the same time that they entered cinemas. Hollywood traditionalists were scandalised; many now feel some satisfaction. "AT&T backstabs its own hatchet man" ran a headline in *Variety*, an industry magazine.

The shotgun wedding may be awkward, but it is necessary. Competition in streaming, already brutal, is about to become more so. The lockdowns of 2020 provided a captive audience. Total media-consumption time increased by 12% between the second and fourth quarters of last year, according to a nine-country survey by MIDIA Research, a firm of analysts. The average American household subscribed to four streaming services. As the world opens up people will spend less time in front of the box. Consumer spending on video media shrank by 2% year on year in the first quarter, according to GroupM, a giant in the business of placing adverts on behalf of clients. In recent weeks Netflix and Disney, the leading streamers, have both missed forecasts for subscriber growth.

To compete in this environment, says Michael Nathanson of MoffettNathanson, a streaming service needs four things: scale at home, high-quality content, a flexible balance-sheet to pay for it and, to help spread the costs, the ability to expand globally. With a compelling catalogue and a solid presence in America, HBO Max ticks the first two boxes. But AT&T's sickly balance-sheet has made it hard to keep up with the likes of Netflix in spending on shows. And having chosen to license content to distributors in other countries, such as Sky in Britain, rather than set up shop abroad, its international footprint is puny.

The Discovery deal helps to tackle both of these problems. Warner will no longer be beholden to AT&T's balance-sheet, although the new firm will start life with hefty debts of its own. And Discovery+ is already up and running in Europe and India. This earns the combined company a place in the top tier of streamers, alongside Netflix, Disney and Amazon, says Mr Nathanson. Amazon is looking to shore up its position, and is reportedly in talks to buy

Metro-Goldwyn-Mayer (MGM), the studio behind the James Bond films, for \$9bn (see Schumpeter). Last year it spent \$11bn on video and music content, 40% more than in 2019. With 175m viewers it is not far behind Netflix's tally of 208m—though many rarely watch, subscribing instead for shopping discounts and other benefits.

Where does that leave the rest? Some are scrambling to form mergers of their own. On the same day that the Warner-Discovery deal was announced, two big French broadcasters, TF1 and M6, said they would join forces, arguing that together they could provide an "ambitious French response" to competition from international streamers. The deal must first satisfy regulators; the two firms control three-quarters of the French TV-advertising market. Brian Wieser of GroupM expects more consolidation in Europe. He highlights BritBox, owned by Britain's BBC and ITV, and tvNow, owned by RTL, a European group, as services that will require considerably bigger investments if they are to be truly competitive.

Of the larger American firms, Apple TV+ has yet to take off, despite giving away subscriptions left, right and centre (more than 60% of its 40m or so users are reckoned to be on free trials). It has not registered any big hits so far, but it has oodles of cash with which to buy some if it chooses; Apple executives reportedly looked at MGM before Amazon swooped in.

Strutting their stuff

NBCUniversal, which is owned by Comcast, a cable giant, and last year launched its Peacock streaming service, and ViacomCBS, which recently unveiled its own equivalent, Paramount+, are in a sticky position. Their competing television interests would make it difficult for them to merge. They could buy other media properties that have not already been snapped up, such as AMC Networks, which owns several entertainment channels, or Lionsgate, the studio behind films like "The Hunger Games" and TV shows like "Mad Men". But none of these assets alone would help a company to leap to global scale. Those that have not already arranged their nuptials may face the corporate equivalent of unceremonious deportation. ■

The arms race for eyeballs

2020, \$bn

Company	Revenue	Operating income	Net debt	Content spending
Disney	65.4	3.8	44.4	15.0
WarnerMedia/Discovery	41.1	11.1	58.0	18.7
NBCUniversal	28.0	no data	no data	6.5
ViacomCBS	25.3	4.1	18.6	11.0
Netflix	25.0	4.6	10.3	11.8

Sources: Bloomberg; company reports; press reports

Hong Kong's tycoons

Check your privilege

HONG KONG

Chinese authorities chip away at the territory's business houses

TO GET A sense of how Hong Kong's magnates and China's Communist Party have coexisted, consider Tung Chee-hwa. When his family shipping concern, Orient Overseas Container Line (oocl), faced bankruptcy in the mid-1980s, a Chinese state-owned bank swooped in to bail it out. Mr Tung became the territory's chief executive after Britain handed Hong Kong back to China in 1997, until protests pushed him out of office in 2005. In 2017 he cashed out of ooCL through a \$6.3bn sale to Cosco, another state-owned giant.

Closeness to power has characterised the entrepot's business elites for decades. The relationship hinged on the "high-land-price policy", an informal agreement to constrict the supply of land and guarantee high returns for bosses and the state alike. Taxes on property and property developers generated 45% of government revenues between 1970 and 1996 for the colonial authorities. Post-colonial ones benefited from it, too. For the tycoons the arrangement helped transform land holdings into sprawling conglomerates that now touch most aspects of life in the city.

The tycoons might have hoped the entente would help them in the pandemic, which has hit their businesses hard. Sun Hung Kai Properties and New World Development, real-estate empires controlled by the Kwok and Cheng families, respectively, saw their profits fall by 25-50% in the last financial year. Hang Lung Properties, another big developer, reported a net loss of \$280m. Swire, which controls assets including Cathay Pacific, Hong Kong's flag-carrier, lost \$1.4bn as covid-19 grounded air travel; the airline's share price hit a 20-year low in August. The shares of Hongkong Land, a subsidiary of Jardine Matheson, another family-held empire that includes Mandarin Oriental hotels, have lost 36% of their value since March 2019.

Ronnie Chan, Hang Lung's outspoken chairman, summed up the rapport in his group's latest annual report: "I see no incentive for Beijing to hurt us." But Beijing's incentives appear to be changing. The Communist Party is reducing the tycoons' influence on the election committees which select the territory's political leaders, where business clans were allotted strong representation after the handover in 1997. It has tightened its grip on Hong Kong, most recently with a national-security law that is stripping the city of many ►



Will Ka-shing cash out of Hong Kong?

freedoms and putting its status as a global commercial hub in question. Most important, pro-Beijing business interests are drawing up plans to loosen the families' grip on land supply, which remains the bedrock of their commercial empires.

Since the handover, tycoons have in effect controlled about a quarter of the appointments to the election committee that chooses the territory's top leader. In a controversial move in March the Chinese government overhauled the system, depriving business elites of a tenth of their votes and barring anyone deemed "unpatriotic" from holding office. The 300 new seats that have been added will mainly go to pro-China business patriots.

Hong Kong's government insists the reform will make elections fairer. One pro-Beijing businessman says this assertion—absurd on its face since the changes bar pro-democracy candidates—hints at the authorities' desire to shift the balance of power away from the business lobby.

The security crackdown presents a more direct threat to the tycoons' commercial interests. When Cathay Pacific did not condemn protesters in 2019, Chinese state media said the airline would "pay a painful price". Its staff were later reportedly harassed by Chinese authorities and flights were unnecessarily delayed at mainland airports. Pro-Beijing politicians in Hong Kong and mainland mouthpieces have in recent years lambasted Li Ka-shing, the city's mightiest tycoon, for his ambiguous stance on the protests; some have circulated an image of the 92-year-old's face pasted onto the body of a cockroach.

Mr Li's businesses, which span ports, telecoms and much else besides, have escaped chiefly because he has been diversi-

fying his holdings away from Hong Kong and mainland China. Others got Beijing's message. Swire, Jardine Matheson and many big developers backed the national-security law last year.

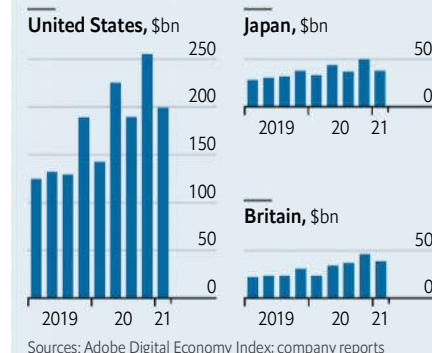
Perhaps the biggest danger has come in the form of an internal paper circulated in March within the Bauhinia Party, a political group formed in 2020 by mainland-Chinese businessmen. This argues that Hong Kong's high property prices threaten China's security, echoing those who attribute the city's gaping inequality and recent unrest directly to developers' control over land. It says the central government in Beijing has the right to co-ordinate the supply of land in the city and could create new housing for 200,000 residents over the next five years.

One way of doing that would be for the government to expropriate farmland held by developers to build public housing. Just three large developers—Sun Hung Kai Properties, New World Development and Henderson Land Development, which is controlled by the Lee family—hold about 17.5% of Hong Kong's total farmland. That puts them at greatest risk should the government take such steps, says David Blennerhassett of Smartkarma, a research firm.

Expropriations may violate local law. But laws can be changed, as the imposition of new security and electoral rules show. Such an outcome looks "all too believable", says Mr Blennerhassett. The tycoons thought "they didn't have to do anything as long as they didn't question Beijing", says Joseph Fan of City University of Hong Kong. Now the Communist Party will not even settle for overt expressions of fealty. It appears intent on extracting value, too. ■

Like Christmas every day

Online retail sales



Worker shortages

Paying a pittance is passé

Why McDonald's is supersizing its wages

FOR YEARS McDonald's has been a prime target of the battles of labour-rights campaigners over miserly pay. The day before its annual general meeting on May 20th Fight for \$15, an advocacy group, organised a strike of McDonald's workers in 15 cities across America. The strike went ahead despite the firm's vow a week earlier to raise wages. The company said that its 36,500 in-house employees will get a rise of 10% on average, that entry-level wages for new hires would go from \$11 to \$17 an hour and that average wages for all staff paid by the hour would reach \$15 by 2024. It added that it wants to hire 10,000 people for the 650 restaurants it owns outright over the next three months.

McDonald's followed Chipotle and Olive Garden, two other restaurant chains that recently announced wage increases while they try to recruit staff as America reopens for business. The fast-food giant has room to reinvest in labour, says Sara Senatore at Bernstein, a broker. It reported growth of same-store sales in America of 14% in the first quarter, year on year, thanks to a boom in online orders. Because people spent twice as much when they buy from home, and 20% more ordering via mobile devices, the company's operating margin hit 44.5%, the highest in years. ■



From self-isolation to self-service aisles

On May 19th Target reported that digital sales rose by 50% in its latest quarter, year on year. That is a blistering pace—but not nearly as blistering as earlier in the pandemic. Walmart, Home Depot and other retailers have also recorded slowing e-commerce growth. But as shoppers emerge from self-isolation they are in a splurging mood. Target's overall quarterly revenue of \$24bn beat forecasts. Clothes in particular are flying off the racks, and not just sweatpants; the firm's apparel sales jumped by over 60%.



Extra cabbage

► McDonald's is not raising burger prices just yet to offset the extra costs. The wage hike will only marginally affect its profits, much of which come from franchise fees from the 14,000 restaurants that the firm does not operate. Fight for \$15 says workers at all McDonald's-branded restaurants deserve higher pay. But franchisers do not have much say in the labour practices of franchisees. All they can do is encourage better wages by subsidising employee training and other perks, which frees up money for franchise operators. McDonald's has not said it would do so.

Restaurants big and small are struggling to attract workers. According to the Brooklyn Chamber of Commerce entry-level line cooks at the New York borough's eateries who were paid \$15 an hour (the minimum wage in the city) before the pandemic are now offered up to \$25 an hour. Restaurateurs are stretching to offer health-care benefits even to part-timers. Many promise sign-on bonuses. Brooklyn being the wokiest part of woke New York, some go so far as to throw in a commitment to social justice and equity in staffing (by, for instance, promising to hire reformed juvenile offenders).

Most economists expect the labour shortage to ease as potential workers' worries over infection in the workplace abate and children return to school. Even so, before covid-19 wages were rising and businesses struggled to find workers, says Mark Zandi, chief economist at Moody's Analytics. As life returns to normal-ish, employers will need to come up with ways to attract staff. Treating interviewees to a free Crispy Chicken-sandwich combo, as McDonald's is doing in Florida, won't cut the mustard for long. ■

Tier-two tech firms

In the shadow of giants

SAN FRANCISCO

Smaller companies are snapping at the heels of the tech titans

A COUPLE OF years ago Snap, the company behind Snapchat, a social-media app, came close to imitating the feature for which it was then famous: digital photos that self-destruct ten seconds after the recipient views them. Shortly after a headline-grabbing initial public offering in 2017, the firm faced a user revolt triggered by an unpopular redesign, falling rates after it started automatically auctioning ad space and an exodus of executives. Its shares dropped precipitously in value, at one point in late 2018 sinking below \$5, less than a fifth of the price they fetched when the firm started trading.

Snap has since staged one of the greatest turnarounds in tech history. When it reported its latest quarterly results in April, it pleasantly surprised analysts again, just as it has for the past few quarters. Revenue grew by 66% from a year earlier, to \$770m. The number of daily users reached 280m, an addition of more than 50m over the same period. The firm's share price has surged by 208% in the past 12 months, to \$54. "The pandemic exposed the resilience of the changes we have made," says Evan Spiegel, Snap's boss.

The comeback reveals a broader trend. While the largest Western tech companies have had a blowout first quarter, firms that fall in the category below—call them “tier-two tech”—are growing briskly, too. And it is not just the extra digital demand generated by the pandemic that is making all boats rise, or the fact that it is easier for smaller firms to grow. Some second-tier companies are confounding sceptics who claimed it was impossible to thrive in the shadow of the industry's titans.

By any reasonable definition, the universe of biggish listed tech companies is large. In America it includes hundreds of firms. We have defined as “tier-two” those with a market value of no less than \$20bn that were incorporated in 2000 or later. That leaves 42 firms worth a combined \$2.4trn. They range from e-commerce sites and streaming services to travel firms and vendors of corporate applications.

Even before the pandemic this group had added some weight relative to “GAFAM”, as some now call America's five tech behemoths (Google and its parent company Alphabet, Apple, Facebook, Amazon and Microsoft). In February 2020 its joint market capitalisation amounted to 22% of GAFAM's, up from 14% three years earlier (see chart).

One reason for the increase in relative size in America is technological progress, especially the rise of cloud computing. This has allowed firms to specialise and created big markets even for seemingly obscure products and services, which can now be tailored for narrow purposes and offered globally. “The investments we made back in 2017 are now paying off,” says Mr Spiegel.

A good example is Twilio. The firm is largely unknown to consumers, but used by most. It provides services for text, voice and video communication to more than 200,000 other firms, from Airbnb, a home-sharing site, to Zendesk, a help-desk service. After a few years of fast growth, its annual revenue is approaching \$2bn and its market capitalisation exceeds \$50bn. “If you are a developer, you don't have to spend a year to understand all the details. You can just plug into our systems,” explains Jeff Lawson, Twilio's boss, “that's the idea of infrastructure-as-a-service.”

The pandemic has given the second tier a further boost. At its peak it was worth 35% of the big five (although that has fallen to 29%, as investors have cooled on newish tech stocks). This pattern in America of a weightier second tier has parallels in China, where a new generation of tech darlings, including Meituan and Pinduoduo, has come of age to take on the duopoly of Alibaba and Tencent. “Covid has been the great digital accelerator,” says Mr Lawson.

Demand for Twilio's services, for instance enabling salespeople to communicate electronically with customers, shot up when physical retailers had to move on-►

Tier two on a tear

United States, market capitalisation of 42 largest tech contenders*, as % of big-five tech firms†



*US-listed tech firms worth \$20bn or more, incorporated in 2000 or later †Alphabet, Amazon, Apple, Facebook and Microsoft
Source: Bloomberg

► line. Many other second-tier tech firms benefited, too. Zoom, a now near-ubiquitous videoconferencing service, saw its revenue surge to \$882m in the latest quarter, nearly a five-fold increase on a year earlier. Revenues of Shopify, an e-commerce platform, more than doubled. Most of the other 40 firms in our sample grew by double digits or more. Besides Snap, these include Pinterest, another social-media firm (78%), and PayPal, a provider of online payments (29%).

