

# The Economist

---

The new economics of global cities

---

Why nations that fail women fail

---

Inside Intel's turnaround

---

Is an AIDS vaccine next?

---

SEPTEMBER 11TH-17TH 2021

---



## America then and now





## NEVER STRAIGHT

**It is said the shortest distance between two points is a straight line.** But at sea, charting any course comes with a slew of uncontrollable factors. The winds, the currents, the swell... Only the strongest will, the keenest experience and a sharp intuition can overcome such overwhelming powers. Only by keeping the highest expectations and harnessing the deepest resources can one chart a course between where one is and where one aims to be. There is very little chance it will ever be a straight line. **Yet more often than not, it will be the right one.**

*#Perpetual*



OYSTER PERPETUAL  
YACHT-MASTER II



**ROLEX**

An irregular heartbeat can take away your freedom in an instant.

Our cardiac technology helps give it back.



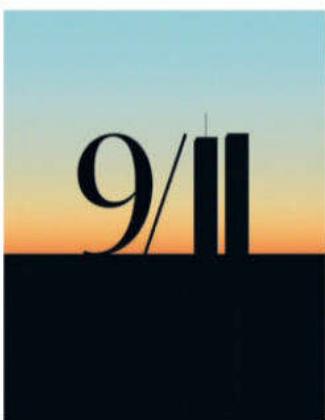
An irregular heartbeat doesn't have to get in the way of what's important to you. At Abbott, we've developed an app-based system that allows your doctor to remotely monitor your heart, wherever you are. Dignity demands that you can go where your heart desires. So it demands life-changing technology from us.



*life. to the fullest.<sup>®</sup>*

Learn more at [lifetotheallest.abbott](http://lifetotheallest.abbott)

**Abbott**



## On the cover

The superpower is in danger of swinging from muddle to hesitation: leader, page 9. It is hard not to conclude that America wasted its unipolar moment: briefing, page 20. How, after 9/11, New York built back better, page 25. Being demonised has not interrupted American Muslims' impressive rise: Lexington, page 30. Two books grapple with the impact of the September 11th attacks, page 79

**The new economics of global cities** Activity is spreading outward from downtown, page 68

**Why nations that fail women fail** And why foreign policy should pay more heed to half of humanity: leader page 10. Places that treat women and girls badly are also poorer and less stable: page 56

**Inside Intel's turnaround** America's hermetic chipmaking giant opens up—and tries to shake up its industry in the process, page 59

**Is an AIDS vaccine next?** A new AIDS jab uses the same mRNA technology as some covid-19 vaccines, page 75

→ Activating the digital element of your subscription means that you can search our archive, read all of our daily journalism and listen to audio versions of our stories. Just visit [economist.com/activate](http://economist.com/activate)

## The world this week

7 A summary of political and financial news

### Leaders

9 Twenty years after 9/11 America then and now

10 Sex and geopolitics Why nations that fail women fail

12 Britain's care reform Age and enlightenment

12 Texas's abortion law Ingeniously awful

14 El Salvador New ideas, old tricks

### Letters

19 On Turkey and the EU, Afghanistan, Kazakhstanis, executives, dudes

### Briefing

20 American foreign policy 9/11+20

## United States

25 How NYC built back better

26 Texas's abortion law

27 Full ICUs and vaccine take-up

28 Bankruptcy law

28 Nuns and nones

29 Recall elections

30 Lexington American Muslims



## The Americas

31 Brazil's populist protests

32 Abortion in Mexico

34 Nayib Bukele's power grab



## Asia

35 Delta in South-East Asia

37 Face masks in Bangladesh

37 Vaccines for the dead

38 Running Afghanistan

38 Japan after Suga



40 Banyan Caste in India



## China

41 Regulating the internet

42 A feisty political debate

43 Chaguan The party's untouchable elite



## Middle East & Africa

45 A coup in Guinea

46 The other Zionism

47 Getting Nigerians to save

47 Iran's inept government

48 Qatar and the Taliban



**Schumpeter** The “Google of genomics” meets the techbashers of antitrust, page 66



► **Contents continues overleaf**

**Europe**

- 49** Germany's place in the world  
**50** The CDU in crisis  
**51** The future of Spain  
**52** Charlemagne EU astrology

**Britain**

- 53** Paying for social care  
**54** Fusion architecture  
**55** Bagehot A radical mayor learns pragmatism

**International**

- 56** Sex and society

**Business**

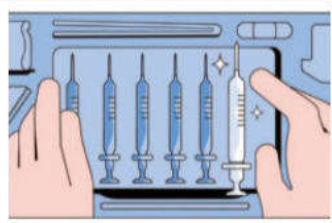
- 59** Intel and the future of chipmaking  
**61** Big oil in Baghdad  
**61** Why Europe loves cable  
**62** Germany's new blue chips  
**62** Direct-to-consumer  
**64** Bartleby New dress codes  
**66** Schumpeter Genomics and antitrust

**Finance & economics**

- 68** Cities and covid-19  
**69** Aluminium surges  
**70** Listings in China  
**71** Betting on private equity  
**71** The global policy cycle  
**72** Buttonwood Real assets and inflation  
**73** Free exchange Boosting housing supply

**Science & technology**

- 75** A new AIDS vaccine  
**76** Covid-19 trials on humans  
**77** Climate change and animal bodies  
**77** The luck of the kakapo  
**78** Hybrid ocean reefs

**Books & arts**

- 79** The aftermath of September 11th  
**80** Josiah Wedgwood's revolution  
**81** Antiquities in court  
**82** Sally Rooney's new novel

**Economic & financial indicators**

- 84** Statistics on 42 economies

**Graphic detail**

- 85** Anxiety-driven meltdowns are common in elite tennis

**Obituary**

- 86** Jean "Binta" Breeze, a dub poet for all third-world women



Volume 440 Number 9262

Published since September 1843  
 to take part in "a severe contest between  
 intelligence, which presses forward,  
 and an unworthy, timid ignorance  
 obstructing our progress."

**Editorial offices in London and also:**  
 Amsterdam, Beijing, Berlin, Brussels, Chicago,  
 Dakar, Dallas, Dubai, Johannesburg, Madrid,  
 Mexico City, Moscow, Mumbai, New Delhi, New  
 York, Paris, San Francisco, São Paulo, Seoul,  
 Shanghai, Singapore, Tokyo, Washington DC

**Subscription service**

For our full range of subscription offers, including  
 digital only or print and digital bundled, visit:  
[Economist.com/offers](http://Economist.com/offers)

If you are experiencing problems when trying to  
 subscribe, please visit our Help pages at:  
[www.economist.com/help](http://www.economist.com/help) for troubleshooting  
 advice.

The best way to contact our Customer Service  
 team is via phone or live chat. You can contact us  
 on the below numbers; please check our website  
 for up to date opening hours.

North America: +1 800 456 6086  
 Latin America & Mexico: +1 636 449 5702

**PEFC certified**

This copy of *The Economist*  
 is printed on paper sourced  
 from sustainably managed  
 forests certified to PEFC  
[www.pefc.org](http://www.pefc.org)



The Taliban announced an interim government for **Afghanistan**. The new cabinet included no women and few non-Pushtuns. Sirajuddin Haqqani, a man wanted for terrorism by America, is in charge of internal security. Mohammad Hassan Akhund, a former aide to the group's founder, is acting prime minister. The jihadists seized Panjshir valley, the last pocket of resistance, and whipped female protesters in Kabul.

Suga Yoshihide abruptly resigned as **Japan's** prime minister ahead of a leadership election in the ruling Liberal Democratic Party. The winner of that race will become prime minister and lead the party into lower-house elections.

Joe Biden surveyed the damage in New Jersey and New York from the remnants of Hurricane Ida, which killed 46 people in the area. The president said he would call for action on **climate change** at COP26, a UN conference to be held in November. Some greens want the summit postponed, fearing that covid-19 will stop many delegates from attending.

After a strict **abortion** ban came into force in Texas, America's attorney-general, Merrick Garland, said law-enforcement agencies would respond vigorously to any threat of violence against women seeking terminations. Joe Biden described the new law, which offers bounties to individuals to sue anyone who helps a woman get an abortion, as a vigilante system.

**Mexico's** Supreme Court unanimously ruled to decriminalise abortion. Currently, 28

out of 32 federal entities in Mexico ban it, with only narrow exceptions. They will now have to allow it.

Dressed in green and yellow, hundreds of thousands of supporters of Jair Bolsonaro took to the streets of **Brazil** calling for "military intervention", stoking rumours that the president is planning to hold on to power illegally. Facing Supreme Court investigations and declining popularity, Mr Bolsonaro gave speeches in Brasília and São Paulo, repeating his cry that "only God" can remove him from office.

Alpha Condé, the president of **Guinea** since 2010, was ousted in a coup. The putschists have released political prisoners and promised to install a transitional government. They did not say when.

Rebel forces from **Ethiopia's** northern region of Tigray were accused of killing 119 civilians in the neighbouring region of Amhara. Ethiopian officials said they found the graves after pushing back rebel forces from a village. Meanwhile, further evidence emerged of Tigrayans being tortured and killed in towns controlled by government forces.

Jacob Zuma, **South Africa's** former president, was released from prison on medical grounds. He had been jailed in July after refusing to comply with an order by the Constitutional Court to appear before a judge investigating massive corruption during his time in office from 2009-18.

Six Palestinian militants escaped from one of **Israel's** most secure jails. The men are thought to have dug a hole in the floor of their cell using a spoon, then tunneled beneath the prison wall.

Fourteen officers from the **Palestinian** security services were charged over the death of Nizar Banat, an activist who accused Palestinian leaders of corruption and criticised their co-operation with Israel. Banat

died shortly after being beaten during his arrest in June.

**Saudi Arabia** said it intercepted three missiles and three drones launched by Houthi rebels from neighbouring **Yemen**. The missiles had targeted Saudi oil facilities.

**Morocco's** ruling Islamist party fared badly in a parliamentary election, in which liberal parties did well. The real power in the country remains with the king.

The British government announced plans for a radical overhaul of how **social care** and **health care** are financed. It includes a new levy of 1.25% on both workers' earnings and employers' payroll taxes. Separately, the government was reportedly planning to turn back **migrant** boats in the English Channel, following a surge of crossings from France.

The **Polish** parliament imposed a state of emergency on the country's border with Belarus to cope with migrants who are being directed towards Poland by Alexander Lukashenko, Belarus's authoritarian leader.

Two leading figures within the **Belarusian** opposition were handed stiff prison sentences. They were accused of attempting to seize power illegally, a charge they would say applies more accurately to Mr Lukashenko, who is widely believed to have stolen an election last year.

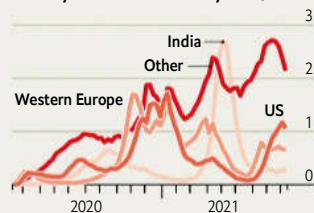
Angela Merkel, who is standing down as **Germany's** chancellor after a national election later this month, sought to rally support for her embattled would-be-successor, Armin Laschet. But a poll gave her Christian Democrats just 19% support, suggesting they are about to suffer a drubbing.

A trial began in **Paris** of some of the men accused of plotting the attack on the city in 2015 that killed 130 people. The only surviving terrorist said he was a soldier of Islamic State.

## Coronavirus briefs

To 6am GMT Sep 9th 2021

### Weekly confirmed cases by area, m



### Vaccination doses

	Total '000	% of over-11s with 1st dose	% of over-11s with 2nd
Malta	801	>99	>99
UAE	18,542	>99	89
Iceland	531	97	92
Portugal	15,152	96	87
Seychelles	143	93	88
Uruguay	5,815	93	87
Mongolia	4,352	92	87
Bhutan	1,045	92	77
Qatar	4,536	92	86
Ireland	6,937	90	84

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

**COVAX**, a programme backed by the World Health Organisation to speed the distribution of vaccines to developing countries, cut its forecast of deliveries of the doses by a quarter for this year because of numerous problems. The news puts more pressure on rich countries not to hoard vaccines for booster shots.

Scientists in **South Africa** said virus samples suggested that a worrying new variant of covid-19 first identified in the country was spreading at a slower rate than previous mutations.

The **European Union** reached an agreement with **AstraZeneca** to deliver the region's remaining vaccines by the end of March 2022. The deal ends a bitter court dispute about what was promised, and for when.

In **Vietnam** a man was sent to prison for five years for spreading covid-19 by flouting local travel restrictions.

→ For our latest coverage of the virus please visit [economist.com/coronavirus](http://economist.com/coronavirus) or download the Economist app.



El Salvador's roll-out of **bitcoin** as legal tender got off to a shaky start. The Central American country is the first in the world to adopt the cryptocurrency as an official means of exchange; it now uses bitcoin alongside the American dollar. Systems were overwhelmed as people downloaded the government-backed Chivo, or "cool", e-wallet, after the government offered \$30-worth of free bitcoin as an incentive. The roll-out added to already volatile trading in bitcoin; at one point the price plunged so fast it was described as a "flash crash".