The techlash has helped, too. Under scrutiny from critics and regulators, GAFAM mostly shied away from big takeovers (with the notable exception of Microsoft, which recently bought Nuance, which makes speech-recognition and other software, for \$16bn and was rumoured to be in talks with Pinterest). This in turn has pushed more tier-two firms to go public. Of the 42, no fewer than 13 did so in 2019 and 2020, adding about \$60bn to the group's current collective market capitalisation.

The second tier have succeeded mainly by getting better at creating protected space for themselves to grow, says Mark Mahaney of Evercore ISI, an investment bank. They not only offer compelling products but have built, in geek speak, "platforms", complete with an "ecosystem" of users and corporate partners on top.

Platforms are best thought of as a marketplace, where the operator provides some basic services that enable buyers and sellers to transact. They often exhibit strong "network effects": more buyers attract more merchants, which attract more buyers and so on. Such setups also make it harder for one of the giants to ape rival products, as Microsoft has done with Slack or Apple with Spotify.

Take Snap. It was straightforward for

Facebook to copy Snapchat's hallmark feature, called "Stories". These were just collections of pictures and videos captured within the past 24 hours. So the firm has instead recast "Stories" as a platform on which curated partners, such as big media companies, can offer original content. Snapchat's four other main offerings are conceived as platforms, too. For example, users of "Map" can locate their friends and local hotspots, and "Camera" lets tens of thousands of developers offer digital filters for users' cameras.

Several more tier-two firms have also erected robust platforms. "Shopify does not compete with Amazon. We are not a retailer. We are a piece of software that powers other brands," explains Harley Finkelstein, the company's president. Instead of selling stuff for other firms, in other words, the site provides them with tools to set up their own virtual stores, from web hosting to payment, and allows third-party companies to offer additional services, including design and delivery.

Build it and they will come

Similarly, the more users and merchants PayPal and other payments firms like Square and Stripe attract, the more useful they become to everyone. Twilio's corporate customers and developers of more specialised communication applications, such as call-centre software and group texting, likewise feed off each other.

Others are trying to spin up their own "flywheels", as the digital virtuous circles are known. Spotify and Twitter want to fulfil this function for anyone producing digital works. The first now sees itself as a home for all sorts of audio content, from songs to podcasts. The second mainly aims to distribute all manner of written content,

including tweets and newsletters. Zoom, for its part, in October introduced "Zapps" (later renamed "Zoom Apps"). These, much like the lenses on Snapchat and the applications on Twilio, are supposed to form a moat that both keeps rivals at a safe distance and creates additional demand.

Not all this platform-building will succeed. But where it does, the builders could yet catch up with GAFAM, at least if tech history is a guide.

In China Meituan and Pinduoduo, two e-commerce platforms, have overtaken Baidu to become the third- and fourth-largest internet firms in China. Only a few years ago Adobe and Salesforce, two providers of corporate applications (which are both too old to be included in our sample), were still much smaller than Oracle and SAP, leaders in business software, let alone Microsoft. Adobe and Salesforce still have lower revenues than Oracle and SAP. But they are growing faster and are now in the same league in terms of market capitalisation, currently worth \$229bn and \$204bn, respectively, compared with \$227bn for Oracle and \$168bn for SAP.

"S" is the most likely letter to be added to the GAFAM acronym. In its new incarnation, Snap may yet become a serious rival to Facebook. Snapchat is now arguably the closest the West has to a "super-app" (the model is WeChat, Tencent's flagship platform). If it keeps buying biggish companies, meanwhile, Salesforce could one day pull even with Microsoft. And if it continues on its current trajectory long enough, more wares may one day be sold on Shopify than on Amazon.

Much has to go right for this to happen. One risk is that the tech sell-off of the past few weeks makes it harder for loss-making firms to raise capital, or maintain the enthusiasm of shareholders for heavy losses in the pursuit of growth. Over three-fifths of the second tier lose money. The titans will have to become less innovative, the reason Oracle and SAP have seen their lead eroded. Many of the second-tier tech firms will need to be willing to merge. And trust-busters will have to tackle GAFAM's dominance. "Unless the regulatory environment really changes, this is going to be the status quo for the foreseeable future," argues Dan Ives of Wedbush Securities, an investment firm.

Instead of waiting for a second-tier firm to grow into a GAFAM-sized beast, it may be more realistic to expect an ecosystem like the biological one, in which species of all sizes find their niche. Dinosaurs occasionally die out. But that happens rarely, and mostly through outside intervention. ■

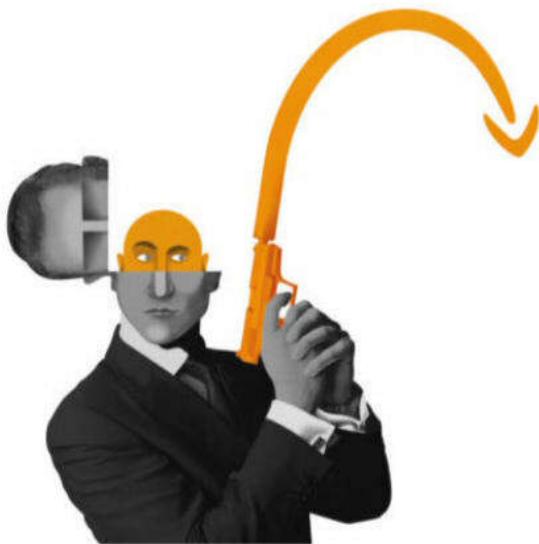
Correction In "Seize and insist" (April 10th) we said that the French high court denied a creditor's \$1.2bn debt claim against Congo-Brazzaville. The court only denied parts of that broader claim. Sorry.



Snapping a moon shot

Schumpeter | The name is Bezos. Jeff Bezos

Could an MGM deal be the outgoing boss's parting shot?



IN THE EARLY days of Amazon, its founder, Jeff Bezos, insisted there was some advertising the e-commerce giant wouldn't touch, such as guns. That extended to James Bond's Walther PPK. When producers of "Skyfall", a Bond film released in 2012, sought to run an ad on the site, Amazon at first informed them that it violated the company's weapons policy. "The studio was like 'screw you!'" an Amazon executive later recalled. "Who is James Bond in silhouette without a gun? Literally, he's just a random dude."

This anecdote, one of innumerable gems in Brad Stone's latest book, "Amazon Unbound", springs to mind amid reports that Amazon is in talks to acquire Metro-Goldwyn-Mayer (MGM), part-owner of the Bond franchise, for \$9bn. The book, by one of the company's most astute observers, helps answer a question many are pondering as arguably the world's most accomplished businessman prepares to surrender his role as CEO this summer. Will the Seattle-based e-commerce and cloud-computing juggernaut, whose revenues have grown at a compound annual rate of over 40% for more than two decades, lose momentum without its dome-headed, maths-geek mastermind? Or will it, like the Bond franchise itself, continue to thrive even with newcomers in the starring role?

One of Amazon's bigger investors reckons it already knows the answer. Baillie Gifford, an Edinburgh-based asset manager, is cutting its stake. To explain why its enthusiasm has waned after 15 years as a shareholder, it borrows Mr Bezos's mantra that it should always be "Day One" at Amazon—infused with a spirit of long-term focus, customer obsession and bold innovation. "Amazon is now seen as good value, safe and acceptable," Baillie Gifford recently told its own investors. "It no longer has a founder CEO. We fear that in his inimitable terms it is no longer Day One in Seattle though the road ahead is still long and profitable."

There is plenty in Mr Stone's book to lend weight to such a characterisation. Central to it is Mr Bezos's omnipotence within the firm. His business acumen is already legendary. Less well known is his role as a master of in-house invention on everything from Alexa, a voice-operated digital assistant, to Amazon's own-label "single-cow burger", his obsession with high standards, his tolerance of failure when in service to big ideas, his laser-like focus on

financial nitty-gritty and his (often exasperating) attention to detail. However much his successor, Andy Jassy, was schooled at his boss's hip, he may lack the inventive streak that unites the likes of Mr Bezos and Apple's late founder, Steve Jobs.

Yet how much mileage was there left in it anyway? Despite a period last year when Mr Bezos took back day-to-day control during the pandemic, his relationship with Amazon has already become semi-detached. Mr Stone portrays a chief executive who, once he had become the world's richest man, metamorphosed into a master of the universe. From a focus on Amazon's self-perpetuating "flywheel" of endless choice, relentless innovation and customer-centricity, his horizons expanded: to space, for which he is building rockets; to newspaper publishing, as owner of the *Washington Post*; and to Hollywood, where he met Lauren Sanchez, for whom he left his wife. He moved into what Mr Stone calls an "alternate dimension of wealth, glamour and international intrigue". The geek muscled up. He hung out with A-list celebrities. In short, he appeared to have outgrown his terrestrial creation.

Mr Jassy shares some of Mr Bezos's virtues, such as what Mr Stone describes as "almost inhuman levels of discipline". On his watch, Amazon Web Services, the cloud business that is Amazon's biggest source of profits, has exhibited the parent company's culture of high standards and unrelenting competitiveness. Since joining the firm in 1997, he has been steeped in Amazon values like frugality. In addition, as Mr Stone writes, Mr Jassy may also be somewhat humbler than Mr Bezos in confronting Amazon's problems: a marketplace business accused by dissatisfied merchants of fraud and unfair competition (baselessly in Amazon's eyes), warehouse staff seeking higher pay and better working conditions, and regulatory probes in America and Europe. The company is already splurging on employee health and welfare programmes.

Mr Jassy's toughest task may simply be confronting the law of large numbers. With revenues of \$386bn last year and a market value of \$1.6trn, it is ever harder for Amazon to keep the flywheel going, especially with potential accelerators, such as India, underperforming. Last year the firm had capital expenditures of \$40bn. How does it allocate so much money without frittering it away?

The world is not enough

Such questions make the potential acquisition of MGM to bolster Amazon's Prime subscription services intriguing. Even at a pricey \$9bn, it is easily affordable for Amazon. Last year it spent \$11bn on TV series, films and music for Prime. The reports come days after Mr Jassy announced the return of Jeff Blackburn, a veteran Amazon executive who left the firm recently. He will oversee a media and entertainment business that includes sports rights, such as the National Football League's "Thursday Night Football", Twitch, Amazon's gaming platform, and Amazon Studios, which recently won two Oscars. First he will report to Mr Bezos, then to Mr Jassy.

This could suggest that the post-Bezos era will be marked by the quest for a new source of rapid growth—a flywheel in which blockbuster entertainment, advertising and shopping reinforce each other. Or it could be the departing CEO's final vanity project. If it is a flywheel, it may form part of a new era of competition among America's tech giants. As one observer puts it, Amazon is trying to crack mass entertainment before Facebook and Google crack shopping. If it is a sign of hubris, it would be more worrying, suggesting that Mr Bezos will use his new role as executive chairman to drive Amazon from the leather-clad luxury of the back seat. Perhaps stroking a white cat as he does so. ■



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Climate finance

The green meme

Green stocks are on a wild ride as investors of all stripes get on board.
We dissect the investment boom

GREEN ASSETS are on a tear. The prices of battery metals such as lithium and cobalt have surged by about two-thirds and a third, respectively, so far this year. Copper has reached a record, partly owing to its importance for the energy transition; so too has the price of carbon in Europe.

The surge has extended to the stock-market, too. Since January 2020 the value of Orsted, a windpower producer, is up by more than a third. The shares of SunRun, a solar firm, have trebled; those of Tesla and Nio, electric-vehicle (EV) makers, have climbed six-fold and nine-fold, respectively. Even lookalikes have gained: Tiziana Life Sciences, a biotech firm with the ticker "TSLA", benefited from a bump last year when investors mistook it for Tesla (TSLA).

To analyse the boom *The Economist* has constructed a portfolio of companies that stand to benefit from the energy transition, with a total market capitalisation of \$3.7trn. Since the start of 2020 the portfolio, weighted by firms' market capitalisation, has risen by 59%, twice the increase in the S&P 500, America's main equity index (see chart 1). Even though the boom has

deflated in the past few months, perhaps owing to inflation fears in America, green investing is changing profoundly.

Green stocks are no longer the preserve of niche sustainable funds. Conventional funds have piled in; stocks are also touted on online forums for day traders, such as WallStreetBets. Many investors draw comparisons between clean energy today and tech at the turn of the millennium—both in terms of the signs of froth, and the emergence of an industry with big structural effects on the economy.

Gauging the extent of the exuberance is not easy: the stockmarket indices that do exist tend to focus on isolated sectors, such as EVs or solar power. So *The Economist* has looked at the global listed firms that are most held by the biggest 100 or so clean-energy investment funds. Stripping out businesses only loosely related to the energy transition, such as semiconductor-makers, leaves 180-odd firms, ranging from renewable-power producers and EV-makers to energy-efficiency outfits and recyclers.

Since the start of 2020 our portfolio, when companies are equally weighted, has

more than doubled; when firms are weighted by market capitalisation, our portfolio has jumped by more than half. The reason for that difference is that many green firms are small—their median market capitalisation is about \$6bn—and the tiddlers have gone up the most. The smallest 25% of the firms have risen by an average of 152% since January 2020. Firms that derive a greater share of their revenue from green activities, such as EV-makers and fuel-cell companies, have also outperformed. The greenest 25% of firms saw their share prices rise by 110%.

What explains the surge? An obvious explanation is the rise of investing focused on environmental, social and governance ►



(ESG) factors. Global flows into ESG funds topped \$178bn in the first quarter of this year, up from \$38bn in the same quarter last year, according to Morningstar, a research firm (see chart 3). ESG funds accounted for 24% of total fund inflows so far this year, up from 11% in 2018. On average about two new ESG-focused funds are launched each day.

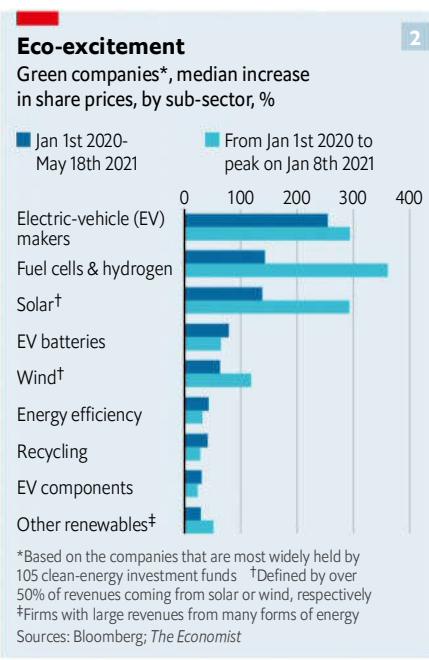
Many of these are indeed loading up on green stocks. Credit Suisse, a bank, tracked the holdings of 100 ESG funds over the past year. Among the five most-purchased companies were Orsted and Vestas Wind, a wind-turbine-maker. Yet only a subset of the funds, accounting for about a tenth of ESG assets under management, focused on clean-energy firms. The rest invested more widely. The top 50 holdings of the world's 20 biggest ESG-labelled funds included only two of our green firms. Many of the top ten holdings were in fact tech companies such as Microsoft and Alibaba. (This is partly because fund managers often use ESG ratings to gauge if a firm is climate-friendly or socially upstanding, and big companies, with the resources to devote to disclosure, tend to rank more highly.)