#### The SEC plays catch-up

**Coinbase**, a cryptocurrency exchange, revealed that America's Securities and Exchange Commission is threatening to sue it, if it brings a product to market that allows users to lend their cryptoassets and earn interest on the loan. The company suggested that this may be because the SEC classifies the product as a security (therefore falling outside existing lending regulations), but it had not been given an official explanation.

**SoftBank**'s stock surged after it announced a complex deal that gives it a 4.5% stake in **Deutsche Telekom** in return for a chunk of its shares in T-Mobile US, in which Deutsche Telekom is already the largest investor. The German telecoms company will then sell off T-Mobile Netherlands for \$6.1bn and buy more shares in the American wireless business. SoftBank benefits through a strategic arrangement that gives it access to Deutsche Telekom's European customer base.

Both **Didi Global** and Beijing's city government denied media reports that the city government is considering taking the ride-hailing company under state control and arranging this by directing state firms to invest in it. Didi is one of the targets of China's crackdown on influential tech companies. In July it was ordered to pull its app from app stores after it completed a successful IPO in New York.

Trading in bonds issued on Chinese stock exchanges by **Evergrande** was suspended for a second time, after the property developer, one of China's largest, warned that it was at risk of a default. The highly indebted company's woes have sent shock waves through China's property industry.

Brazil, the world's biggest **beef** exporter, suspended shipments of the meat to China, its largest market, after two cases of mad-cow disease were detected in two states.

Janet Yellen, America's treasury secretary, warned Congress that the government will run out of money in October unless the **federal debt ceiling** is raised. Lifting the debt limit is a perennial hot potato. A decade ago America was stripped

of its S&P AAA rating during a political row over the issue.

**TotalEnergies**, a French company, signed contracts in **Iraq** worth \$27bn to explore for oil and gas and develop solar energy. Three years ago Total, as it was known then, pulled out of Iran because of American sanctions on doing business in that country.

American employers created 235,000 **jobs** in August, the smallest number since January and far below most expectations. The news came shortly before millions of Americans saw their unemployment benefits end or become drastically reduced with the expiry of the covid-19 emergency relief programme.

Bowing to pressure from campaigners for data privacy, **Apple** delayed the introduction of a tool that would search for images of child pornography and sexual abuse on iPhones. Privacy groups, including the American Civil Liberties Union and the Electronic Frontier Foundation, have warned that the tool could be adapted by authoritarian governments to track opponents, but child-safety organisations are disappointed by the delay.

The takeover battle for **Morrisons**, Britain's fourth-largest supermarket chain, looks set to be decided by an auction next month. The company is being pursued by two American private-equity groups, neither of which has declared its offer as final, sparking the auction process.

**EasyJet**, a low-cost airline based in Britain, said it had rejected a takeover approach. The carrier recorded its first annual loss last year because of travel restrictions; its stock-market value has tumbled. After disclosing the aborted takeover bid easyJet said it would shore up its finances via a £1.2bn (\$1.7bn) rights issue.

#### Urban planning for Utopia

American media pored over news that Marc Lore, an internet entrepreneur, wants to raise \$400bn to create "**Telosa**", a desert city housing 5m people that would use state-of-the-art technology to design eco-friendly buildings, sustainable-energy systems and a transport system that gives priority to cyclists. Politicians would be accountable to residents, diversity would rule and prosperity would be shared. Telosa's detractors call it the world's first woke city.



# America then and now

The superpower is in danger of swinging from hubris to muddle

**T**WENTY YEARS ago America set out to reshape the world order after the attacks of September 11th. Today it is easy to conclude that its foreign policy has been abandoned on a runway at Kabul airport. President Joe Biden says the exit from Afghanistan was about “ending an era” of distant wars, but it has left America’s allies distraught and its enemies gleeful. Most Americans are tired of it all: roughly two-thirds say the war wasn’t worth it. Yet the national mood of fatigue and apathy is a poor guide to America’s future role in the world. Its capabilities remain formidable and its strategy can be retooled for the 21st century, provided the right lessons are drawn from the post-9/11 era.

The murder of 3,000 people on American soil provoked a reaction that highlighted America’s “unipolar moment”. For a while, it appeared to have uncontested power (see Briefing). President George W. Bush declared that the world was either with America or against it. NATO said the assault on the twin towers was an attack on all its members. Vladimir Putin pledged Russian military co-operation; Condoleezza Rice, then the national security adviser, called this the real end of the cold war. The ease with which American-led forces routed the Taliban seemed to augur a new kind of light-touch warfare: 63 days after September 11th, Kabul fell. There have been enduring achievements since then. Counter-terrorism efforts have improved: Osama bin Laden is dead and no remotely comparable attack on America has succeeded. Lower Manhattan has been rebuilt in style (see United States section).

But for the most part the legacy of the response to September 11th has been a bitter one. The mission to crush al-Qaeda morphed into a desire for regime change and nation-building that delivered unconvincing results in Afghanistan and Iraq, at a huge human and fiscal cost. Iraq’s weapons of mass destruction were a mirage. America broke its taboo on torture and lost the moral high ground. The initial, illusory, sense of clarity about when it should intervene militarily faded into indecision, for example over Syria’s use of chemical weapons in 2013. At home the spirit of unity quickly evaporated and America’s toxic divisions mocked its claim to have a superior form of government. The mire in the Middle East has been a distraction from the real story of the early 21st century, the rise of China.

Mr Biden’s debacle in Kabul makes a grim epilogue. Some will see in it proof not only of American incompetence, but also of decline. That is going too far. The fall of Saigon did not lead to the West losing the cold war. And for all America’s flaws—its divisions, debts and decrepit infrastructure—many facets of its power are intact. Its share of global GDP, at 25%, is roughly what it was in the 1990s. It is still technologically and militarily pre-eminent. Although public opinion has turned inwards, America’s interests are far more global than during its isolationist phase in the 1930s. With 9m citizens abroad, 39m jobs supported by trade and \$33trn of foreign assets, it has a strong interest in an open world.

Its foreign policy shifted under Barack Obama, who tried a “pivot” to Asia and to scale back the wars in Iraq and Afghani-

stan. Donald Trump’s detour into bombast and transactional dealmaking was a disaster, though he helped end America’s illusions about China. Mr Biden is well qualified to pick up the pieces, with long experience in foreign affairs and advisers who are crafting a Biden doctrine. Its goals are to end the forever wars, complete the pivot to Asia, tackle new spheres such as cyber-security and rebuild global alliances.

*The Economist* supports much of this agenda, not least the emphasis on 21st-century priorities such as climate change. The administration’s attitude to women’s rights is better than its predecessor’s, and that could affect geopolitics more than most people realise (see Leader). But important elements of the Biden doctrine are worryingly fuzzy. The abandoning of Afghanistan has angered allies, who were barely consulted. A confrontationist approach to China may blur the focus on climate change.

Overarching the doctrine is an insistence that foreign policy must serve America’s middle class. “Every action we take in our conduct abroad, we must take with American working families in mind,” he has said. Trade, climate and China are simultaneously domestic and foreign concerns. In one sense this is obvious: all countries act in their long-run self-interest, and strength at home is a prerequisite of strength abroad. However, the impulse to make decisions about the world to please a domestic audience is already causing problems.

In Afghanistan an artificial deadline for withdrawal (by September 11th) was fixed to please voters at home, and a decision to remove all troops ignored the reality that a modest American garrison could have stopped the Taliban from taking over. On covid-19, America has missed the chance to lead a global vaccination campaign that would have won it gratitude and goodwill and demonstrated American prowess.

The risk is that Mr Biden’s domestic bias could make his foreign policy less effective. America needs to find a new way to co-exist with China, with rivalry and co-operation in different areas. Yet Mr Biden’s China policy is remarkably like Mr Trump’s, with an ad-hoc array of tariffs in place and rhetoric about a zero-sum contest. He knows that hostility to China is one of the few things that unites Congress and the public: 45% of Americans view China as America’s greatest enemy, up from 14% in 2001.

America still needs to be prepared to use military power to protect human rights abroad. Mr Biden has come close to ruling this out. The world’s despots may have noticed. Mr Biden rightly aims to revive America’s alliances, which multiply its influence. Yet his protectionism hurts allies, from America-first public contracts to \$50bn of semiconductor subsidies (see Business section). His administration shows little interest in a comprehensive Asian trade deal that would counter China.

Foreign policy is guided by events as much as by strategy: Mr Bush ran on a platform of compassionate conservatism, not a war on terror. Mr Biden must improvise in response to an unruly age. But he should not imagine that a foreign policy subordinate to fraught domestic politics will revitalise America’s claim to lead the world. ■



Sex and geopolitics

# Why nations that fail women fail

**And why foreign policy should pay more heed to half of humanity**

AFTER AMERICA and its allies toppled the Taliban in 2001, primary-school enrolment of Afghan girls rose from 0% to above 80%. Infant mortality fell by half. Forced marriage was made illegal. Many of those schools wereropy, and many families ignored the law. But no one seriously doubts that Afghan women and girls have made great gains in the past 20 years, or that those gains are now in jeopardy (see Asia section).

The United States is “committed to advancing gender equality” through its foreign policy, according to the State Department. Bequeathing billions of dollars-worth of arms and a medium-size country to a group of violent misogynists is an odd way to show it. Of course, foreign policy involves difficult trade-offs (see Leader). But there is growing evidence that Hillary Clinton was on to something when she said, a decade ago, that “The subjugation of women is...a threat to the common security of our world.” Societies that oppress women are far more likely to be violent and unstable (see International section).

There are several possible reasons for this. In many places girls are selectively aborted or fatally neglected. This has led to skewed sex ratios, which mean millions of young men are doomed to remain single. Frustrated young men are more likely to commit violent crimes or join rebel groups. Recruiters for Boko Haram and Islamic State know this, and promise them “wives” as the spoils of war. Polygamy also creates a surplus of single young men. Multiple wives for men at the top means brooding bachelorhood for those at the bottom.

All conflicts have complex causes. But it may be no coincidence that Kashmir has one of the most unbalanced sex ratios in India, or that all of the 20 most turbulent countries on the Fragile States index compiled by the Fund for Peace in Washington practise polygamy. In Guinea, where a coup took place on September 5th (see Middle East & Africa section), 42% of married women aged 15-49 are in polygamous unions. China’s police state keeps a lid on its many surplus men, but its neighbours sometimes wonder whether their aggression may some day seek an outlet.

Outside rich democracies, the male kinship group is still the basic unit of many societies. Such groups emerged largely for self-defence: male cousins would unite to repel outsiders. Today, they mostly cause trouble. Tit-for-tat clan feuds spatter blood across the Middle East and the Sahel. Tribes compete to control the state, often violently, so they can divvy up jobs and loot among their kin. Those states become corrupt and dysfunctional, alienating citizens and boosting support for jihadists who promise to govern more justly.

Societies based on male bonding tend to subjugate women. Fathers choose whom their daughters will marry. Often there is a bride price—the groom’s family pay what are sometimes hefty sums to the bride’s family. This gives fathers an incentive to make their daughters marry early. It is not a small problem. Dowries or bride prices are common in half the world’s countries. A fifth of the world’s young women were married before the age of 18; a twentieth before 15. Child brides are more likely to

drop out of school, less able to stand up to abusive husbands and less likely to raise healthy, well-educated children.

Researchers at Texas A&M and Brigham Young universities compiled a global index of pre-modern attitudes to women, including sexist family laws, unequal property rights, early marriage for girls, patrilocal marriage, polygamy, bride prices, son preference, violence against women and legal indulgence of it (for example, can a rapist escape punishment by marrying his victim?). It turned out to be highly correlated with violent instability in a country.

Various lessons can be drawn from this. In addition to their usual analytical tools, policymakers should study geopolitics through the prism of sex. That index of sexist customs, had it existed 20 years ago, would have warned them how hard nation-building would be in Afghanistan and Iraq. Today, it suggests that stability cannot be taken for granted in Saudi Arabia, Pakistan or even India.

Peace talks should include women. Between 1992 and 2019, only 13% of negotiators and 6% of signatories of peace deals were female. Yet peace tends to last longer when women are at the table. This may be because they are more ready to compromise; or perhaps because a room without women implies a stitch-up between the men with guns without input from non-combatants.

Liberia got this right and ended a ghastly civil war; Afghanistan’s new rulers have not.

More broadly, governments should mean it when they say they want to liberate half of humanity. Educate girls, many of whom have quit school to work or marry since covid-19 impoverished their families. Enforce bans on child marriage and on female genital mutilation, hard though that is in remote villages. Do not recognise polygamy. Equalise inheritance rights. Teach boys not to hit women. Introduce public pensions, which undermine the tradition whereby couples are expected to live with the man’s parents, because the elderly have no other means of support.

Most of these are tasks for national governments, but outsiders have some influence. Since Western donors started harping on about girls’ education, more girls have gone to school (primary enrolment has risen from 64% in 1970 to nearly 90% today). Campaigners against early marriage have prompted more than 50 countries to raise the minimum age since 2000. Boys need to learn about non-violence from local mentors, but ideas about how to design such programmes are shared through a global network of charities and think-tanks. Donors such as USAID and the World Bank have done a fair job of promoting property rights for women, even if their Afghan efforts are about to go up in smoke.

## The radical notion

Foreign policy should not be naive. Countries have vital interests, and need to deter foes. Geopolitics should not be viewed solely through a feminist lens, any more than it should be viewed solely in terms of economics or nuclear non-proliferation. But policymakers who fail to consider the interests of half the population cannot hope to understand the world. ■





# Does your firm offer a Satisfaction Guarantee? Schwab does.

**At Schwab, we believe that accountability is just a word if we don't stand by it.** That's why we offer a Satisfaction Guarantee. If for any reason you're not completely satisfied, we'll refund your fee or commission and work with you to make things right. It's time to change to a modern approach to wealth management.



Learn more at [Schwab.com](https://schwab.com/satisfaction)

*Own your tomorrow.*

If you are not completely satisfied for any reason, at your request Charles Schwab & Co., Inc. ("Schwab") or Charles Schwab Bank, SSB ("Schwab Bank"), as applicable, will refund any eligible fee related to your concern. Refund requests must be received within 90 days of the date the fee was charged. Schwab reserves the right to change or terminate the guarantee at any time. Go to schwab.com/satisfaction to learn what's included and how it works.

From Investor's Business Daily, October 12, 2020, ©2020 Investor's Business Daily, Inc. All rights reserved.

©2021 Charles Schwab & Co., Inc. All rights reserved. Member SIPC. (0721-1PF3) ADP112281-00

## Britain's care reform

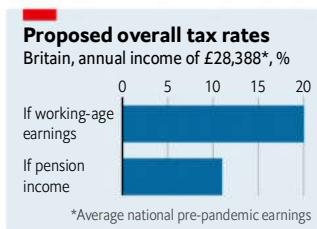
# Age and enlightenment

**Boris Johnson is right to spend more on health and social care, but he is paying for it the wrong way**

**N**EITHER POPULISTS in general, nor Boris Johnson in particular, are known for tackling difficult problems if they can be left to future governments. Yet Britain's prime minister did just that on September 7th when he unveiled a plan to break an election promise and raise taxes by an annual £12bn (\$17bn), or 0.5% of GDP. The money will go to the National Health Service (NHS) and social care, including residential care for the elderly. Taxes could be raised more fairly. The government nonetheless deserves praise for taking on an issue that had seemed intractable.

Britain, like many rich countries, is ageing. In 2011 there were four 15- to 64-year-olds for every person aged 65 or over; by 2028 there will be fewer than three. The consequences include a strained NHS and more households discovering the inadequacies of the existing social-care system, which exposes the elderly and their heirs to huge financial risks. Today the government helps to pay for care only for those with assets worth less than about £23,000. But around one person in seven will spend more than £100,000—sometimes much more—on care during their lifetime. The result, which is not unique to Britain, is a lottery in which unlucky households must liquidate most or all of their assets.

Mr Johnson's attempt to solve these problems—and also to help the NHS clear the massive queue of patients that has accumulated while it has fought the pandemic—is welcome (see Britain section). To reform care, he will cap care costs per person at £86,000, beyond which the state will foot the bill. The main beneficiaries will be elderly homeowners and their heirs. Although they may not seem like the most deserving beneficiaries, helping people share uninsurable risks is a worthy goal for governments. The NHS is not means-tested, and it is reasonable to move social care in this direction, too.



But this necessary expansion of the welfare state is being paid for in the wrong way. A measure that insures the estates of the elderly against catastrophe should have been funded by levying an insurance premium on older people in the form of higher taxes on property or inheritance. The government instead decided to raise all the new money by lifting national insurance (a payroll tax) and taxes on dividends. Outrageously, income from pensions and property will escape higher levies, meaning many well-off elderly voters will be spared from paying anything for a reform of which they are major beneficiaries.

Had the government raised income tax instead, every generation would have contributed. Mr Johnson says that national in-

surance is preferable, because firms pay part of the cost. This is a fiction. In the long run the burden of payroll taxes, even those paid by companies, falls on workers, whose wages fall as their employers' tax bills rise.

The reform is not Mr Johnson's only breach of an election pledge. His government also announced on September 7th that it would temporarily suspend the "triple lock", which has ensured since 2010 that the state pension rises by the minimum of earnings, inflation or 2.5%. The pandemic has distorted the official measure of earnings growth, partly because employment has fallen in the lowest-paying industries. Maintaining the triple lock, as the Conservatives had promised, could have pushed the increase in the state pension above 8%. Instead, this year it will be set with reference only to inflation and the 2.5% floor.

The government should go further and abandon the triple lock. The savings should go on working-age people, thus helping to offset the unfairness of higher payroll taxes. Mr Johnson's reinvention as a politician willing to take an unpopular but necessary decision is welcome. Many more will be needed. ■

**Abortion in America**

## Courting trouble

**Texas's bounty-hunting abortion law sets a troubling precedent**

**W**HEN THE Texas legislature passed a law trying to ban abortion after about six weeks of pregnancy, many Supreme Court-watchers expected it to be put on hold because it contradicted a right to abortion, enshrined in *Roe v Wade*, that the court has recognised for nearly 50 years. Instead the Supreme Court, in a 5-4 vote, declined to do this on procedural grounds. The law has gone into effect which is, most obviously, bad for women in Texas. But it is also bad for the court itself and for the rule of law because, through their inaction, the justices in the majority have permitted America's legal system to be hacked.

The Texas law is ingeniously awful. Its novel enforcement mechanism was designed by a former clerk to the late Antonin Scalia, a justice who died in 2016, to evade scrutiny by the court.

Challenges to a state law's constitutionality usually require someone to bring a case against the state officials. The Texas law makes that tricky, by explicitly preventing public officials in Texas from enforcing it. Instead, anyone based anywhere in the country can sue a Texan who assists in the provision of an abortion after about six weeks, from the taxi driver or relative who drove a woman to a clinic to the receptionists or nurses working there. As an encouragement to do so, successful plaintiffs will have their legal costs paid and receive a \$10,000 reward, levied as a fine against the target of the lawsuit. Thus abortion is banned without a single Texas Ranger getting involved.

The law does not allow plaintiffs to sue women who have abortions, perhaps because targeting pregnant women directly ►

**FREE Download Now!**

Blackmagicdesign



## Introducing DaVinci Resolve 17

### Edit and color correct video with the same software used by Hollywood, for free!

DaVinci Resolve is Hollywood's most popular software! Now it's easy to create feature film quality videos by using professional color correction, editing, audio and visual effects. Because DaVinci Resolve is free, you're not locked into a cloud license so you won't lose your work if you stop paying a monthly fee. There's no monthly fee, no embedded ads and no user tracking.

#### Editing, Color, Audio and Effects!

DaVinci Resolve is the world's only solution that combines editing, color correction, visual effects, motion graphics and audio post production all in one software tool! You can work faster because you don't have to learn multiple apps or switch software for different tasks. For example, just click the color page for color, or the edit page for editing! It's so incredibly fast!

#### Professional Editing

DaVinci Resolve is perfect for editing sales or training videos! The familiar track layout makes it easy to learn, while being powerful enough for professional editors. You also get a library full of hundreds of titles, transitions and effects that you can add and animate! Plus, DaVinci Resolve is used on high end work, so you are learning advanced skills used in TV and film.

#### Creative Color Correction

DaVinci Resolve's color page is Hollywood's most advanced color corrector and has been used on more feature films and television shows than any other system! It has exciting new features to make it easier to get amazing results, even while learning the more advanced color correction tools. There's PowerWindows™, qualifiers, tracking, advanced HDR grading tools and more!

#### Designed to Grow With You

DaVinci Resolve is designed for collaboration so as you work on larger jobs you can add users and all work on the same projects, at the same time. You can also expand DaVinci Resolve by adding a range of color control panels that let you create unique looks that are impossible with a mouse and keyboard. There's also edit keyboards and Fairlight audio consoles for sound studios!

DaVinci Resolve 17

Free



#### Optional Accessory

DaVinci Resolve Speed Editor..... \$295

Learn more at [www.blackmagicdesign.com](http://www.blackmagicdesign.com)



is unpopular. But the effect is the same. While nobody has yet taken advantage of the law to sue and claim their reward, the fear of being sued means that abortion clinics in Texas have been turning women away. One probable consequence is that more women will end up seeking later, more traumatic abortions in other states. Abortion pills, sent by post, could in theory offer one way around the law. But Texas is one of 19 states that require a doctor to be present when these drugs, which can be taken safely at home, are ingested. And any doctor who abetted an abortion in this way could now be sued.

One principle of good lawmaking is that rules should be both simple and enforceable. This is neither. Conservative lawyers used to favour tort reform to make America less litigious. That principle turns out to be dispensable, too. As John Roberts, the chief justice, said in his dissent, it would have been better for the court to temporarily block the Texas law because it is so unusual.

The decision not to damages the Supreme Court. It is hard to imagine the majority being so relaxed had the Texas law offered prizes to people who sue gun shops and their employees after school shootings. The five justices in the majority are therefore

open to charges of motivated reasoning, which is particularly troubling given that in its upcoming term (which begins next month) the court is scheduled to rule on a direct challenge to *Roe*—a ban on abortion after 15 weeks that has been passed by Mississippi's state legislature.

It is still possible that the court could strike the Texas law down as unconstitutional. The most straightforward way would be for someone to sue successfully, then for the target of that lawsuit to appeal. A lower court could take up the case and, eventually, it might make it all the way to the Supreme Court. But that could take a year or longer (see United States section). The Department of Justice is planning to sue Texas, though it is not clear that will work either. In the meantime, a law which takes a fundamental choice away from women, will stay.

This is a bad outcome. A clear majority of Americans want abortion to be legal in the first trimester of a pregnancy and illegal in the third, with exceptions for when carrying the fetus to term would endanger a woman's life. The country's long-running abortion wars cannot possibly be solved by giving people \$10,000 for suing a nurse. ■

## El Salvador

# New ideas, old tricks

**Ignore the bitcoin tech-bro hype. Nayib Bukele is an old-fashioned caudillo**

NAYIB BUKELE presents himself as a thoroughly modern leader. A year before running to be president of El Salvador in 2019, the former mayor and law-school dropout founded a party called New Ideas. He said that the party would shake up a country plagued by corruption and crime, which has been dominated by a political duopoly since the end of the civil war in 1992.

In the same vein, Mr Bukele likes to emphasise his youth. At 40 he is a millennial—just. He eschews ties and wears a baseball cap backwards, as if it were still the 1990s. He tweets constantly and often furiously, sometimes pinging out pronouncements over a hundred times a day. On September 7th, after weeks of Mr Bukele's hype, bitcoin, a cryptocurrency, was made legal tender in the country of 6.5m people. This has made him an unlikely hero to some tech bros in Silicon Valley. But look beyond his nerdy puffery and there lies an old-fashioned autocrat.

Even before New Ideas won a landslide victory in February's legislative elections, giving Mr Bukele and his chums a two-thirds majority in the Legislative Assembly, he had started the process of undermining the rule of law. In 2020 he used gun-toting soldiers to bully opposition lawmakers into voting for the budget for his crime-fighting programme. In May this year the assembly, now controlled by New Ideas, sacked five of the country's 15 top judges and the attorney-general, replacing them with yes-men. In June Mr Bukele disbanded an anti-corruption body. He expelled from the country a journalist from *El Faro*, a newspaper which has investigated his government's shady deals with three different gangs in prison.

Over the past week the power grab has escalated. On August 31st the assembly passed a series of bills, including one to sack all judges over the age of 60. This affects around a third of them, though there are woolly provisos in place to ensure that the term

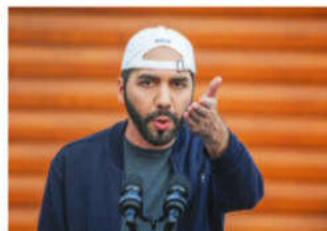
limits can be waived "due to reasons of necessity or speciality". In other words, loyalty to Mr Bukele will be rewarded. Three days later the top court announced that, contrary to the constitution, a sitting president can run for re-election. Mr Bukele will now be free to run again in 2024—and perhaps, like Hugo Chávez stay in power for life (see Americas section).

## Blockchain bully

Even his boosterism for bitcoin is tinged with demagoguery. The law Mr Bukele passed making it legal tender, along with the US dollar, is domineering. It will force businesses to accept bitcoin, though few want to do so. Indeed, the initial roll-out of a new digital wallet, called "Chivo" (cool), was a shambles. It had to be taken offline for hours after servers were overwhelmed. The price of bitcoin slumped by 10% on September 7th, a day after Mr Bukele spent millions of dollars of public funds buying 400 of the tokens.