Conventional fund managers, however, are also going green. Morningstar looked at the investors in 30 clean-energy businesses. At the end of 2020, each firm was held by 138 sustainable funds on average, up from 81 a year earlier. The number of non-ESG holders also increased, from 390 to 624. Investing in clean energy, says Jessica Alsford of Morgan Stanley, a bank, is "no longer a niche topic".

A changing climate

The enthusiasm reflects two trends. For a start, many clean-energy firms are now more viable. The prices of some technologies have fallen dramatically, making them competitive with fossil-fuel firms. The cost of solar power has shrunk by around 80% in the past decade. That of lithium-ion batteries, which power EVs, is falling by about 20% a year. Moreover, with America, China and the EU setting "net-zero" emissions targets, investors sense that green regulation is here to stay. Pension funds, for example, which hold a lot of oil firms, have started to hedge that risk by buying clean-energy stocks, says Bruce Jenkyn-Jones of Impax, an asset manager.

The green hype has also been fuelled by financial fads. Retail investing has surged, and punters seem excited about new clean technologies. Among the 20 most popular companies on Robinhood, an app for day traders, are Tesla and Plug Power, a firm that makes hydrogen-fuel cells. Venkatesh Thallam, an independent researcher, notes that a handful of clean-energy firms feature on WallStreetBets. Green special-purpose acquisition vehicles (SPACs), a novel way for companies to list on stockmarkets,



have also proliferated. Of the 800-odd SPACs that have listed since 2019, about a tenth have focused on sustainability.

The emergence of meme stocks and SPACs raises fears of a green bubble, especially as 30% of firms in our portfolio are loss-making. To gauge the degree of frothiness *The Economist* has looked at two ratios: price-to-earnings (what the market thinks a company is worth relative to its earnings) and price-to-book (which compares prices to net assets).

These suggest that the degree of froth varies across green stocks. The median price-to-earnings ratio of renewable-power firms is about that of the S&P 500. By contrast, EV firms have a median price-to-earnings ratio roughly twice that of the wider index. As most hydrogen and fuel-cell firms in our portfolio are not yet making money, price-to-earnings ratios cannot be calculated. But their price-to-book ratio is about 50% above the market average.

The difference in valuations is explained by variations in the maturity of both the underlying technology and the market. Wind and solar firms began to expand in the 2000s, aided by generous government subsidies. Over time the technologies improved and the subsidies shrank. The sectors also consolidated; those that survived now generate stable revenues.

By contrast, the frothier stocks are where wind and solar was a decade ago. The technology is often unproven, or the products need subsidies to be viable. And there are lots of firms competing with each other. The allure for investors is that one of them might be the next Tesla.

A few things could sap that exuberance. Inflation is a worry. Stock prices have already fallen this year upon inflation scares in America. Many green firms' valuations

are based on earnings far into the future. Higher inflation would erode that. If central banks raise interest rates, that could hurt renewable-power producers, which rely on debt for most of their financing.

Investors' enthusiasm could also wane if some of the more speculative technologies fail. The froth has already attracted short-sellers. Nathan Anderson of Hindenburg Research, an investment firm, says fraud has become "pervasive" as money has flowed into green firms. Bosses might promise more than they can deliver or exaggerate the prowess of their technology. Hindenburg claims a string of ESG superstars have misled investors. That includes Ormat, a geothermal-power producer, and Nikola, an EV-maker. Ormat has said the claims are "inaccurate", and Nikola has called them "false and defamatory".

If technologies do succeed, fat returns may still not follow: falling product prices might offset demand growth. That was the case during the solar boom, says Velislava Dimitrova of Fidelity, another asset manager. Solar installations grew by 670% over the past decade, but module prices fell by over 85%. As a result, cumulative revenue growth for the industry was roughly 15%.

Still, many investors are optimistic. Few think that the energy transition will go into reverse. They argue that the prospects for the sector as a whole are promising, even if some firms end up being duds. Comparisons to the tech industry at the turn of the century abound. Like the internet, decarbonisation will lead to structural change in the global economy. Capital will have to flow towards cleaner technologies. The process will create winners and losers.

Mark Lacey of Schroders, an asset manager, notes that in the three years after 2000, many small and mid-cap tech companies went bust. Lots of green firms could meet the same fate. But it is worth remembering that, two decades after the dotcom bust, tech firms make up 38% of the market capitalisation of the S&P 500. ■



Computer chips

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The global microchip shortage is here for some time

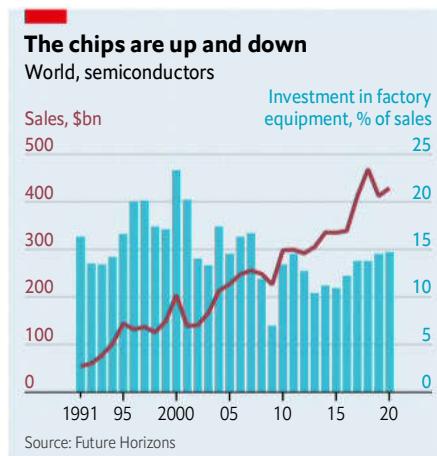
FOR WANT of a chip, the factory was lost. On May 18th Toyota became the latest carmaker forced to cut production amid a global shortage of microchips, announcing it would suspend work at two of its plants in Japan. Firms including Ford, General Motors and Jaguar Land Rover have also had to send workers home.

The pain is not confined to the car industry, for the shortage spans all sorts of chips, from the expensive, high-tech devices that power smartphones and data centres to the simple sensors and microcontrollers that have become a vital commodity, scattered across everything from cars to washing machines, and often costing just a few cents each. In the past few weeks companies including Foxconn, Nintendo and Samsung have warned of hits to production, affecting everything from smartphones and games consoles to televisions and home broadband routers.

Governments are worried. America's called a summit in April; another is due on May 20th. Germany's finance minister has written to the government of Taiwan, where many chipmakers are based, lobbying for priority for carmakers. A report from Gavekal Research, a consultancy, published on May 4th, said the shortage might soon hit export performance in several East Asian economies. But there is little that ministers can do. The chip drought is the result of the covid-19 pandemic interacting with an industry that is notoriously prone to cycles of boom and bust. It is likely to persist for months, if not years.

"The most important thing [to recognise]", says Malcolm Penn, who runs Future Horizons, a chip-industry consultancy, "is that shortages are a natural part of the industry." Chipmaking, he says, is a good example of what economists call a "pork-cycle" business, named for the regular swings between under- and over-supply first analysed in American pork markets in the 1920s. As with pigs, the supply of chips cannot quickly react to changes in demand. Capacity was tight even before the pandemic, says Mr Penn, pointing out that investment by chipmakers in factory equipment has been below its long-term average for many years (see chart).

The pandemic thus arrived at the worst possible time. After an early crash, demand in several segments boomed, says Alan Priestley of Gartner, another consultancy. Locked-down consumers bought laptops



and other gadgets. Cloud-computing operators, which are big consumers of high-end chips, scrambled to add servers to deal with the wave of home-workers. The car industry was particularly badly hit by a decision to cut orders early in the pandemic. Demand for cars has since recovered. But the complexities of the production process means it takes three to four months to turn a blank silicon wafer into a usable batch of chips. "I can cancel my orders in an afternoon," says Mr Penn. "If I want to start them up again, that takes months—and anyway, that capacity is now busy serving other customers."

The impact of the pandemic, in turn, has been made worse by industry-specific problems. In March a chip plant owned by Renesas, a Japanese firm, caught fire, piling pain on the car industry. Some chipmakers, meanwhile, face shortages of their own. Many cheap, workaday parts are made in older factories designed to process silicon wafers that are 300mm in diameter, or even smaller. (These days 300mm is the standard.) Efforts to boost capacity are stymied by the fact that few toolmakers still make the old-style machines, says Mr Priestley. The market for second-hand 300mm tools, meanwhile, has been stripped bare.

But the pork cycle is turning once again. Taiwan Semiconductor Manufacturing Company, the world's biggest contract chipmaker, plans to spend \$30bn on new capacity this year alone. Samsung Electronics and Intel, two other giants, have pencilled in \$28bn and \$20bn respectively; second-tier chipmakers are ramping up spending too. That will bring relief to the wider economy, says Mr Priestley, but not immediately. On May 14th Jim Whitehurst, the boss of IBM, a computer-maker, said he thought the shortages might last for two years. And, says Mr Penn, when the drought eventually ends, chipmakers may find they face a familiar problem, but on a bigger scale: a capacity splurge in response to serious shortages today could well mean a sizeable glut tomorrow. ■

Cryptocurrencies

Bit by bit

As bitcoin lurches, Wall Street banks plot their way into cryptoland

CRYPTO BUFFS have had a punishing week. On May 13th Tether, which issues a "stablecoin" widely used to facilitate bitcoin trading, said that just 2.9% of its \$58bn-worth of coins is backed by cash reserves, feeding doubts about its dollar peg. Elon Musk, Tesla's boss, tweeted that the electric-car maker would not accept payments in bitcoin. Then on May 18th China warned financial firms against servicing cryptocurrencies. The price of bitcoin tumbled to \$30,000, less than half its record high in April, before stabilising at around \$39,000.

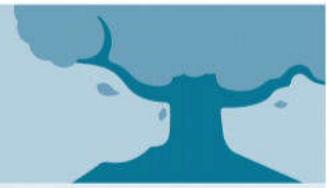
As it cratered, bitcoin dragged most other cryptocurrencies with it. Several big crypto exchanges, including Coinbase, experienced lengthy outages. Investors unable to liquidate positions felt trapped; those willing to "buy the dip" felt cheated. The latest swing might raise doubts about whether crypto markets are liquid or even reliable enough to welcome institutional investors en masse. That is why it is worth looking to Wall Street.

America's big banks have been venturing into cryptoland. In March Morgan Stanley became the first to offer wealthy customers access to bitcoin funds. This month Goldman Sachs revived the crypto desk it had mothballed in 2017; Citigroup said it may offer crypto services. BNY Mellon and State Street are vying to administer bitcoin exchange-traded funds, currently under regulatory review in America. JPMorgan Chase, once adamant that it would steer clear unless cryptocurrencies began to be regulated, has hinted that it might start trading operations if the market expands.

Why are highly regulated banks wandering into the unregulated wilderness of crypto? It helps that watchdogs in America have been setting out what services banks can provide. Last year the Office of the Comptroller of the Currency said they could offer custodial services for crypto assets. The Commodity Futures Trading Commission regards bitcoin and other digital currencies as commodities, enabling banks to trade derivatives linked to them.

The main reason for banks' enthusiasm, though, is obsessive interest from some customers. A year ago Itay Tuchman, Citigroup's foreign-exchange chief, hardly ever fielded calls on crypto from institutional clients. Now he receives them several times a week, he says. Roman Regelman ►►

Buttonwood Move over VIX



Why the MOVE is now the true fear index

WHAT DO INVESTORS fear most? In the Bank of America's long-running survey of fund managers, the tail risk that has mostly preoccupied them until recently has been the pandemic. In this month's survey, though, inflation rose to the top of the list of worries. It is not hard to see why. High inflation, if sustained, would require central banks to act decisively to contain it. That would mean the end of the low interest rates that have underpinned the prices of an array of expensive-looking assets, from stocks and bonds to property.

Surveys are one thing. The bets investors make are another. The VIX, or volatility index, is the best-known market gauge of fear. It tracks the cost of insuring against extreme moves in American share prices and is widely used by banks and asset managers as a guide to managing risk in general. Yet the VIX does not get directly to what presently worries investors. For that, you need to consult a less-celebrated oracle—the MOVE, or Merrill Lynch Options Volatility Estimate, a market-based measure of uncertainty about interest rates. It has the stronger claim to being the true fear index. If it spikes it means bond investors have been gripped by raw terror.

The outlook for inflation is unclear. On the one hand, the form book says there is no reason to worry. For much of the past decade and more, the Federal Reserve and other central banks have consistently over-forecast inflation and under-shot their inflation targets. Jumps in inflation, such as the one recorded last month as America's economy reopened in earnest, have usually proved transitory. On the other hand, present conditions seem fertile for inflation. The pressure on aggregate demand is fuelled not only by loose monetary policy but by hefty

fiscal stimulus. In the face of this more insistent spending, businesses' rules of thumb about which kind of workers to hire, how much to pay and how quickly to add capacity may prove faulty. Inflation might upset the form book.

If inflation is uncertain, so is the path for interest rates. Forecasts of monetary policy are reflected in the slope of the bond-yield curve and in interest-rate futures. The range of uncertainty around these expectations is embedded in options prices. A financial option is the right to buy or sell an asset at a specified price on or before a specified maturity date. Options are particularly valuable—and expensive—when investors are more uncertain or more fearful about the future. The level of market anxiety or uncertainty can thus be extracted from their prices. These are the raw material for the MOVE index, which is derived from options on two-, five-, ten- and thirty-year Treasuries.

The MOVE is expressed in basis points, explains Harley Bassman, who invented the index. If, say, interest rates are 5% and the MOVE is 100, it means that most (68%)

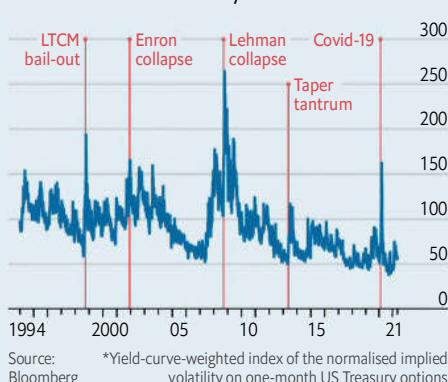
or one standard deviation of a normal distribution) of the time interest rates are expected to lie between 4% and 6%. At present the index is in the fifties, which is low relative to its history and much lower than at times of extreme market stress (see chart). This is partly technical, says Mr Bassman. With interest rates not far from zero and the Fed seemingly disinclined to ever take them negative, the scope for volatility in Treasuries is somewhat curtailed. Another explanation is that people believe the Fed when it says it will not change its monetary-policy settings for a while. That expectation lowers the implied volatility on two-year Treasuries, which drags on the overall MOVE index.

Even so, the MOVE seems very likely to rise again—and perhaps sharply. The Fed will get beyond the sitting-on-hands phase. The market is betting that interest rates will rise in early 2023, after the Fed has first announced and then completed a tapering of its bond purchases. How far the MOVE will eventually move will depend on how transitory inflation looks to the bond markets and how in control of the situation the Fed seems. Many already swear by the index. A sharp rise in it is often a cue for panicky sales of the riskier sort of assets and a general repricing of individual securities, says Kevin Russell of UBS O'Connor, the hedge-fund unit of the Swiss asset manager. That is because if investors grow less certain about interest rates, they also lose confidence about where value is in the credit or equity markets.

For the rest of us, the MOVE is the best proxy for something that matters a lot given the growing fears of inflation. The advantage of a single-number gauge is simplicity. And the MOVE is now the one to watch.

Scary movies

MOVE interest-rate volatility index*



of BNY Mellon deems the craze "an opportunity, but also an imperative". Wealthy clients are pulling money out of private banks, and retail punters out of current accounts, to bet on digital currencies through fintech firms and startups. Many would rather do everything with their banks, which, in turn, hope to reap the rewards in customer fees and data.

Perhaps the easiest service to offer is derivatives trading, as Goldman now does, providing clients with exposure to the assets without having to buy them. Then comes custody: the storage, and related

book-keeping, of assets on behalf of big investors. This requires investing in technology; the few banks already selling custody subcontract tasks to specialist firms.