Central America is not short of autocrats. In Nicaragua Daniel Ortega, the president, has detained most of his rivals ahead of elections in November. Juan Orlando Hernández, the president of Honduras, has been named in connection with three drug-trafficking cases in America. In Guatemala hopes of tackling graft vanished in 2019 when a UN-backed watchdog was disbanded.

El Salvador, however, is particularly worrying, as Mr Bukele is wildly popular, with approval ratings hovering at around 90%. Ordinary folk are fed up with gang violence and corruption and see him as the answer. President Joe Biden has snubbed the millennial *caudillo*, refusing to meet him and applying visa bans to his cronies. This probably will not make him change course. But given where the road he is on usually leads, Salvadorean voters should be wary. ■



# What if

everyone everywhere  
had access to safe  
and nutritious food?



## Moving food forward.

Fighting hunger has been a worldwide challenge for decades. And despite progress, undernourishment has been on the rise since 2014. We want to use our expertise, as well as our packaging and processing solutions, to help increase access to safe, nutritious food. For nearly 60 years, we've collaborated with customers, governments, partners, and NGOs on School Feeding Programmes – ensuring that today more than 68 million children in 56 countries get access to nutritious beverages at school.

This is just one of the ways we are playing our part in moving food forward.

Join us at [movingfoodforward.tetrapak.com](http://movingfoodforward.tetrapak.com)

 **Tetra Pak®**  
PROTECTS WHAT'S GOOD



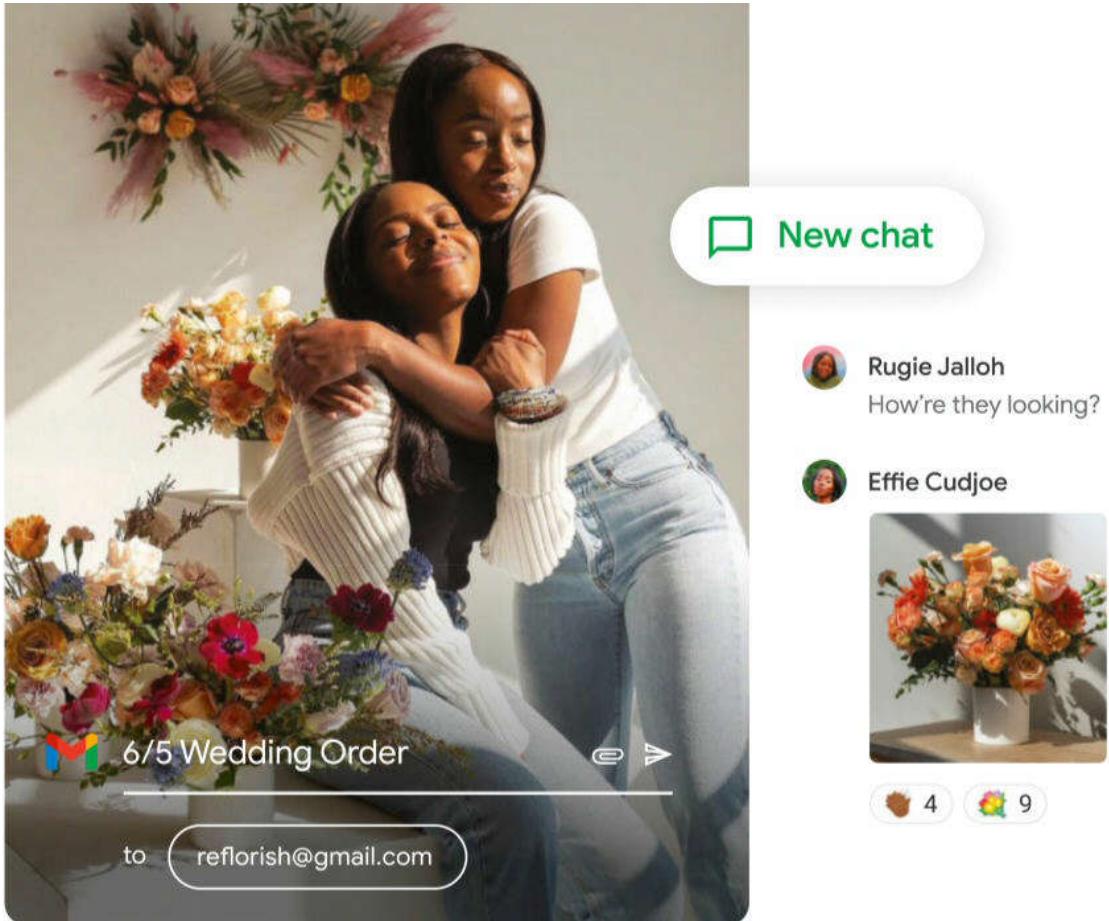
# How sweetgreen puts sustainability on the menu

The collage includes:

- A photo of three farmers holding large heads of lettuce.
- A bowl of colorful salad.
- An exterior view of a Sweetgreen restaurant.
- A screenshot of a digital inventory system showing a list of ingredients with their quantities and dates.

**Q2 Inventory**

Item	Quantity	Date
Cabbage	43000 lbs	John 8/3-7
Red Onion	36000 lbs	8/9
Quinoa	2100 dry gal	Kim 8/10
Beets	30000 lbs	8/23



# is how Reflorish keeps business

Effie Rugie   
**growing**

Google Workspace is how teams of all sizes connect, create and collaborate. Whether you're scaling farm-to-table or planting the seeds of a floral empire, Google Workspace is **how it's done.**

Learn more at [workspace.google.com](https://workspace.google.com)

**Google** Workspace



## PRESIDENT & CEO International Crisis Group

**Location: Brussels preferred**

International Crisis Group, the world's leading independent source of analysis, advice and advocacy on the prevention and resolution of deadly conflict, is seeking a new **President & CEO** to lead our extraordinary global team of 130 staff in up to 35 locations across five continents.

We require an outstanding record of service and achievement in international affairs, with significant experience of **conflict prevention and resolution** and candidates who have served at the highest levels of national government, the international system, or a similar organisation.

For more information and application instructions, please visit:  
<https://jobs.crisisgroup.org/>

Applications are due 15 October 2021.

Preventing War  
Shaping Peace



## UNAIDS invites candidates from diverse countries for its first Independent External Oversight Advisory Committee (IEOAC)

The IEOAC is an advisory body, of five to seven members, mandated to provide independent, external, expert advice to the Programme Coordinating Board (PCB) and to the UNAIDS Executive Director in fulfilling their governance and oversight responsibilities, including assessing the effectiveness of the internal control systems, risk management and governance processes of UNAIDS.

We are looking for individuals of high merit, integrity and professionalism. We aim to constitute a committee with representation from diverse regions of the world and with gender parity. Ideal candidates will have significant senior leadership experience in preferably large and complex organisations, demonstrating a good understanding of oversight functions. They will bring high-level knowledge and experience in at least one of the following areas: Finance and audit; Organization governance and accountability structure; Risk management and internal control; Ethics/anti-corruption and investigations; and Senior-level management.

The Committee is due to meet twice (sometimes 3 times) a year. However, since it is the first of its kind in UNAIDS, candidates should anticipate a more sustained involvement during the first year. These are honorary postings for a two or three year-term.

For more information and a detailed outline of the IEOAC role, please consult the appointment brief on <https://oxfordhr.co.uk/jobs/independent-external-oversight-advisory-committee-ieoac>



A New Challenge?

## Unique Access to Confidential Opportunities

InterExec is the global leader in enabling Top Executives to access \$200k to \$2m+ unadvertised vacancies worldwide. We act discreetly through a 15,000 strong international network.

[london@interexec.net](mailto:london@interexec.net) [www.interexec.net](http://www.interexec.net) +44 (0)20 7256 5085

**Inter Exec**  
UNIQUE NETWORK ♦ OUTSTANDING TALENT

## Turkey and the EU

Turkey's accession to the European Union is not a fiction (Charlemagne, August 28th). Instead, it is a difficult and at the same time strategic and invaluable vision that neither side can give up, despite the ups and downs. Reforms under the government of Recep Tayyip Erdogan, who is now the president, led the EU to open accession negotiations in 2005. Thus the argument that "the EU will not accept Turkey whatever its democratic credentials" is not only baseless but also unacceptable for both sides.

It is also disappointing to see the cliché that Turkey is too big and Muslim to join the EU. Turkey's accession will be the most useful of all since no other candidate can contribute to the EU more than a secular and vibrant Turkey in various areas, from the economy to security. Contrary to what your column claims, the 18th March Agreement in 2016 between Turkey and the EU is not limited to migration co-operation, but also includes re-energising the accession process, (which is not "dead"), updating a customs union, regular high-level dialogues, visa liberalisation and counter-terrorism.

Considering the current challenges, renewing the 2016 agreement in its entirety will be in the best interest of not only Turkey and the EU but also the wider region. The emergence of a geostrategic EU, especially after Brexit, does not have the luxury of refusing a more-democratic Turkey, which would fulfil all its objective membership criteria. This would be a win-win-win situation.

FARUK KAYMAKCI  
Deputy foreign minister and director for EU affairs  
Ankara

Charlemagne is undoubtedly right that there is now no prospect of Turkey joining the EU. But that does not mean that efforts made since the 1960s to entertain the possibility of membership have been in vain. As someone who,

as a member of the European Parliament, was closely involved in matters Turkish, I saw at first hand how the engagement of the parliament and the European Commission with counterparts in Turkey helped both to widen our own perspectives about the value of human rights and to deepen our understanding of the Muslim world and the geopolitics of European integration.

For those many Turks who campaigned for secular liberal democracy and against military dictatorship, the aspiration of EU membership was a lodestar. The EU is not able to enlarge further not only because of the ineligibility of Turkey and other candidate states but also because of its internal weaknesses.

NATO's retreat from Afghanistan strengthens the case for a radical overhaul of Western thinking and institutions. A European security council involving all EU countries plus all NATO members, including America, would be a good place to start. It would enhance Turkey's European orientation and be a viable alternative to the fiction of EU accession.

ANDREW DUFF  
Cambridge

## Corruption in Afghanistan

The cardinal problem with Afghanistan is not the Taliban ("Nation-gilding", August 28th). It is corruption. Over the past two decades, Afghanistan received huge amounts of money, equipment, training, mentoring and support in many areas beyond security. The collapse of the Afghan national army (whose bravery is not in dispute when well led on the ground) was blamed on the withdrawal of primarily American contractors who were running the Afghan defence forces' logistics. American contractors were still being used because whenever Afghans were entrusted to run logistics they sold the spares, fuel and supplies on the black market.

I served in Afghanistan with the American marines in 2014. In plain sight you could

see swathes of the Afghan national-army base littered with broken vehicles and equipment forever awaiting parts that had disappeared on a massive scale. That approach was blithely tolerated and endemic at all levels, both official and unofficial and across all sectors. It was often just shrugged off as "the Afghan way", but really it is the root cause of what truly cripples the country, leaving it so vulnerable to the Taliban.

We must be careful to separate out those who have illicitly profited in governance positions (it was not just the elite) from the rest of the Afghan population, for whom the human tragedy of our withdrawal must not be dismissed. But notwithstanding that, Afghanistan had a once-in-several generations opportunity to pull itself up by its bootstraps and, hugely regrettably and tragically, it blew it. The Afghans say they feel let down by the West, but I do think it is fair to counter that the West can feel let down by the Afghans.

AIDAN TALBOTT  
Captain, Royal Navy, retired  
*St Helens, Isle of Wight*

## Correct demonyms

A letter (August 21st) tried to make a point that the inhabitants of Kazakhstan should be called Kazakhs, "rather than the clunky Kazakhstanis". In fact, Kazakhstani is the correct term. "Kazakh" refers to the ethnicity; "Kazakhstani" is an overarching term pertaining to the nationality. In other words, a Kazakh in Kazakhstan is also a Kazakhstani, but a Kazakhstani is not necessarily a Kazakh. Dispensing with the term "Kazakhstani", however clunky this may sound to some people, would mean negating the multicultural and multi-ethnic nature of the country, which includes more than one hundred different communities. Not paying attention to these important terminological differences somehow feeds into a larger attitude towards Central Asian countries, often lumped together as "the stans"

and considered marginal players in international politics at best.

FILIPPO COSTA BURANELLI  
Senior lecturer in international relations  
University of St Andrews  
*St Andrews, Fife*

## Royal executives

Peter Drucker was the first to point out that senior managers are the new monarchs in society (Bartleby, August 7th). As early as 1950, in "The New Society", Drucker drew parallels between the development of the French court and Henry Ford's motor company. He explained that managers had emerged to become a new and powerful social class. For a democratic society to function properly they would need to have legitimate authority and be made accountable for their actions. Unfortunately, Bartleby's column shows that most managers today have yet to study the discipline of modern management.

SEBASTIAN WOLLER  
Zurich

On forcing people back to the office, Jamie Dimon has said, "people don't like to commute, but so what?" His view towards workers' difficulties is not unique on Wall Street. Seriously, who wants to work for that kind of boss? The mantra holds true: people don't quit jobs, they quit bad managers.

ETHAN FARRINGTON  
*DeLand, Florida*

## This aggression will not stand

Anthony Powell would take you to task for the phrase "mysteries abide" ("A dance to the music of time", August 21st). The dude abides, but the point here is surely that those mysteries abound?

DAVE MORRIS  
*London*



## Uncontained

NEW YORK

### How America wasted its unipolar moment

**W**HEN, IN 1998, President Bill Clinton fired cruise missiles at terrorist bases in Afghanistan and Sudan, a reporter asked the secretary of defence if there wasn't a "striking resemblance" to the plot of "Wag the Dog", a film in which a White House consultant confects a faraway war to distract from a presidential sex scandal. Popular culture and sex scandals loomed large in American society during the 1990s; foreign affairs did not. Abroad was where the impediments to Ross and Rachel's predestined coupledom came from in "Friends".

Those who still paid attention to America's role in the world lacked a definition for it. Having become the world's only superpower, America had very little idea how to use that power—if, indeed, it should use it that much at all.

September 11th 2001 brought this era of distraction and aimlessness to an end. The horror of that day unified the country, all but erasing memories of President George W. Bush's divisive victory over Al Gore the year before. It also created, for Americans, the prospect of global solidarity. "The

world has changed in a way that we are all vulnerable," said Joe Biden, the chairman of the Senate foreign-relations committee, the following day.

America's mission, he went on, was obvious: to take the lead in "a struggle between civilisation and barbarity". A few weeks later, at the Council on Foreign Relations in New York, Mr Biden imagined how that new purpose—and specifically a new common cause with Russia which the struggle would make not just possible but necessary—"could shape this half-century as the cold war shaped the last".

A big claim. The strategy of containing the Soviet Union, first articulated by George Kennan, a diplomat, in 1947, governed America's conduct in the world from then until the Soviet Union's dissolution. It provided nine successive presidential administrations with a compass and a rallying point, producing not just a series of capital-d doctrines (preceded by names like Truman, Eisenhower, Kennedy, Carter), but also a national highway system, a science boom and a common cause—as

well as witch-hunts for communists and the folly of Vietnam. It led to a green revolution in developing-country agriculture and put a man on the Moon.

It also justified hard trade-offs in foreign policy. It gave presidents a rationale, however thin, for alliances with despots. It argued for patience in building democratic institutions in South Korea and Taiwan like those established in West Germany and Japan. In 1972 it prompted the boldest stroke in late-20th-century American diplomacy: the opening to China.

When the Berlin Wall fell, America's accumulated economic, technological, cultural and military power lost its counterweight. After Iraqi troops swept into Kuwait the following year the world soon got a glimpse of what this "unipolar" era might look like. The spectacularly one-sided Gulf war of 1991 provided the first large-scale demonstration of America's might in decades. Stealth, precision-guided munitions and long-range cruise missiles developed during the cold war found new application beyond it.

The institutions, mindset and, in the form of the first George Bush, leadership demonstrated in that war were also products of the world gone by—and less adaptable to new forms of conflict. Cold-war concerns about coalition-building and the sanctity of state borders worked reasonably well when it came to liberating Kuwait. The lessons of the previous 40 years were far less helpful when it came to shor-

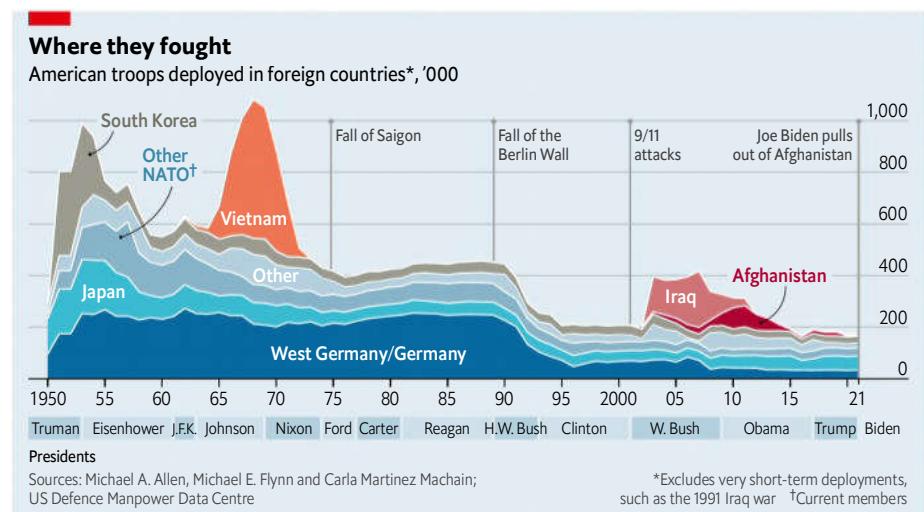
▶ing up weak states, such as Somalia, or quelling intra-state conflict, as in Rwanda or Bosnia, or fighting transnational threats such as terrorism. And by leaving Saddam Hussein in power the war also implied, unsatisfactorily to some, that while borders mattered to America, tyranny did not.

The lack of a settled idea about what, if anything, the lone hyperpower should do about such problems made foreign policy in the 1990s “like being set loose on the ocean and there wasn’t really any charted course”, as Madeleine Albright, Mr Clinton’s secretary of state, later put it. The task of coming up with a guiding principle for America’s role as overarching as containment became known in the White House as the “Kennan sweepstakes”; aides consulted Mr Kennan himself. But to no real avail. As Joe Biden said in 1998—the same year the Clinton administration had launched its first, derided missile strikes against al-Qaeda—there was “no consensus on the us role in the world”.

When Mr Biden delivered his talk at the Council on Foreign Relations in October 2001 American forces had just invaded Afghanistan in order to accomplish what those missile strikes had not. A new consensus had crystallised, and Mr Biden imagined it being backed by the rest of the world. Vladimir Putin, he said, was a strategic thinker who was taking on reactionaries because he saw “he must cast his lot with the West”. America and China now shared interests in fighting terrorism and maintaining peace in Central Asia. Even Iran might warm to the Americans. It was, after all, helping in Afghanistan.

Twenty years on, the world is not the one Mr Biden hoped for. The framework George W. Bush’s administration adopted for its post-9/11 mission in the world, the global war on terror, certainly put an end to the foreign-policy establishment’s worries about the role of their hyperpower and how fully to use its force. Containing the Soviet Union had kept a lid on America, too, forcing it to acknowledge complex geopolitical interests, accept lesser evils to fend off greater ones and cautiously avoid pushing its nuclear adversary too far. Now America could be uncontained.

But for all the deaths that followed, Afghanistan sits today in the hands from which it was being taken when Mr Biden was giving his speech. The calamitous invasion of Iraq has left behind a country divided and under the sway of an Iran that has not warmed to America one little bit. And the effort expended in the war on terror has undermined America’s ability to face the challenge from China on which Mr Biden needs, and would prefer, to focus. It is a challenge which comes, as the cold war’s did, from a rival great power offering a fundamentally different political settlement and seeking global influence.



With the time long past for imagining China and Russia standing shoulder-to-shoulder with America, Mr Biden now wants to constrain them by reaffirming what his administration, in an incantatory manner, calls the rules-based international order. But having bent and broken those rules for 20 years, America has strained their credibility, as well as its own.

Fighting a furtive, transnational enemy made respect for sovereignty a luxury America no longer chose to afford. To deny terrorists any haven, it could not permit weak states to suppurate. Norms were abnegated, allegiance all: either you were with America, Mr Bush said, or you were with the terrorists. Helpful tyrants were tolerated. America’s neglect of (under Mr Bush and his successor, Barack Obama) and contempt for (under Donald Trump) international institutions like the UN has left them ill equipped to help.

### Fools rush in

As the Bush administration began rallying support for war in Iraq, Mr Kennan, then aged 98, warned against the new strategy. Even a sole superpower could not “confront all the painful and dangerous situations that exist in this world”. It was, he said, “beyond our capabilities”. He accused Democrats of going along with Mr Bush out of timidity.

Mr Biden could have been one of those he had in mind. In a speech given in 2002, during the Senate’s debate over the Iraq-war authorisation, he emphasised the importance of UN support for an invasion; he spoke of the danger of any country arrogating to itself the right to wage war to prevent a possible, eventual threat; and he warned of the “sin of Vietnam”, of “the failure of two presidents to level with the American people of what the costs would be”. And then he voted for the war.

So did all other leading Democrats with aspirations to be president. Voicing doubt was left to those whose aspirations were

yet to come—such as Mr Obama—and to those whose aspirations had already passed by. Mr Gore, the only nationally elected politician to have served in Vietnam, had supported the first Gulf war in 1991, unlike Mr Biden and most other Democratic senators. In 2002 he strongly criticised the rush to return.

In 2005 Mr Bush’s second inaugural address gave perhaps the loftiest description of what had become known as the Bush Doctrine, calling for the kind of unilateral, preventive action Mr Biden said he opposed but had, in practice, voted for. “We are led, by events and common sense, to one conclusion: the survival of liberty in our land increasingly depends on the success of liberty in other lands,” Mr Bush declared. “The best hope for peace in our world is the expansion of freedom in all the world...America’s vital interests and our deepest beliefs are now one.”

This was not true, and the way the war was prosecuted made that painfully clear. Various strategically placed and well-disposed tyrants were untroubled by the war against terror. Mr Bush, unlike his father, felt no need to secure the blessing of the global assembly which the United States had helped found in order to maintain peace and security. America had been imprisoning people at Guantánamo Bay, beyond the jurisdiction of federal courts, since January 2002. There and elsewhere, America and its fellow travellers tortured people it had captured. In Washington they sought to justify that practice.

The next two presidents tried and failed to escape the dynamic of the war on terror. Mr Obama spoke a language of liberal internationalism as grand as Mr Bush’s. “The people of the world want change,” he said in his first speech to the UN General Assembly, in 2009. “They will not long tolerate those who are on the wrong side of history.” But he did not share Mr Bush’s appetite for unilateral intervention. He tried to summon other countries to achieve priori-

ties he insisted were not just America's, arguing—as his vice-president, Mr Biden, had in 2001—that more than at any time in history, national interests aligned. But most other countries persisted in not viewing their interests as identical with America's. Mr Obama's commitment to multilateralism and international rules remained at best ambivalent. The 540 drone strikes with which he prosecuted the war on terror over his eight years in office killed thousands, hundreds of whom were in no way targets.

Mr Trump also failed to end the wars that began after 9/11. But he stripped off the idealistic wrapper and tossed it aside. With his zest for puncturing pieties, Mr Trump confirmed many people's suspicions that America's professed ideals were camouflage for the exercise of power in the pursuit of self-interest, painting a dark picture of America's history. "There are a lot of killers. You think our country's so innocent?" he asked in 2017 while defending Mr Putin in an interview on Fox News.

### Angels fear to tread

Now Mr Biden has presided over a lurch for the exit in Afghanistan and is ending combat operations in Iraq. American defeat, dissension and bumbling have played into Chinese claims that it is time for someone else to shape the international system. For China, the withdrawal "is just one more bit of evidence for the proposition that the United States is a power in decline," says Aaron Friedberg of Princeton University.

America—and Mr Biden—have been here before. On April 23rd 1975, when the fall of Saigon was just a week away, Mr Biden rose in the Senate chamber to address America's history in Asia and its standing in the world. Just 32, brimming with ambition and self-assurance, Mr Biden instructed his colleagues about a pattern in American foreign policy that he saw reaching back to Commodore Matthew Perry's arrival in Tokyo Bay in the mid-19th century. "It seems that, in respect to Asia, our foreign policy has been one of magnificent obsessions and lost causes," he declared.

And yet, though Mr Biden had long opposed "the shambles that is Vietnam" (and felt, in a phrase that today has a shameful added resonance, that "the United States has no obligation to evacuate one, or 100,001, South Vietnamese"), he also rejected any suggestion that defeat heralded twilight for America. "In my judgment, there is occurring no 'fading of America' as some commentators are trying to call it—no time for pretentious talk of 'watersheds' and 'tides of history' running against us as a nation," he said. "As I read the news dispatches, the need is not to reassure other nations that we are not withdrawing into a shell. The need is that we should have more confidence in ourselves."

Mr. Biden's confidence in his own judgement, and in America, turned out to be well placed. In the coming years other foreign-policy disasters awaited—in Iran (repeatedly), in Central America, in Lebanon. But so did victory in the cold war.