But it is the next level of services, where banks hold digital assets on their balance-sheets, either as collateral or by trading in spot markets, that is currently beyond reach. After a day like May 19th, when bitcoin lost nearly a third of its value in a few hours, regulators may ensure it stays that way. Even if banks do not trade directly, says Chris Zuehlke of Cumberland, a Chicago-based firm that helped Goldman exe-

cute its first big "block" trade of crypto futures on May 6th, they could still connect clients to large spot traders, acting as the shopfront but relying on the infrastructure, and balance-sheets, of others.

Banks insist that most clients expect a rollercoaster ride. But a prolonged rout could still scare off prospective converts and trigger a regulatory crackdown. Wall Street has an unrivalled ability to bring liquidity and distribution muscle to new assets. Anyone wanting to work out the fate of crypto-investing might do well to see what the banks do next. ■



Interest rates

Learning to live without LIBOR

LIBOR will be replaced by a panoply of reference rates. That is no bad thing

A RESTAURANT CHAIN in Huntsville, Alabama, draws an extra few thousand dollars from its working-capital facility with a local bank. Meanwhile, its employees' pension scheme needs to convert the variable interest rate on \$10bn of its assets into a fixed revenue stream. The scheme agrees to an interest-rate swap with a hedge fund, which wants to bet on the Federal Reserve raising rates. It places the wager using a margin loan from its prime broker, one of Wall Street's larger banks.

Each transaction needs a benchmark to decide what interest rate should be charged. The bizarre thing is that they all use the same one: the London interbank offered rate (LIBOR), an estimate of the rate at which big banks in London lend to each other in an obscure corner of the money markets. Every day, it gives borrowing costs for each of five currencies, for periods ranging from overnight to a year. Those for the dollar alone are used to determine the interest rates on \$223trn of debt and derivatives—more than two-and-a-half times annual global GDP. But the benchmark is not long for this world. Fixings for the euro, sterling, Swiss franc and yen will be discontinued at the end of 2021, and those for the dollar in June 2023. What will replace them?

LIBOR is best known for a scandal that broke in 2012, when it emerged that banks and traders had been illicitly manipulating it for years. That had become even easier after the market it was meant to measure all but evaporated. For most of the five de-

cades since its invention, banks used unsecured loans from their peers as a source of day-to-day funding. But these dried up during the financial crisis of 2007-09 and never returned to anything like their previous volume. An interbank lending market with daily transactions of around \$500m now underpins contracts pegged to dollar LIBOR that are worth about 450,000 times that. This disparity led regulators to call time on LIBOR in 2017.

The most striking feature of the transition is the diversity of the candidates to replace it. Start with the leading alternatives in each of LIBOR's five currencies. Those are the secured overnight financing rate (SOFR) for the dollar, the sterling overnight index average (SONIA) for the pound, the Tokyo overnight average rate (TONAR) for the yen, the Swiss average rate overnight (SARON) for the Swiss franc, and the euro short-term rate (ESTR) for the euro. All are so-called "near-risk-free" rates, which measure the cost of overnight lending. But they do this in different ways, which reflect local funding conditions. British, European and Japanese banks lean on unsecured deposits for their day-to-day liquidity. So SONIA, ESTR and TONAR are daily averages of the rates banks pay on such deposits. But big American and Swiss banks tend to rely more on repos (secured loans collateralised by government bonds). So SOFR and SARON measure transactions in these markets instead.

Further fragmentation is emerging within the dollar market. SOFR is less use-

ful for the regional bank in Alabama that lends to local businesses, since it is unlikely to be a heavy user of repos. Such lenders tend to be more reliant on short-term, unsecured debt not dissimilar to that underpinning LIBOR, albeit at rates set for small banks in the local market rather than big ones in London. Hence the creation of AMERIBOR, an index that measures borrowing costs of small, medium and regional banks in America. Two indices produced by Bloomberg, a financial-data firm, and by the Intercontinental Exchange (ICE), aim to perform a similar function for larger banks that derive some of their funding from long-dated bonds rather than short-term repos, and that wish to lend using a benchmark that reflects their normal borrowing costs.

These alternatives to SOFR may be better tailored to certain types of lenders, but they come with two drawbacks. The first is that they might be too LIBOR-like. Thomas Wipf of the Alternative Reference Rates Committee (ARRC), a body convened by the Federal Reserve to steer the dollar market's transition, warns against relying on reference rates that may share LIBOR's shortcomings. A bespoke index representing banks' funding costs may seem like a fine idea, until a liquidity crunch hits and the transactions underpinning it dry up, making it unstable in times of stress. SOFR, which is based on over \$1trn of daily repo transactions, was chosen by the ARRC to avoid precisely this eventuality. By contrast, AMERIBOR and ICE's Bank Yield Index are underpinned by transactions worth \$2.5bn and \$15bn respectively.

The second concern is liquidity, and hence trading costs, in the markets indexed to the more tailored benchmarks. Under LIBOR—and, in the future, SOFR—the restaurant chain in Huntsville has access to the same derivative market as the hedge fund. That vast trading pool means that small businesses can buy contracts to protect themselves from rising interest rates relatively cheaply. AMERIBOR might hew more closely to the regional lender's funding costs, but trading debt and derivatives linked to this niche yardstick is likely to be slower and more expensive.

These flaws could mean that some of the new benchmarks fall into disuse. Yet, on balance, the constellation of successors to LIBOR seems like a good thing. It is fundamental to the concept of debt that borrowing costs depend on who you are, who your lender is and which currency you borrow in. The new measures should do a better job than a relic with little relevance for today's financial system. ■

Free exchange | Separation anxiety

How covid-19 could impede the catch-up of poor countries with rich ones



IT ONCE SEEMED possible that covid-19 might deliver a softer blow to poor economies than rich ones. Instead, the virus seems likely to set the emerging world back in its quest to attain advanced-economy incomes. Real GDP per person in America shrank by about 4% in 2020, only about half a percentage point more than the average across emerging markets, in purchasing-power-parity terms. But projections made by the IMF in April suggest that American growth is set to outpace that in the emerging world this year; with the pandemic still ravaging places like Brazil and India, poor-country growth will probably lag even further behind. More worrying still, the pandemic may reshape the global economy in ways that make continued convergence towards rich-world incomes a tougher slog. Worse prospects for poor countries will in turn make managing future crises, from pandemics to climate change, harder. The rich world should take note.

Economists once reckoned that incomes in poorer economies should naturally catch up to those in richer ones, based on experience in Europe in the 19th and early 20th centuries, when industrial laggards caught up to (and frequently overtook) Britain. Backward countries could borrow the latest know-how from leading ones, the thinking went, and their limited capital base promised hefty returns to investors. In the 1950s two economists, Robert Solow and Trevor Swan, separately developed models of economic growth in which higher returns to capital in poorer countries than in rich ones lead to more investment, generating faster growth and convergence. As scholars gathered more data on more countries, however, it became clear that the 20th century was not a period of convergence, but rather of “divergence, big time”, in the words of Lant Pritchett of Oxford University.

Then, just as economists had all but given up on the idea of convergence, poorer countries began outgrowing rich ones in an extraordinary way. Between 1985 and 1995 incomes per person in the emerging world fell behind those in rich countries at a rate of 0.5% per year, according to a new paper by Michael Kremer of the University of Chicago, Jack Willis of Columbia University and Yang You of the University of Hong Kong. But from 2005 to 2015, incomes converged at a rate of 0.7% per year. Slower growth in the rich world aided the shift, but more important was a broad accel-

eration in poor-country growth. Crucially, the share of developing economies experiencing disastrous downturns shrank dramatically, according to recent work by Dev Patel of Harvard University, and Justin Sandefur and Arvind Subramanian of the Centre for Global Development. Average annual growth rates were negative in 42% of low-income countries in the 1980s, compared with only 16% in the 2000s and 2010s.

This turn in fortunes had enormous consequences for matters from global poverty, which has tumbled over the past generation, to geopolitics. Yet economists are not certain why growth suddenly took off, and thus struggle to assess how likely convergence is to continue. Even before the pandemic there were puzzling trends. Low-income countries outgrew high-income ones by 1.5 percentage points a year in the 2000s (and middle-income countries did better still) but the gap shrank to just 0.65 percentage points in the 2010s. Convergence also became less widespread, geographically, as the 2010s wore on. While incomes in Asian and European emerging economies continued to gain on those in America, Latin America, the Middle East and sub-Saharan Africa began to fall further behind around 2013.

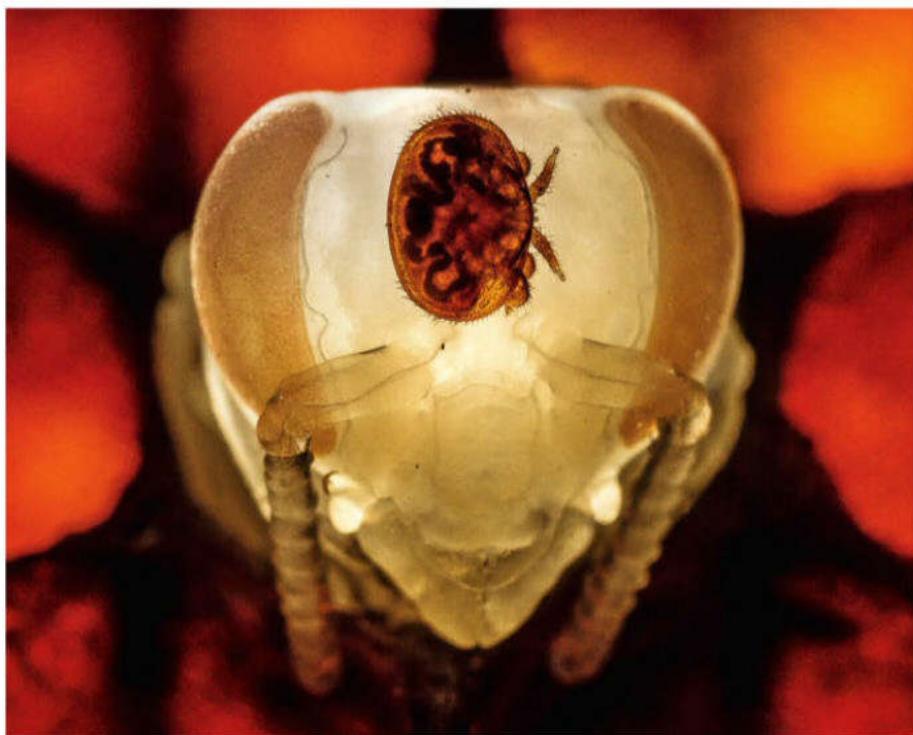
The decline in real output per person in 2020 erased roughly a decade's worth of income gains in those lagging regions. Some countries might quickly recover those losses, though plodding vaccinations and continued outbreaks complicate matters. Rising commodity prices could boost the fortunes of exporters of natural resources, while the migration of more services online after covid-19 could open up opportunities for trade. In some ways developing countries have also become more economically resilient. Mr Kremer and his co-authors examine 32 indicators of the quality of governance, macroeconomic policy and financial development, and find that, for 29 of them, performance improved more in poorer countries than in rich ones between 1985 and 2015. Convergence also took place across measures of culture, such as survey-based attitudes towards inequality and work. Having become more like rich countries, poor places may find it easier than in the past to maintain stable growth, as rich economies tend to.

Yet other factors that buoyed growth in the 2000s and 2010s—such as rapid Chinese development and the explosion in trade associated with the spread of global supply chains—cannot easily be repeated. Rich-world worries about supply-chain reliability, exacerbated by the logistical bottlenecks now besetting the global economy, could in fact bring some trade retrenchment. Perhaps most worrying is the possibility that the trauma of the pandemic could fan political and social instability, particularly in lagging regions, undermining the basis for stable growth.

Closing arguments

Poor countries can scarcely afford such setbacks. Even at the pace of catch-up of the past two decades it would take the average developing economy about 170 years to close half its income gap, say Mr Patel and co-authors. Recent growth has not much reduced the poor world's dependence on rich-world benevolence, as a yawning gap in vaccination rates demonstrates. And the costs of climate change only loom.

Rapid growth earlier in this century encouraged rich-world governments to see developing countries more as lucrative markets or strategic rivals than charity cases. But poor places remain more vulnerable to crises. And with every crisis, attaining stable growth becomes even harder. Rich-world policy on matters from trade to aid must take this into account. ■



Pesticides

Debugging. A new approach

RNA has shot to fame for its use in vaccines against covid-19. But the molecule can also be employed as a pesticide

RIBONUCLEIC ACID (RNA), once little-known outside biological circles, has recently become the molecule *de nos jours*. The reason is its role in covid-19 vaccines. The RNA molecules in these encode spike, a coronavirus protein. So, when the protein-making machinery of a body cell encounters such RNA, spike is what it makes. That lets a vaccine-recipient's immune system learn to recognise a crucial part of the enemy before the real thing turns up.

Helping to make proteins is not, however, RNA's only job. Among many other things it is central to a process called RNA interference, which prevents, rather than facilitates, the manufacture of specific proteins. RNAi, as this activity is called for short, has also been investigated medically. It has been approved for use against four genetic diseases and is under investigation for the treatment of more than a dozen others. That is good. Some biologists, though, think RNAi may have an important non-medical use as well, as a precisely targeted, environmentally friendly pesticide.

The theory is simple. Identify a protein crucial to the survival of the pest in question. Tailor a specific interfering RNA molecule to sabotage production of that pro-

tein. Deliver it into the bodies of the pests. Then wait for them all to die. In practice, of course, things are more complicated. Delivery mechanisms have to be designed and regulatory hoops jumped through. But until recently, the biggest obstacle was cost. Life-saving medicines can be expensive. Pesticides must be cheap. One effect of all the medical RNA work, however, has been to bring down the cost of making the stuff. As Michael Helmstetter, the boss of Renaissance Ag, a firm in Kansas which is developing RNA-based pesticides, observes, "a gram of RNA cost \$100,000 when we started. By 2014 it was \$100 a gram. Now it's a dollar a gram."

Running interference

Top of the list of potential beneficiaries are honeybees. These semi-domesticated insects, important not only for their eponymous product, but also as pollinators, are plagued by *Varroa destructor*, a mite a couple of millimetres across (pictured above, on the head of a pupating bee). *Varroa* mites live by attaching themselves to, and feeding on, bees. This weakens or kills the hosts and also spreads viruses around a hive. Some suspect *Varroa* plays a role in

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colony-collapse disorder, a mysterious phenomenon in which most of a hive's workers desert for no apparent reason.

Beekeepers have tried all sorts of ways of attacking *Varroa* mites. Some place plastic strips laced with amitraz, a pesticide reckoned particularly effective against mites, at the entrances to hives. Others vaporise oxalic acid, which has a similar reputation, and pump it into the hive. Others still run breeding programmes, selecting for bees that resist infestation. None has succeeded in solving the *Varroa* problem. At best, these approaches keep the mites' numbers just below the threshold of crisis.

GreenLight Biosciences, a company in Boston, wants to help. It has bought from Bayer, a German pharmaceutical and life-science firm, the rights to an experimental *Varroa* pesticide based on RNAi. Andrey Zarnur, GreenLight's boss, hopes this will succeed where other methods fail because it attacks the mite in a way mere chemical interventions cannot.

Varroa's lifecycle starts when a pregnant female mite crawls alongside a bee larva developing inside one of the nursery cells in a hive's honeycomb. While the larva is growing, this mite just sits there. But once it turns into a pupa she springs into action and lays her eggs on it. Mites and bee then mature in unison over the next few days, and when the adult bee emerges from the cell, the mites attached to it spread around the hive to repeat their trick with future generations.

That the mites spend so much time hidden in the honeycomb makes them hard to attack. And this is where GreenLight hopes ►

its RNA will win through. In field trials in the state of Georgia the firm's operatives are feeding Varroa-destroying RNA to the bees themselves—mixing it in sugar water which the workers drink and make honey from. This lays a biotechnological trap for the mites by lacing any honey in their birthplace with the stuff. By lowering the cost of RNA production and so allowing much more of it to be used, Mr Zarur thinks he can deliver more RNA to the mites, succeeding where Bayer and others did not.