Whether such confidence would be so well placed today is less clear; certainly today's Mr Biden has yet to voice that confidence so full-throatedly. Then America could count on allies in NATO and beyond that were committed to the pursuit of shared objectives. Despite the disillusionment of the 1970s, relative to today America's major public and private institutions generally retained the broad, bipartisan trust of the public, notes Henry Brady, a political scientist at the University of California, Berkeley. That allowed thoroughgoing reforms in the executive branch, the intelligence agencies, the campaign-finance system and the armed forces, reforms that sustained the struggle through the cold war and strengthened democracy at home.

"It was a yeasty time, intellectually," says Gary Hart, who joined the Senate as a leader of the reform-minded post-Watergate class of 1974. "There were a lot of corridor conversations, particularly among Democrats. Everything was up for debate and resolution." Now, he adds, "I just don't sense any systemic reform efforts going on anywhere."

The sloppy punctuation with which Mr Biden has ended the wars of 9/11 may not signal the "fading of America" in which he disbelieved almost half a century ago. But it does mark the end, for now, of a faded idea, about the imperative of spreading America's ideals throughout the world. America's confidence in its own model is shaken. From the vantage of an America where citizens have assaulted their capitol, it can be hard to recall the upwelling of unity on September 11th 2001—a day when legislators of both parties gathered on the steps of the same building and, impromptu, sang "God Bless America". Conflicted

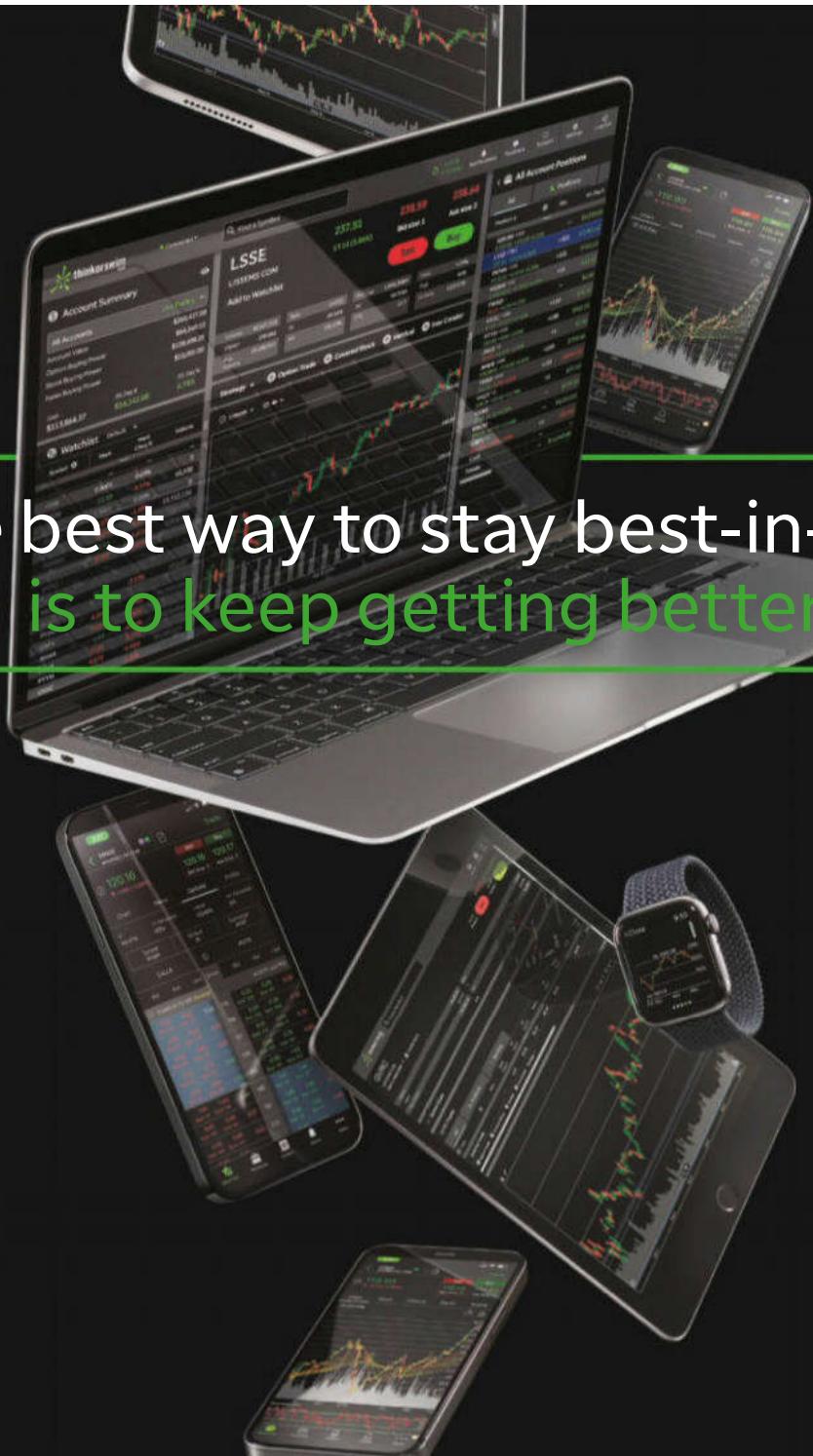
over whether its national story is a source of pride or shame, America is struggling to articulate its ideals, with conviction, to itself, let alone to others. A hardened president leads a tired nation.

It may be that a less righteous yet still influential America will prove a force for patient and durable, rather than destabilising, change. After what Mr Biden's aides call a decades-long national "detour", the contest with China may allow the assertion of strength and purpose abroad to redound to the nation's advantage at home.

Competitors, after all, can help. Mr Kennan thought Americans were lucky to have the Soviet Union around. Their very survival, he wrote in 1947, depended on "pulling themselves together and accepting the responsibilities of moral and political leadership that history plainly intended them to bear". Whatever history may have intended, it proved him more right than wrong about the effects of the cold war. It did give America national purpose. As Mr Gore put it when accepting the Supreme Court decision which delivered the presidency to Mr Bush in 2000, "This is America and we put country before party."

The war on terror has had no such ennobling or unifying results. Not only has America failed to strengthen an international order that conforms to its values. America's own public institutions and many of its private ones—whether from confusion, exhaustion, fear or partisan political assault—are also emerging weaker from this 20-year experiment in power projection. One measure is the fact that an act of political grace, of deference to an American ideal, like that of Mr Gore now seems all but unthinkable. The message he saw his concession sending to "our fellow members of the world community"—that the strength of American democracy is shown most clearly through the difficulties it can overcome—may still be true. But the 21 years since have not provided much support for it. ■





The best way to stay best-in-class  
is to keep getting better.



thinkorswim isn't just a suite of platforms made for the trading-obsessed—it's made by them. We use real feedback to improve our platforms, giving you the innovative features traders ask for most.

Learn more at [thinkorswim.com](https://thinkorswim.com)



Where Smart Investors Get Smarter<sup>SM</sup>

Ranked #1 Platforms & Tools, 2021 StockBrokers.com Annual Review.  
TD Ameritrade, Inc., member FINRA/SIPC. © 2021 Charles Schwab & Co., Inc. All rights reserved.

#ModernMBA



# MAKE YOUR MOONSHOT

LESS OF A LONG SHOT

**It's Time for the Business School of the Future**

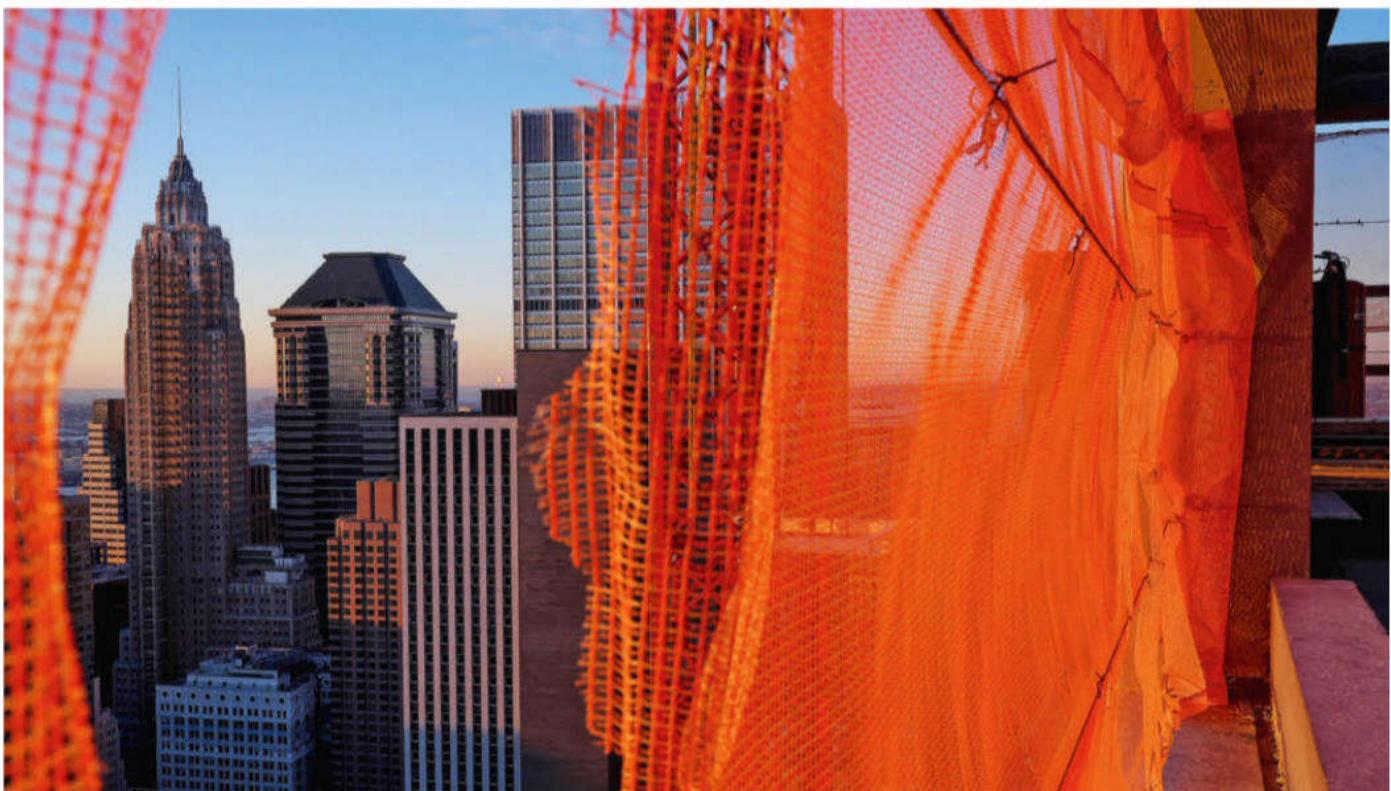
Network driven. Mobile first. Innovative tuition model.  
Educating the next generation of business leaders.  
Do you have what it takes?

Apply now at [quantic.edu](http://quantic.edu)

Selective Admission / Accredited / MBA and Executive MBA



QUANTIC



## Cities

### Renaissance town

NEW YORK

#### How, after 9/11, New York built back better

THE MORNING after the September 11th attacks, as exhausted first-responders looked for survivors in rubble still wreathed in smoke, New Yorkers braced themselves for more attacks. The final death toll came to 2,743 people, almost all New Yorkers. America would later launch two long, costly wars in response and squander its moral authority in prisons in Guantánamo Bay and Abu Ghraib. In some ways the country is worse off now than it was on September 10th 2001, more anxious, more polarised, less trusting. New York City, though, is better. The resurrection of Lower Manhattan acted as a catalyst for rebuilding and rethinking well beyond the area destroyed on that terrible day.

The smoke, ashes and dust radiated outwards from the site of the attack. But so, more gradually, did the construction boom, which spread from Tribeca, up to Chelsea and eventually across the five boroughs to long-neglected neighbourhoods like Jamaica and Flushing in Queens, to Staten Island's St George and along Brooklyn's waterfront. New York City ended up "greater than ever", says Dan Doctoroff, a

former deputy mayor. Few would have predicted this outcome while a 16-acre pit burned for months. But for New Yorkers staggered by the shock of 9/11, rebuilding became a rallying cause, a way of not letting the terrorists win.

What followed was the reimagination of Lower Manhattan, one of America's biggest business districts. Before, just 23,000 people lived in the area. It emptied out each evening, as office workers, who mainly worked in finance, insurance or property, went home. The World Trade Centre, now remembered with wistfulness, was not loved when it still stood. The complex

around it blocked streets, cutting off the surrounding neighbourhood. Its underground shopping centre, popular with commuters, siphoned punters from street stores. "It was very rare to see anybody walking a dog and pushing a baby carriage," recalls Robert McKay, a lawyer who worked in the area.

Michael Bloomberg, a billionaire media mogul, then a Republican, was elected mayor two months after the attacks and partly because of them: Republicans tend to win mayoral elections only when the habitually Democratic city is in crisis. He called on businesses to do their part by staying. "This is no time to leave the Big Apple," he said in his inaugural speech. Some moved to nearby midtown, including Cantor Fitzgerald, which lost 658 people—every employee at their desk on the 101st to 105th floors of the North Tower. Its new office was no higher than the fire department's highest ladder. Only a few businesses left the city altogether. Some only threatened to go, among them the New York Stock Exchange.

It became an act not just of patriotism, but of self-interest, to operate downtown. As it turned out, the timing was fortuitous. Other American cities would revive their urban cores in the next 20 years as well. Yet that was not knowable at the time. Many companies that stayed in Manhattan availed themselves of new financial incentives. The federal government authorised \$8bn in Liberty Bonds, a sort of tax-exempt financing. It also gave New York a \$20.5bn ►

#### → Also in this section

- 26 Texas's abortion law
- 27 Full ICUS and vaccine take-up
- 28 Asbestos and the Sacklers
- 28 Nuns and nones
- 29 Recall elections
- 30 Lexington: American Muslims

► aid package. George Pataki, the governor, appointed John Whitehead, a former co-chairman of Goldman Sachs, to lead the Lower Manhattan Development Corporation, which was charged with guiding the revival of the area, including the rebuilding on the World Trade Centre site. At times, the task seemed hopeless. Almost everyone agreed that the area needed to be rebuilt, but they also seemed to have different ideas of what should be built where, by whom and with whose money.

Disagreements among insurance companies, developers and politicians delayed the project for years. The reconstruction had to navigate round a dozen subway lines and a New Jersey commuter line, as well as the feelings of victims' families. But in 2006 the first office building, 7 World Trade Centre, was finished, along with an electricity substation in its lower floors. The memorial opened in 2011, and One World Trade Centre—built to the patriotic height of 1,776 feet—was finished in 2014. The Oculus, a gravity-defying train terminal and shopping centre, was completed in 2016. Two more skyscrapers and a performing arts centre are in the works. A Greek Orthodox church, which was also destroyed that day, will reopen next year.

The years after 9/11 proved to be an era of municipal ambition the like of which New York had not experienced in two generations. The subway was expanded for the first time in decades. Other projects, such as the High Line (an obsolete freight track converted to public space) and Hudson Yards (a massive redevelopment project on Manhattan's West Side) might well not have happened without the rebuilding of Lower Manhattan. To stimulate development, Mr Bloomberg re-zoned 40% of the city, something which would have been harder if not impossible without the crisis and subsequent sense of solidarity. Encouragement to other industries, such as tech and biotech, further diversified and boosted the city's economy.

Lower Manhattan is now less dominated by finance. Before 9/11 financial services and property accounted for 60% of private-sector employment. Its share was down to one-third before covid-19 scrambled the data. "A different type of worker is there, and certainly is not running off to the suburbs at 4.30pm," says Jessica Lapin, head of the Downtown Alliance, which advocates for the district.

And not only business moved in. The residential population of Lower Manhattan more than doubled between 2001 and 2020, as did the number of residential units. Some new residents were enticed to the area with months of free rent, but the district quickly became fashionable. Many of the old office buildings have been converted to condominiums. Children, rarely glimpsed below Canal Street in 2001, now

make up 17% of the population. New schools were built to accommodate the new families. Tourists came too. Before 2001, only six hotels served the district. At least until covid-19 arrived, 37 hotels operated in the area.

Perhaps none of this would have happened if the feeling of safety, which disappeared so swiftly on 9/11, had not returned. The NYPD, which added 1,000 officers to its counter-terrorism division and worked closely with the FBI and the CIA to develop new capabilities, must take some credit for this. When London and Madrid suffered terrorism attacks, NYPD officers were soon on the scene. The department now has intelligence officers in 18 other cities. Ray Kelly, who was Mr Bloomberg's police commissioner for 12 years, reckons the NYPD

thwarted 16 attacks on his watch. Crime also declined, though the causes of that improvement are disputed.

For the past 18 months, as covid-19 has spread through the city, politicians and pundits have all said versions of: "We got through 9/11. We'll get through the pandemic." It would be unwise to dismiss that as mere New York bluster, given how unexpected the city's revival looked when Lower Manhattan was coated in ash. Yet there are more dismal precedents to consider too. New York took far longer—25 years—to recover from the white flight and manufacturing decline of the 1970s. Then, 1.3m people and dozens of Fortune 500 companies left the city. "The question is," says Mr Doctoroff, "is it going to be like 9/11, or is it going to be like the 1970s?" ■

### Abortion rights

## Roads back to Roe

WASHINGTON, DC

**Both sides gird for future fights over abortion rights in Texas**

ACTIVISTS HAVE long warned that the right to abortion, established by *Roe v Wade* in 1973, is in peril. Yet many Americans may not have realized quite how true this was until the ability to have even an early abortion was snatched away in Texas. Since September 1st clinics in the second most populous state have been unable to perform or assist in terminations from around the sixth week of pregnancy, the point after which the vast majority occur.

More than a week later, the legal path to restoring abortion access in Texas remains unclear. In other states courts have struck down "heartbeat" bans like Texas's, which prohibit abortions after signs of cardiac activity, because they violate Supreme Court rulings allowing abortion on demand until a fetus is viable (around 23 weeks). But Texas's law sidesteps a basic feature of America's legal system: the requirement for state officials to defend themselves against challenges to laws they enforce. Instead it hands the enforcement power to ordinary citizens, inviting them to file civil lawsuits against any person who has "aided or abetted" an abortion (though not the woman herself) and, if successful, collect a \$10,000 bounty.

So far this tactic has worked. Last week Texas's law survived a trip to the Supreme Court, which refused an emergency request from clinic operators to block it. Since then, two small developments have cheered the abortion-rights side. On September 3rd, a judge in Texas issued a temporary restraining order preventing Texas



So sue me

Right to Life, an anti-abortion organisation, from suing affiliates of Planned Parenthood, which runs half of Texas's 20 or so abortion clinics, until September 17th (more restraining orders may follow). And on September 6th, Merrick Garland, the attorney-general, said the Department of Justice would "provide support from federal law enforcement when an abortion clinic or reproductive-health center is under attack". The DOJ will probably sue Texas, though the prospects of success are uncertain. Because their lawsuits may not only ►

► target clinics, Lyft and Uber have said they will pay the legal fees of any driver accused of abetting an abortion.

Yet the challenge that fell one vote short of blocking the law at the Supreme Court could find new life once litigation resumes. The best option for restoring abortion rights in Texas appears to require a clinic to break the law, thus attracting a lawsuit. Once the law is used to punish a health-care provider for offering an abortion, the courts would then have to reckon with a technical question the justices raised last week but did not resolve: whether state clerks and judges involved in enforcing civil lawsuits represent a class of defendants who can be enjoined from enforcing the law altogether.

This process could take months. And in the meantime, abortion clinics are turning pregnant women away or seeing fewer come through their doors. A doctor at Planned Parenthood's clinic in Houston reports that he used to see up to 30 patients seeking an abortion a day. On September 1st he saw only six, three of whom he was able to assist.

This represents a historic success for anti-abortionists and has prompted conservative lawmakers elsewhere to consider similar legislation. "This absolutely shows other states a potential path forward," says John Seago, the legislative director of Texas Right to Life, which has helped draft legislation emulating Texas's. Some ambitious governors with an eye on 2024, including in Florida and South Dakota, have suggested they are considering this "to rile-up primary voters," says Mary Ziegler, a law professor at Florida State University.

Yet anti-abortion lawmakers in other states may wait to see what happens in Texas. Concerns include not just the legal obstacles it faces. Dreadful stories emerging from clinics highlight that abortion is a public-health issue as well as a moral one: the woman who found she was pregnant at five weeks but that she had covid-19, so was unable to have an abortion in time; the woman who tried to induce an abortion at home after following directions online. Abortion-clinic operators say they fear that not every pregnant woman will have the means to travel to a different state (or get hold of abortion pills). All this is likely to lead to more late abortions, which are more traumatic and carry higher risks. If there are also stories of bounty hunters profiting from the suffering of women Texas's law will become harder yet to defend and promote. The law has no exception for pregnancies that result from rape.

This uncertainty about how the law will play out extends to politics. Republican lawmakers in Texas hope the law will help them in the mid-terms. Yet while many Texans say they are pro-life, polls tend not to ask about early abortion bans. In a re-

cent poll by the University of Texas and the *Texas Tribune*, 33% of Texans said they wanted less strict abortion laws; 33% (and 55% of Republicans) wanted more restrictive laws. But a law can be more restrictive than *Roe* without being as harsh as Texas's (which may be why the Supreme Court has agreed to look at Mississippi's 15-week ban rather than one of the many heartbeat bills that have been blocked).

Even if the law benefits Republicans in Texas it is unlikely to do so in other competitive states. In Virginia's governor race, Terry McAuliffe is running ads castigating Texas's law; his Republican rival has been largely silent on the matter. Whether or not the law is eventually blocked, Democrats are likely to campaign on reminders of its vindictiveness. ■

### Covid-19

## Not moving the needle

### Full hospital wards have little effect on vaccine take-up

**A** GLANCE AT the chart of global vaccine scepticism shows an alarming trend for Americans: while other rich countries see a steadily downward slope, America is flatlining. The highly contagious Delta variant continues its march across the country, wreaking exceptional havoc on the South, one of the country's least-vaccinated regions. Six states—Alabama, Arkansas, Florida, Georgia, Mississippi, and Texas—have more than 90% of intensive care unit (ICU) beds occupied. Deaths have risen to levels not seen since March, before the vaccine was widely available: numbers that recall the early months of the pandemic.

Some optimists had hoped that the spread of the Delta variant, though regrettable, might eventually persuade the naysayers to get vaccinated. Local news sites and stations have profiled people who had been sceptical and have now had their jabs. The Douglasses in South Central Pennsylvania were vaccine-hesitant until "the Delta variant changed that". The Columbus *Dispatch* wrote about a supervisor at a local plant who said: "The Delta variant was what really got me out." In Oklahoma, Grace Zeiba, an emergency-room nurse, told her local station that because of Delta she decided "it's time to be vaccinated". But these anecdotes are not representative of the overall picture.

One way of measuring whether people are more likely to get vaccinated when their neighbours are very ill with covid-19, is to compare county-level ICU capacities (which tell you whether a hospital is full of

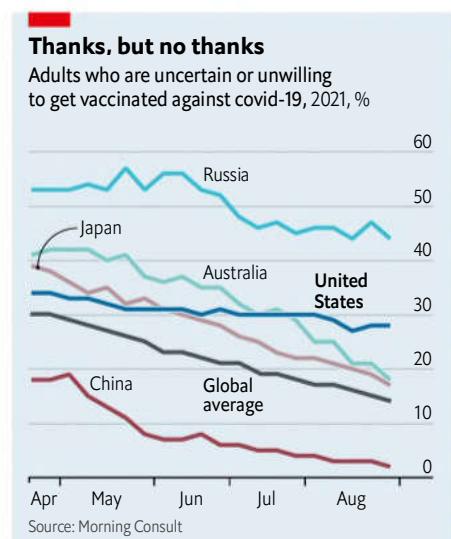
covid-19 patients) with the change in vaccination rates in the ensuing weeks. *The Economist* did this while controlling for potentially confounding variables, like state-level vaccination rates.

Our calculations show that full hospitals lead to only a slight increase in the number of people getting vaccinated. For every 10% decrease in available ICU beds, there were roughly 14 additional first doses administered per 100,000 people in a county the next week. For a median-sized American county with a population of 26,000, that translates to 3.5 additional first doses, or just half a dose per day.

Counties with ICUs that were 80% full or more saw only an additional 104 first doses administered per 100,000 people the next week, compared with counties where ICUs were 20% full or less. That is consistent with what happened this summer, when areas hit by the Delta variant saw only slight upticks in vaccination rates compared with other counties.

Polls paint the same picture. As many Americans have scrambled for futile cures like ivermectin, an anti-parasitic drug, interest in the most effective solution—the vaccine—is stuck. Polling from Morning Consult shows that the share of individuals who say they are unwilling to get the vaccine, or are uncertain if they will, has fallen only slightly—from 31% at the end of May (the month the World Health Organisation declared Delta to be a variant of concern) to 28% on August 30th. By contrast, the average share saying the same across the other 14 countries Morning Consult has surveyed fell from 25% to 14% (see chart).