Varroa mites are not, though, the only pests in GreenLight's crosshairs. It also has its sights trained on Colorado potato beetles, which can devastate crops if not controlled. In their case the RNA is simply sprayed onto an infested field and the beetles munch it up. And, though it is cagey about the details, the firm says it has 13 other hostile organisms under investigation, too. These include the fall armyworm, a moth caterpillar that chomps through everything from tobacco to oranges, and the caterpillars of the diamondback moth, the world's worst pest of brassicas, a group which includes cabbages, cauliflowers, broccoli, Brussels sprouts and oilseed rape. Nor is the RNAi approach limited to attacking animals. In principle, any organism is susceptible to it. GreenLight's target list therefore also includes crop-damaging fungi such as *Botrytis*, *Fusarium* and powdery mildew.

Cell game

Not surprisingly, GreenLight has rivals in its quest to develop RNA pesticides. At least two other American companies are working on them as well. RNAissance Ag, Dr Helmstetter's firm, is gunning for the potato beetle and the fall armyworm. AgroSpheres, in Charlottesville, Virginia, is going after Diamondback moths. All three enterprises think they can make RNA cheaply enough for it to be sprayed onto fields. But they do so in different ways.

GreenLight employs a process called cell-free biology, which is more akin to chemistry than conventional biotechnology. Eliminating the need to coddle fussy micro-organisms, says Mr Zarur, simplifies and cheapens things dramatically. But the more traditional approach taken by RNAissance and AgroSpheres, of growing their RNA molecules inside modified bacteria, offers advantages, too. Packaging the RNA in bacterial cells in this way protects the molecules. It also allows the companies' biotechnologists to add features to the cell walls, such as stickiness that stops them slipping off the leaves of plants.

Spraying RNA onto crops is not, however, the only way to get it into pests. Though it has abandoned its honeybee technology, Bayer is developing a genetically modified maize which produces RNA that kills beetle larvae called corn root-

Pomology

Lemon tonic

How to save the world's citrus groves

CITRUS-GREENING disease is a bacterial infection of citrus-fruit trees, spread by insects called psyllids. It was first recorded a century ago, in China, and it has since spread widely. It can be extremely harmful. Within a decade of its arrival in Florida, for example, it had wreaked \$4.6bn-worth of damage and reduced yields by 74%. If its spread continues, says Georgios Vidalakis of the University of California, Riverside, who directs California's Citrus Clonal Protection Programme, citrus fruits risk becoming niche products.

The problem is less the bacteria than the host plant's reaction to them. They are injected when the insects feed on sap-carrying phloem tissues—the parts of a plant's internal plumbing responsible for transporting sugar around. To stop the bacteria spreading, the plant mounts an immune response which thickens the walls of phloem cells with callose, a polymer made of sugar molecules. In the case of citrus-greening disease this response is overenthusiastic, and the phloem tubes get blocked.

Attempts to control the psyllids have proved futile. Nor is any way known to halt or reverse infections. Anne Simon of the University of Maryland, though, thinks she may have an answer. Her approach is based on a discovery made by Dr Vidalakis and his team in 2013. This is that a harmless discolouration sometimes seen in the veins of citrus trees is caused by molecules of so-called independently mobile infectious RNA (iRNA). iRNAs are about the simplest self-reproducing structures imaginable. Though virus-like, they have no proteins of their own. Instead, they encode an enzyme called RNA-dependent RNA polymerase, which then churns out copies of the RNA they are composed of.

They do, however, need to be able to move from cell to cell in order to spread. To that end, they disguise themselves with plant proteins that let them pass through the passages connecting neighbouring cells. Dr Simon wondered if that mobility might be exploited to carry other molecules around as well. In particular, she has in mind to yoke the iRNA in question to a specially designed string of RNA that would interfere (see adjacent article) either with the manufacture of the pathogen's proteins or with proteins involved in manufacturing callose.

To develop this idea commercially, she has started a firm called Silvec Biologics. Should it prove successful, which will probably take a decade to determine, she thinks other trees will benefit too. The iRNAs seem capable of tunnelling between cells in trees of all kinds, so they could one day be used to protect woody plants with similar problems, including grape vines, olives and cacao.



Little suckers

worms. A group at the University of Florida is taking a similar approach to the insects known as psyllids that spread a bacterium which causes citrus-greening disease (see box), a serious threat to orange groves.

RNA spraying has advantages, though. A farmer can use it on existing crops, rather than having to replant with transgenic versions. The regulations are less onerous than for the creation of transgenic organisms. And in Europe, where transgenic crops are banned in many places, governments seem open to RNA-based pesticides.

Andreas Vilcinskas, an entomologist at

the Fraunhofer Institute's campus in Giesen, Germany, who is working with GreenLight, says the German government now supports their development. It has good reason to. In 2018 the European Union banned the outdoor use of three types of neonicotinoids, a popular class of pesticides. Since then, Germany, France and Poland have all had to reverse this ban on an emergency basis after aphids spread like wildfire. Ironically, neonicotinoids were banned to help bees. Promoting RNA as a pesticide might thus, as it were, kill many bugs with one stone. ■

Packaging

Every last drop

How to get all of the toothpaste out of the tube

AGNARLED TOOTHPASTE tube, squeezed and twisted out of shape in a vain attempt to extract its remaining contents, haunts many a bathroom. But not, perhaps, for much longer. Colgate-Palmolive, an American consumer-goods giant, has taken up an invention by a pair of experts in super-slippery surfaces to produce toothpaste tubes that promise to deliver every last scrap of their contents.

In 2012 Kripa Varanasi, a professor at the Massachusetts Institute of Technology, and Dave Smith, his PhD student, set up a company called LiquiGlide to commercialise their work on making liquids flow more easily through pipes and out of containers. What caught many people's imaginations at the time was a demonstration of how this could be used to empty a ketchup bottle without shaking it vigorously.

So far, ketchup-makers have not embraced the idea. But the health and beauty industry, where products tend to be pricier than ketchup, is interested. Mibelle Group, a Swiss producer of health-care and beauty products, employs the technology to lessen the amount of material left stuck to the insides of pipes and vessels in its factories when it is time for a clean-up. LiquiGlide's deal with Colgate is, though, the firm's first big break into a consumer business.

The new toothpaste, called Elixir, comes in three varieties: a formula for whitening teeth, one for gum and enamel care and a "detox" version which, it is claimed, removes impurities from the mouth. All are packaged in plastic tubes that can be emptied with ease. Elixir has gone on sale in Europe, though no decision has yet been made about whether it will be sold elsewhere.

To produce their slippery pipes and containers, Dr Varanasi and Dr Smith first impose a microscopically textured pattern on them and then apply a suitably formulated liquid. This fills the gaps in the texture, creating a surface across which gooey substances slide easily. Any risk of contamination can be eliminated by making the liquid in question from materials also employed in the product.

Besides pleasing customers who like to get their money's worth, the new, slippery toothpaste tubes should help with recycling. Existing tubes are rarely recycled, not only because they have residue left inside them but also because they are usually made from a laminate of plastic and alumi-

nium foil. Mixed materials of this sort are hard to recycle, and therefore end up being dumped in landfill, or incinerated.

Despite their success with toothpaste, Dr Varanasi and Dr Smith have not given up on food producers. Besides ketchup, their slippery surfaces also aid the dispensing of products such as mayonnaise, and may help, too, with things like hummus and soured cream that have a thicker consistency and which usually come in tubs. They have, for instance, carried out a trial putting cream cheese into a squeezable bottle with a slot-shaped dispenser. "You get this perfect strip of cream cheese right on your bagel," enthuses Dr Smith. ■



Medical ventilation

Bottom-breathers

A novel approach to ventilation may save lives

FIsh BREATHE through their gills. But some also breathe through their bottoms. Vertebrate guts are abundantly supplied with blood vessels, to enable them to absorb digested food. That means they can, in principle, absorb oxygen, too. And this is precisely what happens in species such as the weather loach (pictured).

As far as is known, no land vertebrate can perform this trick. But, in a paper just published in *Med*, Takebe Takanori of the Cincinnati Children's Hospital, in Ohio, describes how terrestrial animals might, with a bit of assistance, be enabled to do so. So far, Dr Takebe and his colleagues have turned mice, rats and pigs into bottom-breathers. If they can extend the trick to people, it could offer an alternative to tracheal intubation as a means of keeping those with breathing difficulties alive.

The notion that intestinal oxygen might be medically beneficial surfaced briefly in the mid-20th century, though experimental evidence swiftly crushed it. But Dr Takebe observed that the experiments in question had failed to consider a crucial fact. Mammalian rectums are lined with layers of mucous which could limit the exchange of gases. To test the intestinal-breathing hypothesis properly, this mucous would need to be removed, to grant oxygen direct access to the intestines' wall.

To begin with, Dr Takebe and his colleagues tried this with mice. After anaesthetising their subjects, they scraped away the mucous linings using toothpicks. They then fitted the animals with masks, to restrict their air supply, and pumped oxygen into their intestines. Control mice, masked but not so perfused, survived for less than quarter of an hour. Those receiving rectal oxygen lasted 50 minutes.

Buoyed by this result, the team sought a less traumatic means of delivering the gas. They settled on perfluorocarbons. These are liquids that can absorb large amounts of oxygen. They are often used as a blood substitute, or to assist the ventilation of premature babies. The quantity of oxygen they can carry, combined with the extra pressure a liquid applies to the intestinal lining, means scraping away the mucous is no longer necessary.

After administering oxygenated perfluorocarbon enemas to anaesthetised mice with intact rectal linings, the researchers put them in chambers with a restricted oxygen supply, to see what would happen. They found that mice dosed with perfluorocarbons retained high levels of oxygen in their blood for over an hour—more than four times longer than control animals not so treated. What is more, says Dr Takebe, the rodents' subsequent behaviour did not seem to be affected by the time they had spent in low-oxygen conditions.

Following the success of these experiments, the researchers moved on to rats and pigs, and found that the technique worked with them, too. In light of this Dr Takebe hopes to start trials on healthy human volunteers next year.

Though Dr Takebe began this project before the appearance of covid-19, the pandemic has thrown into sharp relief the need for better means of medical ventilation. And, while rectal ventilation sounds uncomfortable, it might actually be easier on the body than the traumatic process of intubation. Whether perfluorocarbon enemas would deliver enough oxygen, and whether the weakened bodies of patients with respiratory failure could absorb it, remains to be seen. But in the face of a ventilation crisis, as John Hurst, a respiratory specialist at University College, London, puts it, "anything that is innovative is immediately attractive as a solution." ■

Space exploration

Welcome to Utopia

China's Mars landing shows its ever greater spaceflight capabilities

AT 17:17 GMT on May 14th *Tianwen-1*, a Chinese mission which had been orbiting Mars since February 10th, made a subtle adjustment to its trajectory—one that put it on course to hit the planet's surface six hours later. After three hours, however, it broke itself in two. One part re-adjusted its path so as to skim past the planet and stay in orbit. The other, a sealed shell with a heatshield on the outside and a precious cargo within, plummeted on towards the surface at 17,000km an hour.

It entered the atmosphere about 125km above the ground, blazing across the alien sky like a meteor. Once friction with the air had bled off most of its kinetic energy it deployed a parachute. The shell broke open, revealing a landing platform with four legs, a rocket engine and a six-wheeled rover fastened to its top. The engine ignited. When the platform had just 100 metres left to go it paused briefly, hovering as its sensors looked for obstacles that would impede a safe landing. Then it set itself down in a cloud of red dust on Utopia Planitia, one of the great flat plains of Mars's northern hemisphere.

Touch down

Entry, descent and landing (EDL) is historically the riskiest part of any mission to the Martian surface. Every engineering system has to work perfectly. And it all has to happen entirely on the basis of onboard data processing and programming, unsupervised by any human being. Mars is currently 320m kilometres from Earth, meaning radio signals between the planets take 18 minutes to travel each way. By the time the engineers, researchers and bigwigs gathered at the Beijing Aerospace Control Centre knew for sure that the spacecraft was entering the atmosphere, the dust had long since settled.

Once news of its arrival reached mission control, Chinese media lost little time in announcing the triumph to a waking nation which had, for the most part, been blissfully unaware of the drama playing out in the heavens. Aware of EDL's risks, the authorities had given little advance warning of the landing attempt. The details of *Tianwen-1*'s orbital manoeuvres were worked out by amateurs monitoring Chinese telemetry using an Apollo-era radio dish in Germany.

The announcement stressed not just the landing itself, but the complete success

of the mission it capped. By orbiting and landing on a planet China had never previously visited, *Tianwen-1* had become the most successful first mission to Mars in history. America did not land on Mars until five years after first orbiting it.

That said, both America's first orbiter and its subsequent *Viking* landers made their trips in the 1970s. The Soviet Union managed a landing then, too. But the European Space Agency (ESA) has twice failed at the task, in 2003 and 2016—the second of those attempts a partnership with the Russian space agency, Roscosmos. Getting it right first time definitely ranks as an achievement, even half a century on. It is, moreover, one achievement among many. In January 2019 China became the first country to put a rover on the far side of the Moon. And last month it launched the first part of a new space station. A second part is due up shortly.

China still has some way to go, though. The capabilities of *Perseverance*, the one-tonne lander which America's National Aeronautics and Space Administration, NASA, deposited at a precisely chosen location in Jezero crater on February 18th, far outstrip those of the Chinese rover, *Zhurong*, which is a quarter of the size. And *Perseverance* has the benefit of established orbital infrastructure in the form of the Mars Relay Network, five satellites (three American, two European) that can send high-bandwidth data back to Earth. One of the reasons given for *Zhurong*'s failure to send back pictures until May 19th was that the

Tianwen-1 orbiter had to refine its orbit yet again in order to pass on messages.

When *Zhurong* does trundle off its platform and on to the plain, attention will focus on data from its ground-penetrating radar, which is designed to be able to detect ice at depths of up to 100 metres. The distribution of ice is of consuming interest to those who study Mars, defining as it does the limits of the planet's potential habitability both in its less-arid past and, perhaps, its human-settled future.

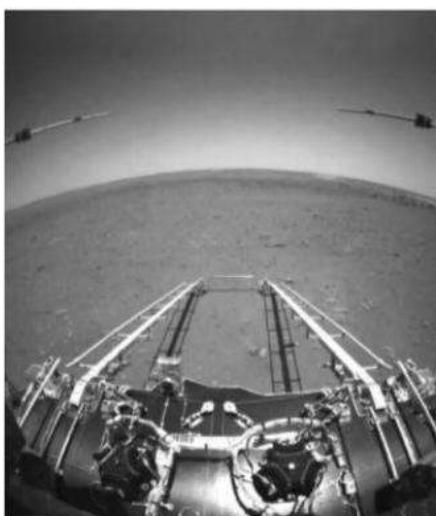
The Mars Subsurface Water Ice Mapping project (SWIM), an attempt to synthesise results from many different approaches to the question, suggests that when *Viking-2* scraped the surface at its landing site in another part of Utopia Planitia in the 1970s, its robotic arm may have been within centimetres of permafrost. But that was at 48°N. *Zhurong*'s landing site, at 25°N, is within the Martian tropics, where underground ice is much less likely to persist close to the surface. Unlikelihood, though, is not impossibility—and it would make any icy discovery even more exciting.

Wild rovers

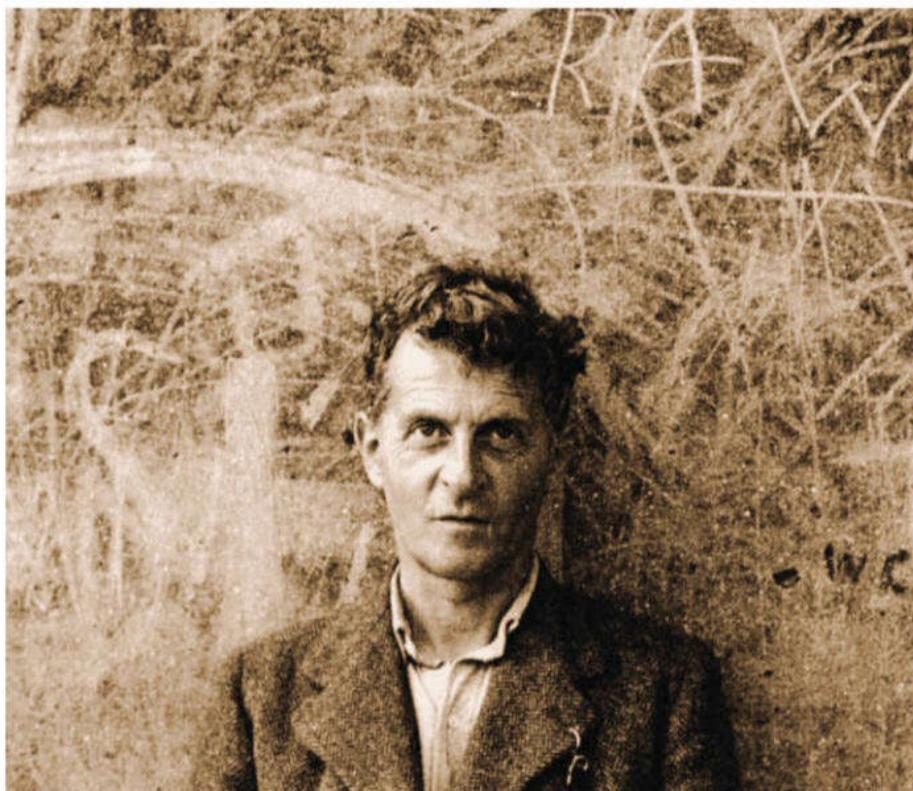
How far *Zhurong* will be able to go in search of ice is hard to say. It is similar in size and design to *Spirit* and *Opportunity*, two rovers America landed in 2004, and like them it has an official life expectancy of 90 sols (a sol is a Martian day, 40 minutes longer than an Earthly one). *Spirit* ended up lasting six years, *Opportunity* 14, over which it travelled 45km. If Chinese engineering is of a similar calibre and its operation teams similarly canny, *Zhurong* may still have quite a journey ahead of it.

It may even last until the next landmark in Mars exploration: the return of samples to Earth. It is a goal NASA has spoken of for decades and now intends to realise. Part of *Perseverance*'s mission is to assemble a cache of samples to be picked up later by a joint NASA-ESA mission. Some years hence, the plan goes, America will land a package close to that cache. This will contain both a small European rover to retrieve the samples and a rocket capable of getting them into orbit, whence another European spacecraft will scoop them up and bring them back to Earth. It is the most ambitious planetary-science mission currently being planned.

China is reported to be planning a sample-return mission, too, for launch around the end of the decade. It showed some of the capabilities required for this by returning samples from the Moon last year. If it were to content itself with bringing back any old sample that could be reached from a lander with a rocket on board, that mission could conceivably be accomplished at about the same time as the more sophisticated NASA-ESA attempt. That really would be an interesting space race. ■



Zhurong's runway to the surface



The "Tractatus" at 100

The rest is silence

A short book that Ludwig Wittgenstein wrote on the Eastern Front changed philosophy for ever

OF ALL THE innovations that sprang from the trenches of the first world war—the zip, the tea bag, the tank—the "Tractatus Logico-Philosophicus" must be among the most elegant and humane. When the conflict began, this short treatise was a jumble of ideas in the head of a young Austrian soldier and erstwhile philosophy student called Ludwig Wittgenstein. By the time he was released from a prisoner-of-war camp during the Versailles peace conference, it had taken rough shape over a few dozen mud-splattered pages in his knapsack. In 1921 Wittgenstein found a publisher, and philosophy was changed for ever.

That the book ever made it into print was miraculous. Before the war, as a student at Cambridge, Wittgenstein's talent was clear to his contemporaries, who begged him to put his many thoughts into writing. He refused, fearing that an imperfect work of philosophy was worthless. His mentor, Bertrand Russell, made a habit of taking notes when the two spoke, lest his protégé's genius be lost to memory. Wittgenstein himself had other preoccu-

pations, principally suicide.

He was in Vienna visiting his family when the conflict began. Then aged 25, Wittgenstein answered the call for troops and was sent to the Eastern Front to fight for the Austro-Hungarian Empire. Largely cut off from his British friends, he was left with his own thoughts and a copy of Leo Tolstoy's "The Gospel in Brief"; he would mimic its pared-down, staccato structure in the "Tractatus". "If I don't live to see the end of this war," he confided to a friend, "I must be prepared for all my work to go to nothing." He resolved, finally, to write.

Stuff and nonsense

He drew on the work of Gottlob Frege, a German logician. Still, the "Tractatus" was revolutionary in its naivety. What, Wittgenstein asked simply, is language? Why and how do the squawks a person makes, and the squiggles they draw, conjure up all that is in the world? Anthony Quinton, a British philosopher, compared his instincts to those of Sir Isaac Newton, who had troubled to ask why stones fall to the ground when others had been content

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enough to say, "They just do."

Wittgenstein's answer was the picture theory of language, a neat demonstration of the relation between words and the real world. He argued that all meaningful thoughts that people have are arrangements of pictures, which, when expressed in language as "propositions", can be communicated to others. This is what "the cat sat on the mat" has in common with sophisticated sentences. At least in the cases of tangible things like felines, that might seem obvious. But Wittgenstein was breaking new ground. The idea came to him as he read a report about a court case involving a car crash (still a relatively novel occurrence). Learning that a lawyer had used toy cars and dolls to explain the smash, he grasped the pictorial basis of language.

He applied this view to the central problems that had perplexed philosophers for millennia: God, morality, beauty. He concluded that, since philosophy largely discusses things that are not demonstrable in the world and cannot therefore be pictured, many of its propositions are not meaningful. Instead, most philosophy is "nonsense". He preferred to focus on the few areas that could be meaningfully discussed with language. That led him to a final, definitive proposition: "Whereof one cannot speak, thereof one must be silent." Or, as he put it elsewhere in the "Tractatus", "the limits of my language mean the limits of my world." In his preface Wittgenstein claimed to have found "the final solution of the problems" of philosophy. ➤

► Readers have been dazzled and puzzled by this brazenness for a century. The appeal is not only the originality of the ideas but their forthright expression. Fewer than a hundred pages long, the book is structured around seven enigmatic main statements, beginning with: "The world is all that is the case." These are followed by supplementary points ordered in a decimal sequence. Wittgenstein offers little justification and almost no evidence. He intended his statements to be inarguable.

It may not be coincidental that the "Tractatus" was published a year before

three seminal works of modernist literature: T.S. Eliot's "The Waste Land", Virginia Woolf's "Jacob's Room" and James Joyce's "Ulysses". Initial reviewers appreciated Wittgenstein's literary flair while often misconstruing his philosophy. Even Frege, one of his heroes, considered the slim book to be "an artistic rather than a scientific achievement".

For Wittgenstein, convinced of its brilliance, this was not enough. He felt Frege, along with his mentor Russell, had missed the ramifications of the "Tractatus". He retreated from academia to rural Austria

where he taught at a primary school for most of the 1920s. For the brightest children, his influence was life-shaping. He ignored the less able, unless he was so incensed by their ignorance as to cane them.

While Wittgenstein was away, the import of the "Tractatus" sank in. By the time he returned to Cambridge in 1929 he was the most vaunted philosopher in the world. John Maynard Keynes ran into him on the way from London. "God has arrived," Keynes wrote to a friend, "I met him on the 5.15 train." A young Alan Turing attended his lectures. Like his writing, Witt-

Johnson Dictionary blues

The world increasingly speaks English. But don't give up on foreign languages

ASTON UNIVERSITY in Birmingham is closing the department that teaches languages and translation. The University of Sheffield stands accused of sending its language students on dumbed-down courses to save money. Fewer pupils at British schools are taking foreign-language exams (a drop in French, the most popular choice, accounts for most of the decline). A hasty analysis might see this trend as a nationalist, populist, post-Brexit mindset at work. But it has been gathering for a long time, not just in Britain but in America, and not just in the Brexit and Trump eras, but well before them.

The tragic attack on America of September 11th 2001 had one positive consequence. Many Americans realised how entangled their lives were with those of people around the world, and saw that they often did not understand their counterparts' hopes and fears. Some patriotically applied to join the diplomatic and intelligence services; a few swotty types resolved to learn foreign languages. The number of students studying Arabic at university soared (albeit from a very low base). But the country's attention has since wandered. The most recent research in America by the Modern Language Association found a drop of 9.2% in enrolment in university-level foreign-languages courses between 2013 and 2016.

Much more than tub-thumping politics, the likely culprit for all this is the global rise of English. Converse with Europeans of different ages and a three-generation pattern emerges. If they speak English at all, the oldest do so with heavy accents and grammatical mistakes. Middle-aged folk, especially in places like Scandinavia or the Netherlands, have light accents and merely mangle the

odd idiom. The youngsters often put their elders to shame. They speak with American accents that could have been plucked from "Friends"—except that they did not pick them up from anything so primitive as an old-fashioned television. Endless time on YouTube, or gaming live with others while trash-talking in English, has made that seem less a foreign language than one of their own.

All this might understandably make youngsters in Anglophone countries wonder why they should bother learning French or Spanish at school. Why endure the arduous middle phase of learning a language—when you have some knowledge but no experience—if the awkward jumble that comes out of your mouth is liable to be met with a reply in flawless English? True fluency is valuable, as anyone who has sweated to achieve it will proudly attest. But that half-knowledge, the typical outcome of many courses, increasingly looks redundant.

Yet there are several good reasons to persist with language-learning in schools and universities. First, anyone who plans

to move to another country, or interacts with one regularly for work or otherwise, still benefits hugely from almost any familiarity with its language. There is no way to genuinely get to know a place without being able to chit-chat or watch a bit of its television. (Anglophones who doubt this should imagine understanding their country with zero knowledge of English.) Second, even if your contact with the culture in question is only occasional, your efforts to use its language will be much appreciated—at least by older residents, who might otherwise scowl at you for assuming everyone is happy to speak English.

Foreign languages also have an intellectual value all their own—even if you never set foot in the relevant country. Latin and Greek were for centuries considered training for the mind; the same is true of immersion in any alien tongue. This is how many people acquire what formal knowledge of grammar they have. And the effort involved in talking in a foreign language makes you slow down and reflect on what you are saying and why. Researchers have even found that people make more rational decisions when speaking another language.

Beyond the individual benefits, 21st-century economies still need people who can function fluently abroad. Just as universal maths education creates a big pool of potential engineers, widespread language teaching does the same for business executives, diplomats, soldiers and spies. Speaking another language is not just a courtesy to others. Much of the benefit still accrues to those who put in the work—and the societies that support them. Even as English continues to rise, Anglophone countries that slash budgets for foreign languages may find themselves lost for words.



Wittgenstein's teaching flouted tradition. He sat among his students, rattling off questions on the lines of "Why might we think that blue is closer to green than red?"

As in the primary school, the slower students floundered; the quick-witted worshipped him. Taking his claim to have "solved" philosophy to its logical end, one disciple left Cambridge to work in a canning factory. Another went into toolmaking. Ray Monk, Wittgenstein's biographer, reckons no other university would have allowed him to lecture undergraduates.

God's afterlife

Still, he tired of what he called "the stiffness, the artificiality, the self-satisfaction" of university life. After a few years he rediscovered the iconoclasm of the "Tractatus" and began to pooh-pooh his own ideas. How far he repudiated the book is disputed. After his death in 1951 some of his later thoughts were collated as "Philosophical Investigations", but he never published another book in his lifetime. The "Tractatus", reckons Constantine Sandis of the British Wittgenstein Society, "contains the seeds of a philosophical outlook that informed all his thought throughout his life".

To mark its centenary the society is hosting an international symposium of philosophers. The Wittgenstein Initiative in Vienna is curating a virtual exhibition of his life and work. Luciano Bazzocchi, a Wittgenstein scholar, has edited new editions in German and English. But the influence of the "Tractatus" extends beyond academia. Its author's admirers include Jasper Johns, an American abstract painter; Iris Murdoch, whose debut novel centred on a line from the book; Derek Jarman, who directed a Wittgenstein biopic; and the film-making Coen brothers. Modern readers have spotted new resonances. "Wittgenstein literally wrote his books in tweet form," a fan joked recently on Twitter.

In philosophy itself, the legacy of the "Tractatus" is complex. In the middle of the 20th century it was a lodestar for philosophy professors in English-speaking universities; a band of devoted Wittgensteinians still carry the torch. But over the decades, Wittgenstein's pronouncements on the end of philosophy and the meaninglessness of many of its debates came to seem less convincing. "All the branches of philosophy that Wittgenstein thought would get shut down have flourished," acknowledges Mr Monk. Advances in the philosophy of mind and political theory, and in the emerging field of "public philosophy", have undermined his claims.

The enigmatic man himself might not have set too much store by those developments. "Wittgenstein had complete contempt for academic philosophers," says Mr Monk. "How highly regarded he was by them didn't matter to him." ■



Rudyard Kipling

His best beloved

How the Just So Stories Were Made. By John Batchelor. Yale University Press; 240 pages; \$25 and £18.99

ALREADY IN HIS mid-30s, the Bombay-born writer Rudyard Kipling had begun to polarise the public. In 1901 satirists claimed that "the British Empire was placed in his charge" as a precocious child, "and it is still there". By 1910, writes John Batchelor, the hardline imperialism that Kipling developed alongside his friendship with the colonial plunderer Cecil Rhodes meant that "his reputation was damaged, and would remain damaged".

Yet the novelist Henry James, another friend, thought the master-craftsman who wrote "Kim", "The Jungle Books" and some of his age's finest short fiction was "the most complete man of genius...I have ever known". T.S. Eliot championed his verse and called him "the greatest Englishman of letters of his generation". More recently Salman Rushdie, also Bombay-born, dubbed Kipling "a writer with a storm inside him", who "creates a mirror-storm of contradictory responses".

Today he is an avatar for debates over Britain's past, and a case study in reconciling admiration with judgment. Critics and readers fret over the paradoxes of an author who, in a poem, thanked "Allah Who gave me two/Separate sides to my head". This ingenious, versatile and empathetic literary magpie, once a teenage journalist

in colonial Lahore, became "a ravenous observer of the world". Nonetheless, his allegiance to British imperialism "pulled him into explicitly racist writing". How could the strident jingoist and the shape-shifting magician share the same brain? Like Kipling himself, Mr Batchelor lets the big picture emerge from small details.

Fluent, engaging and gently erudite, his account centres on the making of the "Just So Stories". These 12 "alternative creation narratives" were originally meant for Kipling's beloved daughter Josephine, who died, aged six, in 1899; they were published in 1902. He combined text, drawings (see picture) and design into an enchanting package that young readers still enjoy.

This trumpeter of empire somehow emerged from the arts-and-crafts aestheticism of late-Victorian Britain. His uncle by marriage was the august painter-designer Edward Burne-Jones. His father was John Lockwood Kipling, an artist with Pre-Raphaelite connections who headed the Mayo School of Arts in Lahore (now Pakistan's National College of Arts) and researched traditional Indian skills. As Mr Batchelor says, in the "Just So Stories" and elsewhere, Rudyard was meticulously attentive to the presentation of his work.

With their talking animals, wondrous transformations and incantatory, fairytale voices, the "Just So Stories" use imagery and mythology not just from the India of Kipling's fondly remembered youth but other far-flung places he had visited, from South Africa to New England, Australia to the Amazon. Several tales, including "The Elephant's Child", "How the Leopard Got his Spots" and "How the Camel Got his Hump" pivot on acts of rebellion and disobedience, with the discoveries—and punishments—that ensue. Kipling sympathises with the adventurers yet depicts their sometimes painful comeuppance.

For his part, Mr Batchelor sees the stories as "jewel-like works of art". His analysis takes in the main themes of Kipling's life and work, from his "fluid and protean" sense of identity, to his infatuation with Rhodes and his Pre-Raphaelite heritage. Not least, there is the "deep and lasting" grief for Josephine that imbues the tales with a subtext of mortality and loss.

But he stumbles when he says the "Just So Stories" are "a text from which the concerns of the empire are successfully excluded". Kipling's flag-waving brand of globalisation, a cultural eclecticism that mixes fascination with condescension, his gift for identifying both with underdogs and overlords—these traits surface in his fables, deepening and darkening them. Even here, what Mr Batchelor calls the "obvious split" in Kipling "between the creative writer and the political writer" never quite holds firm. Those "separate sides to my head" are eternally locked together. ■

Art and memory in South Korea

Ghost town

GWANGJU

A city in South Korea offers two ways to remember past traumas

ONCE YOU start to notice it, history is hard to overlook in Gwangju. All over town, traffic signs point to sites associated with "5·18". The three digits stand for May 18th, the day in 1980 when the military dictatorship that then ruled South Korea began cracking down on pro-democracy protests in the south-western city. During the ten-day stand-off that followed, hundreds of civilians, many of them students, were killed by the security forces. Hundreds more were later prosecuted for taking part in the demonstrations.

Since then, much has changed in South Korea. The uprising in Gwangju is now widely considered a pivotal event in the country's journey to democracy. Chun Doo-hwan, the general who ordered the crackdown and assumed the presidency shortly afterwards, was given a suspended prison sentence last year for defaming an eyewitness to the massacre (Mr Chun had continued to deny that helicopters fired on civilians). Only the most ardent right-wingers still gripe about "communist rioters", a reference to the conspiracy theory, enlisted as justification by the generals, that the protests had been fanned by North Korean agents.

What happened in May 1980 is largely established. How to remember the tragedy is much less clear. "I ask myself: what is May 18th, what does it mean to somebody like me who hasn't experienced the event and doesn't remember it?" says Minouk Lim, an artist who has grappled with South Korea's history. Two very different answers to that question about memory and meaning are offered in Gwangju.

The national cemetery on the northern outskirts of the city exemplifies the first approach. Officially described as a "sacred spot for democracy", the solemn, austere place hosts an annual commemoration of the uprising. It is dominated by twin pillars, 40 metres tall, holding an oval symbol and towering above the graves of many of the massacre's victims. The monument is flanked by bronze murals and statues depicting scenes and themes from the protests. Visitors are asked to bow their heads respectfully before entering.

The graveyard immortalises the heroism of the dead. "Mother, I will fight for democracy, justice and freedom", reads the gravestone of Jun Young-jin, killed at 17; in an accompanying photo he wears big glasses and a school uniform. Pointing out

the grave shared by Yoon Sang-won, one of the protest's leaders, and his "spirit wife", Park Gi-sun, a labour activist, a guide recalls a remark Yoon made shortly before he was killed at 29: "Today we lose, but history will remember us as winners."

For many on the country's left, this curious mix of triumphalism and victimhood, frozen in time, could serve as the basis of an official national identity. Moon Jae-in, the current president, would like to see the spirit of Gwangju celebrated in the constitution. By contrast, a different way to interpret history has been on display in the city in the past few weeks. It is less prescriptive and more visceral.

Restless spirits

In the middle of extensive parkland, swathes of which serve as illicit vegetable patches for local residents, sit the ruined remains of the former armed forces hospital. During the uprising, protesters who had been tortured were taken there to be treated, only to find themselves face to face with their interrogators once more. Today the wind blows through abandoned corridors, rattling crumbling door frames. Plants crawl through broken windows



Flower power

from the courtyard. Fading notices on peeling walls warn against spilling state secrets, or instruct staff on how to dispense antidepressants.

But like other sites around the city linked to May 18th, sections of the hospital were temporarily brought back to life this year by artists commissioned by the Gwangju biennale (an exhibition first held in 1995, in part to perpetuate the democratic values of the uprising). Unlike the cemetery, with its air of permanence, the engagement with the past in the hospital was provisional and questioning.

Ms Lim filled part of it with tokens of a much earlier massacre: hundreds of wooden canes, a handful at first but rising in number to fill half a room and then an entire ward, laid out side by side on blue cloth. The intricately carved objects, which Ms Lim has used in her art for years, were crafted by Chai Eui-jin, who survived the slaughter of most of his village by the South Korean army in 1949. (The state blamed the killings on communist guerrillas, whom the soldiers were supposedly pursuing.) Chai lost nine relatives and spent a lifetime trying to get the authorities to acknowledge what had happened, all the while channelling his grief into his carvings. To Ms Lim, it made little sense to think about May 18th as an isolated incident. "It's part of a long history of state violence that people still know little about."

Painful if neglected memories surfaced throughout the hospital. In the foyer old televisions displayed images of plants, suggesting renewal. The screens sat on blocks of pavement into which Bae Young-hwan had carved excerpts from "March for the Beloved", an anthem written for the "spirit wedding" of the couple from the national cemetery; the song was recently adopted by protesters in Hong Kong.

Moon Seon-hee filled a corridor that leads to the former intensive-care ward with potted daisies. Catching the sunlight filtering through the windows, they were meant to evoke the concept of care (see picture). Loudspeakers placed among the flowers played accounts of the turmoil of 1980, witnessed by children from that time but read by their modern counterparts. In another wing a video installation by Kader Attia, a French artist, showed interviews about trauma from around the world; before it came room after room of prosthetic legs perched on wooden chairs.

In another contrast with the national cemetery, here the engagement with the past was itself ephemeral. The artworks are now being dismantled and the hospital turned over to its ghosts—before in the future being converted into a national trauma centre, where psychological scars will be treated in another way. The canes will find a new home. "The past is not a finished story," says Ms Lim. "It's ongoing." ■

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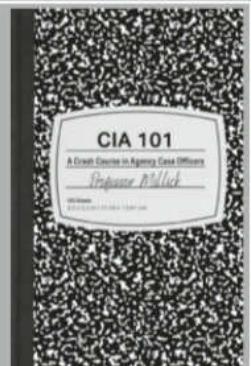
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Economic data

	Gross domestic product			Consumer prices		Unemployment rate	Current-account balance	Budget balance	Interest rates	Currency units				
	% change on year ago latest	quarter*	2021†	% change on year ago latest	2021†	%	% of GDP, 2021†	% of GDP, 2021†	10-yr govt bonds latest,%	change on year ago, bp	per \$ May 19th	% change on year ago		
United States	0.4	Q1	6.4	5.5	4.2	Apr	2.1	6.1	Apr	-2.7	-13.5	1.7	98.0	-
China	18.3	Q1	2.4	8.5	0.9	Apr	1.6	5.1	Apr‡	2.7	-4.7	2.9	83.0	6.44
Japan	-1.9	Q1	-5.1	2.2	-0.1	Mar	0.1	2.6	Mar	3.0	-9.4	nil	-8.0	109
Britain	-6.1	Q1	-5.9	5.3	1.5	Apr	1.5	4.8	Feb††	-4.2	-12.1	0.9	67.0	0.71
Canada	-3.2	Q4	9.6	5.4	3.4	Apr	2.2	8.1	Apr	-2.0	-8.9	1.6	99.0	1.21
Euro area	-1.8	Q1	-2.5	4.1	1.6	Apr	1.3	8.1	Mar	3.1	-6.6	-0.1	36.0	0.82
Austria	-5.7	Q4	-5.6	3.4	1.9	Apr	1.7	5.6	Mar	3.4	-7.1	0.2	24.0	0.82
Belgium	-1.0	Q1	2.4	3.8	1.2	Apr	1.0	5.8	Mar	nil	-7.0	0.2	17.0	0.82
France	1.5	Q1	1.8	5.4	1.2	Apr	1.3	7.9	Mar	-1.8	-9.0	0.3	31.0	0.82
Germany	-3.0	Q1	-6.6	3.5	2.0	Apr	1.9	4.5	Mar	6.8	-3.6	-0.1	36.0	0.82
Greece	-5.9	Q4	11.1	2.5	-0.3	Apr	nil	15.8	Dec	-5.8	-5.9	1.1	-79.0	0.82
Italy	-1.4	Q1	-1.6	3.4	1.1	Apr	0.7	10.1	Mar	3.0	-10.5	1.1	-54.0	0.82
Netherlands	-2.8	Q1	-1.8	2.9	1.9	Apr	2.0	3.5	Mar	10.8	-3.4	-0.1	18.0	0.82
Spain	-4.3	Q1	-2.1	5.6	2.2	Apr	1.3	15.3	Mar	1.3	-8.9	0.6	-17.0	0.82
Czech Republic	-4.8	Q4	-1.2	3.7	3.1	Apr	2.2	3.4	Mar‡	2.1	-5.5	1.8	103	20.9
Denmark	-1.4	Q4	-5.9	3.0	1.5	Apr	0.7	4.5	Mar	7.4	-1.3	0.2	47.0	6.09
Norway	-1.4	Q1	-2.5	2.6	3.0	Apr	1.6	5.0	Nov††	2.4	-1.7	1.5	107	8.30
Poland	-2.7	Q4	3.6	4.1	4.3	Apr	3.2	6.4	Mar§	2.0	-6.9	1.9	48.0	3.70
Russia	-1.0	Q1	na	3.2	5.5	Apr	5.3	5.4	Mar§	3.6	-1.7	7.3	163	73.8
Sweden	-0.8	Q1	4.5	3.3	2.2	Apr	1.4	10.0	Mar§	4.1	-2.6	0.5	51.0	8.34
Switzerland	-1.6	Q4	1.3	2.6	0.3	Apr	0.3	3.1	Apr	7.0	-2.3	-0.1	42.0	0.90
Turkey	5.9	Q4	na	3.9	17.1	Apr	11.9	13.1	Mar§	-2.3	-3.1	17.4	474	8.39
Australia	-1.1	Q4	13.1	3.4	1.1	Q1	2.1	5.5	Apr	1.9	-7.3	1.7	68.0	1.29
Hong Kong	7.9	Q1	23.5	3.5	0.5	Mar	1.8	6.8	Mar‡‡	3.7	-3.8	1.3	63.0	7.76
India	0.4	Q4	42.7	10.4	4.3	Apr	5.2	8.0	Apr	-1.0	-7.0	6.0	-6.0	73.2
Indonesia	-0.7	Q1	na	3.3	1.4	Apr	2.8	6.3	Q1§	-0.3	-6.4	6.5	-121	14,285
Malaysia	-0.5	Q1	na	4.4	1.7	Mar	2.4	4.7	Mar§	4.6	-6.0	3.2	32.0	4.14
Pakistan	0.5	2020**	na	1.7	11.1	Apr	8.8	5.8	2018	-1.9	-6.9	9.7	†††	153
Philippines	-4.2	Q1	1.2	6.6	4.5	Apr	4.0	8.7	Q1§	-1.0	-7.4	3.9	61.0	47.9
Singapore	0.2	Q1	8.3	4.8	1.3	Mar	1.8	2.9	Q1	16.7	-4.1	1.5	78.0	1.33
South Korea	1.7	Q1	6.6	3.2	2.3	Apr	1.5	4.0	Apr§	4.3	-4.7	2.1	73.0	1,130
Taiwan	8.2	Q1	12.9	6.2	2.1	Apr	1.6	3.7	Mar	15.5	-0.5	0.5	-4.0	27.9
Thailand	-2.6	Q1	0.7	2.9	3.4	Apr	2.2	1.5	Dec§	4.5	-6.6	1.7	59.0	31.5
Argentina	-4.3	Q4	19.4	6.2	46.3	Apr‡	46.8	11.0	Q4§	1.7	-6.0	na	na	94.2
Brazil	-1.1	Q4	13.3	3.2	6.8	Apr	6.7	14.4	Feb§‡‡	0.5	-7.9	9.6	179	5.29
Chile	0.3	Q1	13.4	6.3	3.3	Apr	3.5	10.4	Mar§‡‡	-0.3	-7.2	3.8	140	716
Colombia	2.0	Q1	11.9	4.8	1.9	Apr	2.6	14.2	Mar§	-3.3	-8.9	7.2	158	3,692
Mexico	-3.8	Q1	1.6	5.7	6.1	Apr	4.5	4.4	Mar	2.0	-2.8	6.9	82.0	19.8
Peru	-1.7	Q4	37.9	8.0	2.4	Apr	3.2	12.6	Apr§	-0.7	-7.3	5.0	110	3.75
Egypt	2.0	Q4	na	2.9	4.1	Apr	5.7	7.4	Q1§	-3.3	-8.1	na	na	15.7
Israel	-1.2	Q1	-6.5	4.0	0.8	Apr	1.3	5.4	Mar	3.4	-8.8	1.2	41.0	3.27
Saudi Arabia	-4.1	2020	na	2.9	5.0	Mar	2.4	7.4	Q4	2.8	-3.2	na	na	3.75
South Africa	-4.1	Q4	6.2	2.4	4.5	Apr	3.7	32.5	Q4§	1.5	-9.2	9.1	-8.0	14.1

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.

Markets

In local currency	Index May 19th	% change on:			index May 19th	one week	Dec 31st 2020	% change on:		
		one week	Dec 31st	2020				one week	Dec 31st	2020
United States S&P 500	4,115.7	1.3	9.6		45,682.1	1.1	4.4			
United States NAScomp	13,299.7	2.1	3.2		3,104.2	-0.6	9.2			
China Shanghai Comp	3,511.0	1.4	1.1		3,173.1	0.4	10.4			
China Shenzhen Comp	2,327.5	2.4	-0.1		16,132.7	1.4	9.5			
Japan Nikkei 225	28,044.5	-0.4	2.2		1,562.2	-0.6	7.8			
Japan Topix	1,895.2	0.9	5.0		55,990.0	9.7	9.3			
Britain FTSE 100	6,950.2	-0.8	7.6		122,636.3	2.4	3.0			
Canada S&P TSX	19,417.0	1.6	11.4		49,382.3	1.3	12.1			
Euro area EURO STOXX 50	3,936.7	-0.3	10.8		10,806.2	0.4	-0.4			
France CAC 40	6,262.6	-0.3	12.8		1,724.1	1.6	10.0			
Germany DAX*	15,113.6	-0.2	10.2		10,372.5	0.5	19.4			
Italy FTSE/MIB	24,486.7	0.1	10.1		65,855.8	-2.3	10.9			
Netherlands AEX	693.7	-0.1	11.1		World, dev'd MSCI	1,291.0	1.2	8.2		
Spain IBEX 35	9,070.7	0.7	12.3		Emerging markets MSCI	1,327.5	0.9	2.8		
Poland WIG	62,778.7	0.9	10.1							
Russia RTS, \$ terms	1,552.9	0.3	11.9							
Switzerland SMI	11,045.2	0.1	3.2							
Turkey BIST	1,459.6	1.3	-1.2							
Australia All Ord.	7,165.7	-1.6	4.6							
Hong Kong Hang Seng	28,593.8	1.3	5.0							
India BSE	49,902.6	2.5	4.5							
Indonesia IDX	5,760.6	-3.0	-3.7							
Malaysia KLSE	1,580.5	-0.1	-2.9							

US corporate bonds, spread over Treasuries
Basis points latest Dec 31st 2020
Investment grade 119 136
High-yield 358 429

Sources: Refinitiv Datastream; Standard & Poor's Global Fixed Income Research. *Total return index.

Commodities

The Economist commodity-price index	2015=100	May 11th	May 18th*	% change on month	% change on year
Dollar Index	45,682.1	1.1	4.4		
All Items	200.9	194.5	100	81.2	
Food	145.5	139.5	5.9	50.8	
Industrials	252.6	245.8	12.4	102.7	
All	179.1	167.9	2.2	94.2	
Non-food agriculturals	122,636.3	268.9	14.5	104.4	
Metals	10,372.5	19.4			
Sterling Index	10,806.2	0.4	-0.4		
All items	216.8	208.9	8.0	60.0	
Euro Index	183.2	176.5	8.5	62.3	
Gold	\$ per oz	1,829.7	1,868.1	5.2	7.4
Brent	\$ per barrel	68.7	68.8	3.2	98.0

Sources: Bloomberg; CME Group; Cotlook; Refinitiv Datastream; Fastmarkets; FT; ICCO; ICAO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Urner Barry; WSJ. *Provisional.

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Price of progress

Rioting amid demonstrations for racial justice may have helped Donald Trump

AS PROTESTERS FILLED American streets last year to decry the killing of George Floyd, Joe Biden had reason to feel nervous. Four days before Floyd's death, Omar Wasow, an academic, published a paper claiming that violent racial-justice demonstrations following the murder of Martin Luther King in 1968 had set off a backlash. Vote shares for Richard Nixon, who ran for president promising "law and order", were 1.5-7.9 percentage points higher in mostly white areas near violent protests than in comparable ones that were farther away.

Democrats' fears now look ill-founded. Just 6% of the 10,000 Black Lives Matter demonstrations in May–October 2020 were violent, according to ACLED, a database. Mr Biden's lead in polls grew in the wake of Floyd's murder. A recent study by Bouke Klein Teeselink of Yale and Georgios Melios of University College London argued that the protests in fact aided Mr Biden. It found that Democrats' vote share rose more in 2016–20 in areas with good weather in late spring—causing large, frequent marches—than in places where it rained.

However, this paper treated violent and peaceful protests equally. When marches did turn violent, data from Kenosha, Wisconsin imply that Republicans benefited.

In August Kenosha police shot Jacob Blake, a black man. Enraged citizens took to the streets; many looted stores and burned down buildings. A local business group estimated the damage at \$50m.

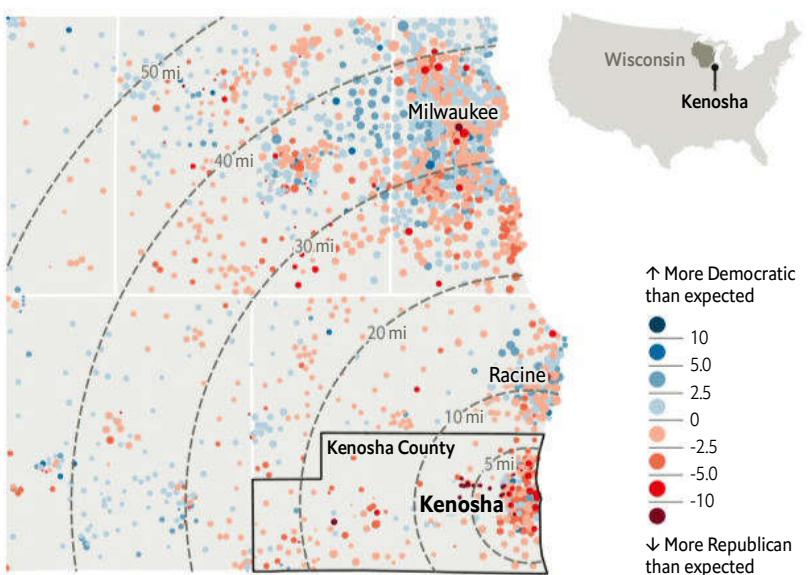
Last week Jesse Richardson, a university student, published a blog noting that Mr Biden's vote share was lower in Kenosha than in similar parts of Wisconsin. Following his work, *The Economist* drilled down to the precinct level, the smallest electoral unit. Using demography, density and vote history, we built a model to predict presidential votes in the state's 3,300 precincts.

Beyond a 30-mile radius from Kenosha, the model matched reported votes well. Within that circle, however, Mr Biden's vote share lagged its estimate. Near its centre, he fell short by 2.4 percentage points. Among Wisconsin's 50 most populous counties, Mr Biden's biggest deficit relative to predicted votes was in Kenosha County.

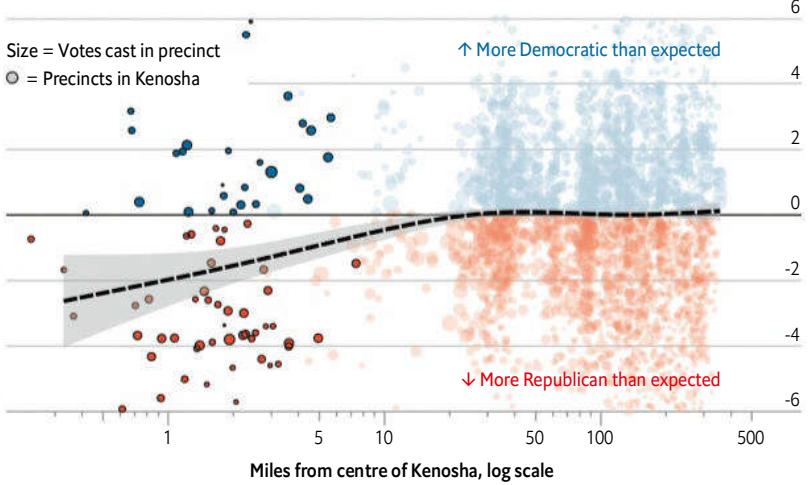
The president's weak showing in Kenosha could have been caused by something besides the protests. But the most likely interpretation is that when frustration with the police boils over into lawless demonstrations, the party seeking changes to policing tends to pay an electoral price. ■

→ Joe Biden underperformed electoral expectations in Kenosha

Wisconsin, difference between predicted and actual Democratic two-party vote share in 2020 US presidential election, by precinct, % points

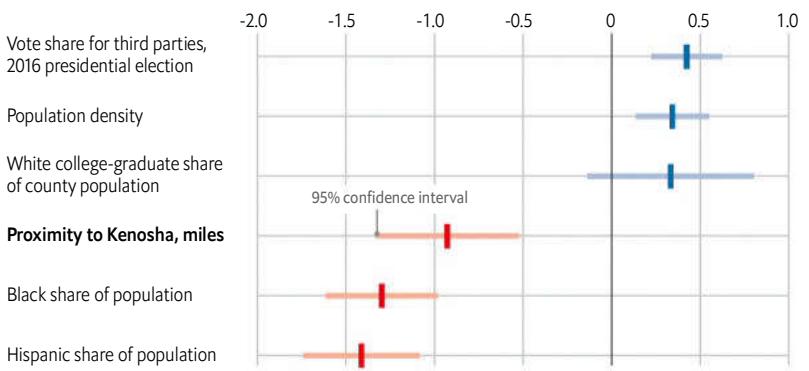


Wisconsin, difference between predicted and actual Democratic two-party vote share, by distance from Kenosha, % points



→ Demography and vote history do not fully explain Mr Biden's deficit there

Effect of a one-standard-deviation increase in selected variables on change in Democratic presidential vote share 2016–20, % points





The long walk

Asfaw Yemiru, teacher of Ethiopia's poor, died on May 8th, aged 78 or 79

IT WOULD TAKE a long time, Asfaw Yemiru reckoned, to walk the 75 miles from his village in Bulga to Addis Ababa. The family had last gone by donkey, so that he and his 11 brothers could be made deacons in the cathedral. That trip had taken two days. He was going barefoot now, and he was only nine.

He had 50 cents in his pocket, and had not told his parents he was leaving. But the village offered him nothing except priest-school, where he would learn to read religious books and, very probably, become a Coptic priest like his father. Addis jumped with possibilities, so away he went.

It was not quite as good as he imagined. He found work as a bearer, toting loads on a pole over his small shoulder. But much of the time, like the other swarming street children, he begged and slept in the churchyard of St George's cathedral. His lucky break came when, one day, a rich Turkish lady dropped cheeses from her basket and he raced to pick them up. She took him on as her general skivvy and, between fetching water and chopping wood, he could go to proper primary school.

That made the difference. Life opened up. He sailed through all his tests, and won a scholarship to the General Wingate boarding school. At first, being a street child, his place was given to a rich boy. But he presented himself to the headmaster, barefoot, dusty and wrapped in a blanket, and recited the English words he had carefully rehearsed: "My name is Asfaw Yemiru. I am here to learn." Immediately, the head took to him.

From those chance seeds grew one of the best and most famous schools in Ethiopia, the Asra Hawariat School for the poor. Its name meant "Footsteps of the Apostles". By 2020 more than 120,000 boys and girls, saved from the street, had passed through it. They learned the three Rs, English, history and geography, as well as how to grow vegetables, raise chickens, make pots and weave on looms Asfaw had made himself—in short, to make a liv-

ing. His deacon-training had been brief, but one firm strand remained: to give what he had received back to others.

Wingate school made him well aware of that command. There he was horrified to see that dining-room leftovers were buried or burned by the staff. He began to distribute them instead to the children who stood outside to beg. But it was not simply food they needed. They wanted him to teach them, and so he started, under the trees in the churchyard of Petros and Paulos, when his own lessons were over. He was only 14 himself, not much taller than the crowd of pupils who sat eagerly in front of him and watched the board on which he chalked up letters. In the long and short rains they had to huddle under the church's lower canopy or in the niches of big people's tombs. At night, many children slept there.

Word of his lessons spread. They were open to all the poor, and free. By 1960 there were almost 300 in his classes, from all over the city and even beyond it, and the church administrators began to complain. In 1961 the emperor, Haile Selassie, gave him land, just beside Wingate and thick with eucalyptus trees. There he built a school with the children's help. It took root and flourished.

The first buildings were not much to look at. Their walls were made of broken brick and eucalyptus laths, and everything was flimsy. Inside, the ten classrooms were divided from each other only by waist-high partitions, in case one teacher had charge of three classes. (Good teachers were hard to find.) The shelves and cupboards in the classrooms doubled as bunks. If you opened a latch, you might find a crumpled blanket and a small girl reading. Or a boy might suddenly drop from near the ceiling like a cat, broadly smiling. Some people, shocked, said Asra Hawariat was just a set of shacks. But it became 64 classrooms, with a library wing and proper dormitories. Whatever it looked like, he didn't care; his only point was education.

Not all his pupils were orphans. Many were simply part of the huge child-population in Ethiopia, still a third of it, whose parents could not afford to send them to school. After lessons they would still go off to carry loads, as he had done, or shine shoes. To make sure they stayed at school, he made house calls and gave the parents cash, milk and school-grown vegetables. It seemed to work.

That eager spirit marked him. When he needed to expand his school he raised money by walking to Harar and back, 620 miles across desert. He had gained the original site in the dangerous, time-honoured way of throwing himself in front of the emperor's limousine as he visited Wingate, shouting "Give us land!"—and the emperor agreed. When the mayor of Addis held things up, he loitered by his office every day to pester him. Friends would remind him of the tale of the frog and the lion: when the frog did too much croaking, the lion ate it. He laughed that off, since education was worth making a noise about.

He also felt touched by luck—or the blessing of God. Whenever he was desperate for money, which was often, something turned up. Once he was given the unclaimed prize money from the national lottery. Another time, Winchester College sent him money, and the headmaster of Wingate wiped out his debts. The emperor himself suddenly gave him a prize of \$10,000, as well as a piece of forest land for a second campus. In 2001 he was awarded the World's Children's Prize.

He was pleased, but success also bothered him. Year after year his school achieved one of the highest pass-rates in the Standard 8 graduating exams. Yet no good lay in certificates and university if pupils then forgot where they had come from. They had to be socially useful, perhaps teaching illiterate adults they knew, or instructing their own parents. They had to work to narrow the vast gap between the rich and the poor.

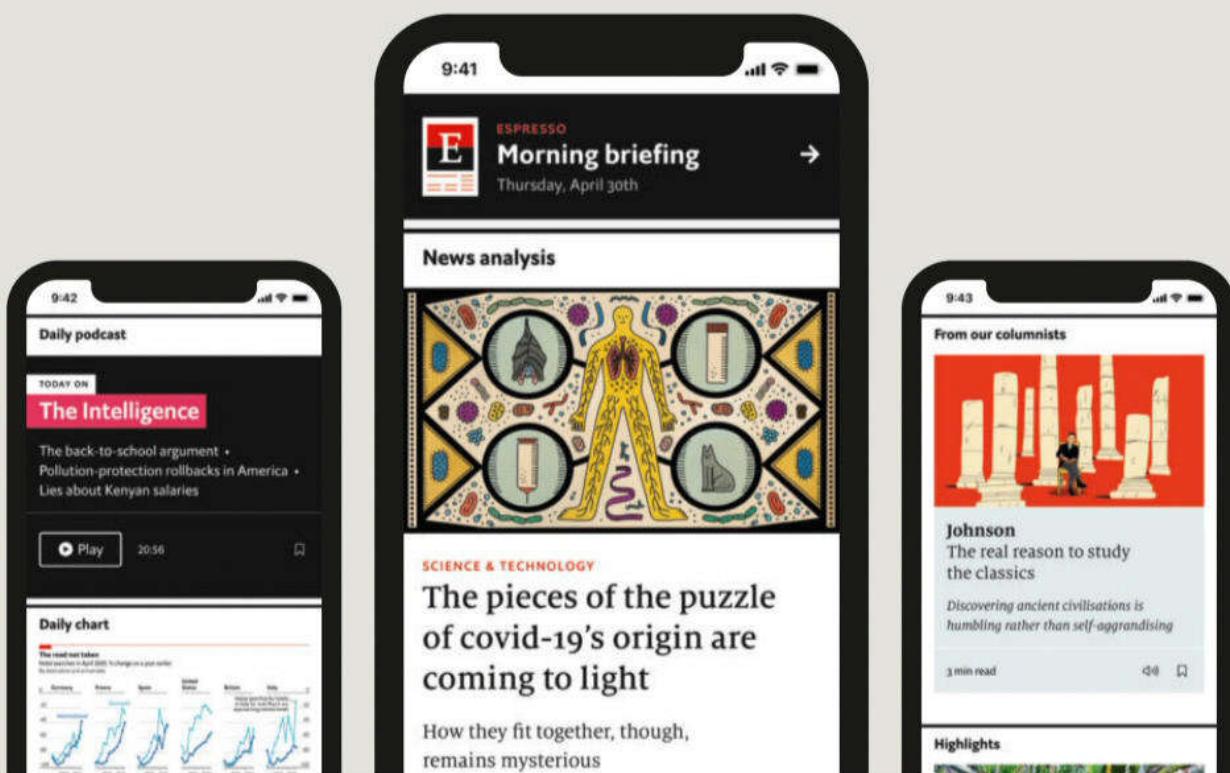
Those worlds came together when, on two occasions, Haile Selassie visited his school. Guards attended in smart pith helmets, and little girls in white dresses gave the emperor flowers. But he, the principal, went barefoot, as he usually did; as he had done on his long, long walk from Bulga to Addis Ababa. ■



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