The remaining Americans who have not had their jabs are not just hesitant but rather hardened—committed to shunning the vaccine despite its availability, safety and efficacy. If the Delta variant, and the wards full of patients suffering from it in local hospitals, cannot change their minds, then it is hard to see what will. ■



**Opioids**

## Released

NEW YORK

### How asbestos saved the Sackler family from bankruptcy

**A**LONG LEGAL chapter in America's opioid epidemic, which continues to kill tens of thousands of people a year, at last came to an end on September 1st when a federal judge in New York approved the bankruptcy plan of Purdue Pharma, which developed and manufactured OxyContin, a highly addictive painkiller. The deal settled thousands of lawsuits against the firm filed by states, localities, tribes and individuals. Purdue will be reorganised as a public-benefit company called Knoa Pharma, and its future profits will go towards alleviating the damage done by opioid addiction. Members of the Sackler family, who own Purdue, will relinquish control of the firm and contribute \$4.5bn to the settlement. But nine states and Washington, DC, opposed the final deal and some will appeal against it. Their objections stem from a legal arrangement shielding parties associated with bankrupt companies from liability. Many people want it changed.

Bankruptcy comes with costs and benefits. The debtor must disclose all assets, which are distributed to creditors. But in return the debtor—in this case Purdue—is freed of legal liability. As a condition of their participation in the deal, the Sacklers sought and won immunity from civil lawsuits related to the opioid epidemic, without declaring bankruptcy themselves. The arrangement is known as a non-debtor release from liability (or a third-party release). It originated in the 1980s to protect insurers in bankruptcies arising from asbestos liability, and was codified by Congress as a protection in those cases. As a result of the settlement, the Sacklers (not all of whom were involved in the management of the company) will not relinquish most of their fortune, estimated at \$11bn. Richard Sackler, Purdue's former president and chairman, last month told a court that neither he nor his family nor the company is responsible for America's opioid crisis.

Last year five members of the family paid \$225m to settle civil charges brought by the federal government that they sold OxyContin while knowing it to be "unsafe, ineffective and medically unnecessary". Lots of states and individuals would probably file similar suits if they could. But non-debtor release means that will no longer be possible, since the terms apply to all parties with a claim against the Sacklers, even if they did not participate in the deal or assent to it. Only a fraction of those who used

OxyContin have filed claims related to their use of the drug: about 130,000. But the number of OxyContin users—all of whom were potential claimants—is probably at least ten times that, estimates Adam Levitin of Georgetown University Law Centre. They will get no piece of the settlement and no opportunity to sue the Sacklers for opioid-related claims.

The use of a non-debtor release has also been mooted in the reorganisation of two groups that filed for bankruptcy amid child-abuse lawsuits, the Boy Scouts of America and USA Gymnastics. For defendants in sprawling litigation, moving to a bankruptcy court and securing a non-debtor release is appealing: it binds absent parties, foreclosing future claims from victims who have not yet come forward. Some

Democrats want to ban the arrangement, which they say has been expanded beyond its original intent. In July a group of senators, including Elizabeth Warren of Massachusetts, introduced a bill to close what they call a loophole used by "bad actors".

In the case of Purdue, the settlement does at least mean that money will be disbursed. But those who had hoped the family would have to pay more will be disappointed. "The Sacklers negotiated how much money they would turn over, and it's as little as they thought they could get away with," says Lindsey Simon of the University of Georgia. The settlement will probably survive an appeal, bringing an unsatisfying legal resolution to a long chapter of a painful public-health crisis. For many, alas, the pain continues. ■

**Religion**

## Nuns and nones

WASHINGTON, DC

### Sisters are not doing it for themselves

**C**ASEY ROSENGREN has been fascinated by religion since he joined (and left) a 12-step recovery group in his early 20s. Since then, the 30-year-old has explored mindfulness, Western Buddhism, the Quakers and mega-church Christianity "to see what all the buzz was about". One of his most recent forays involves an 83-year-old nun in a convent.

He was introduced to Janet Marchesani, a member of the Dominican Sisters of Hope in New York, by Nuns & Nones, an organisation that sets up meetings between Catholic sisters and people with no religious affiliation in 13 cities. Mr Rosengren and Sister Marchesani became pen pals. Mr Rosengren, an agnostic, says he has no intention of joining a church but has learned "more about what brings life richness in a religious order".

Nuns & Nones was established by a group of nones in response to two phenomena: the fast-growing number of Americans of no religion—nearly half of millennials say they are "nones"—and the rapid decline of a once-prominent religious tradition. In 1965 there were 180,000 sisters, many of them working in a large network of hospitals and schools. By 2020 they numbered just 41,000. With an average age of over 80 and few vocations, nuns in America are disappearing.

The nones who founded Nuns & Nones say the purpose is not to spark religious conversions but to introduce one generation of "seekers" to another. Brittany Koteles, a co-director, says sisters can offer an example to young people looking for "meaning" thanks to their vow of poverty and social activism

**Nun the wiser**

(though most nuns don't call it that). After the Second Vatican Council reforms of the 1960s many sisters, who had held leadership roles as doctors, nurses and teachers when such work was unusual for women, moved into work with the poor. Some became politically outspoken, campaigning for civil rights.

In 2012 the Vatican took over their main umbrella group, the Leadership Conference of Women Religious, because it worried that they were focusing on social justice at the expense of the church's social and sexual teachings. (In 2015 under Pope Francis, the Vatican restored control to the women.) This history has won nuns some fans among young idealists, whether they are interested in the idea of God or not.

## California

# Imperfect recall

**The potential recall of California's governor shows how a populist tool is being appropriated for partisan ends**

**I**N 2020 CALIFORNIA'S population shrank for the first time, as people left for less expensive places. Recently, however, headlines have been focused on who is coming to the Golden State: a parade of Democratic luminaries, to drum up support for Gavin Newsom, California's governor, as he fends off a "recall" election to remove him from office on September 14th.

The high-profile visitors demonstrate how much is at stake. If voters recall Mr Newsom and elect a Republican, it could flip the US Senate. (California's governor will appoint the successor to 88-year-old Dianne Feinstein, should she retire.) A new governor could also appoint judges and the heads of departments, issue executive orders and veto line items on the budget. One legislator warned that replacing Mr Newsom with a Republican would produce a "lost year in California state government."

Recent polls should give Mr Newsom some comfort: *The Economist's* polling average shows he has the support of roughly 54% of voters. But it is not just his record facing scrutiny. This election has called attention to the recall itself—a quirk that is being abused for partisan ends.

California is one of nineteen states that permits the removal of state-level officials through a vote. Only four gubernatorial recall elections have made it to the ballot in America; Mr Newsom's will be California's second. Voters removed California's governor through a recall only once, in 2003, when the unpopular Gray Davis failed to manage an electricity crisis and was replaced with Arnold Schwarzenegger.

But Ken Miller, a professor at Claremont McKenna College, notes that this election differs from 2003. None of the more than 40 candidates running against Mr Newsom has Mr Schwarzenegger's celebrity. The frontrunner, Larry Elder, is an African-American shock jock who dubs himself "the sage from South Central" and has a Trumpian predilection for provocation, including suggesting that the descendants of slave owners could be owed reparations. The electorate has also changed, notes Mr Miller: in 2003 35% of California voters were registered as Republican, versus only 24% today. Democrats now outnumber Republicans by nearly two to one.

Republicans have not won a state-level office in California since 2006, when Mr Schwarzenegger was re-elected as governor. Recall attempts have become the only

way that Republicans have a chance of getting back into office, says Sherry Jeffe, a political analyst. The exercise is also eyebrow-raising because of its timing: if voters are so unhappy with Mr Newsom, they could vote him out of office when he runs for re-election next year.

Mr Newsom won election in 2018 with 62% of the vote (the greatest share of any Democratic candidate for governor in state history). Republicans had tried to recall him five times before the sixth attempt gathered enough signatures to qualify for the ballot. Two things helped Mr Newsom's critics: a judge granting a four-month extension for signature gathering due to covid-19 and Mr Newsom's idiotic decision last autumn to eat indoors with friends at a fancy restaurant while he was telling people to socially distance and not even see their own families for the holidays.

## Judgment day

Whatever its outcome, the recall election has taken a toll on Mr Newsom. But the state is losing out too. The recall election will cost \$276m in taxpayer money. Toni Atkins, president *pro tempore* of the California State Senate, says "having to deal with a recall takes away focus from critical issues that the governor should be spending his time on." That includes fires, drought, the pandemic and affordable

housing, among other issues.

Since the beginning, recalls have had their critics. In the 1780s, Alexander Hamilton decried the "state of vassalage and dependence" a senator would feel if a state's legislature could recall him, as was being discussed. In 1911, President William Howard Taft vetoed Arizona's statehood resolution partly because of a provision that would have let judges be recalled. In 1911 voters amended California's constitution to allow for recalls, as a Progressive-era tool that would allow voters to bypass the influence big business exerted on the legislature. But since then "interest groups have learned how to game the system to subvert the democratic will" by making use of recalls and ballot initiatives, says Rick Rivas of Govern for California, a good-governance group.

Because of the way that California designs its recall process—with a majority needed for removal but just a plurality for the winner—Mr Newsom could win 49% of the vote but be replaced by someone with a much smaller share of support. "I have no doubt that next year we're going to see a number of ideas on recall reform from the legislature," says Ms Atkins. The legislature could tweak the recall process to dissuade partisan meddling by, for example, mandating that the lieutenant-governor automatically ascend if the governor were recalled. It could also establish a "malfeasance" standard, which would require that the governor commit an illegal act in order to be recalled, or raise the number of signatures required to put a recall on the ballot.

Any of those actions would require a Constitutional amendment, which a majority of the electorate would need to approve. In the end, the voters may decide on a total recall of the recall. ■



Elder care

## Lexington | Muslims on top

*Being demonised has not interrupted American Muslims' impressive rise*



**T**HE PAST 20 years have mostly been golden for America's Muslims. The community has more than doubled in size, to 3.5m. And its prominence in American life has increased exponentially.

Traverse the overpasses of any big city and you will see metallic domes sparkling below. The number of mosques has also more than doubled since 2001. The minority's secular growth is even more striking. Muslims are one of America's most educated religious groups. More than 15% of doctors in Michigan are Muslim, though less than 3% of the state's population is. And Muslim artists, journalists and politicians are catching up.

Mahershala Ali, Ayad Akhtar, Aziz Ansari and Hasan Minhaj are among a generation of award-winning Muslim actors, writers and comedians that has emerged in recent years. Below Rashida Tlaib and Ilhan Omar—the first Muslim women in Congress—sit innumerable Muslim officials, elected onto school boards and into local government. Four centuries after Islam came to America, its Muslims are finding their place.

And yet the Islamophobic backlash the community suffered after the twin towers fell has increased. Half of Americans, including a large majority of Republicans, say Islam encourages violence. That is twice the number who held that view in early 2002. "Though we try to integrate, these are things we live with," Ali Dabaja, an emergency-care doctor from Michigan, told your columnist. And then he sobbed down the phone as he recalled the time a trucker in Florida tried to run him and his two headscarf-wearing sisters (one a doctor, the other a lawyer) off the road.

Such behaviour occurs not only despite the many Muslim paragons. It is also despite America having witnessed astonishingly little jihadist violence. Islamist attacks are reckoned to have claimed 107 lives since 2001, fewer than white supremacists. And nearly half of those casualties occurred in a mass shooting in a gay club which may not have been motivated by religion. To quote Donald Trump—whose promise to bar Muslims from America was backed by 60% of Republicans—what is going on?

A familiar struggle for America, is the answer, pitting openness and dynamism against nativism and paranoia. Muslims are merely the latest minority to have been embroiled in it.

On the open side of that contest, their growth and success are

testament to America's genius for immigration. Over half of its Muslims were born abroad, including a skilled multitude enticed by the immigration act of 1965. It included the South Asian fathers of Messrs Akhtar, Ansari and Minhaj; the first two doctors, the third a chemist. Having found in America opportunity, religious freedom, civic culture and physical distance from their old lives, such Muslim migrants and their offspring tend to be more patriotic than their European counterparts and much less interested in jihad. The American dream was always an antidote to extremism.

Indeed, it is striking how many Muslims, especially younger, America-born ones, responded to the discrimination they faced after 9/11 by citing America's promise of liberty. Mr Minhaj, whose hit Netflix show was called "Patriot Act", describes his father's and his own conflicting responses to the thugs who smashed their car windows; the older man fearful and resigned, the younger one astonished and incensed. Similarly, Aasim Padela, an emergency-care doctor and expert in Islamic bioethics, said the bigotry he faced even as the twin towers burned "changed my life". A Cornell medical student at the time, he rushed to help triage the injured; but no Manhattan bus driver would open his doors to him. "My stethoscope could not conceal my beard," he says. Defiantly he resolved to represent his Muslim values in his medical career.

Yet 9/11 does not explain the growth of anti-Muslim sentiment. George W. Bush tried hard to quell it. Muslim-bashing became nonetheless entrenched on the right mainly because of how it chimed with the broader grievance culture emerging there—especially after the election in 2008 of a black president with a Muslim name. The professed concerns of American Islamophobes underline this. They tend to worry less than their European equivalents about conservative Muslim practices and beliefs (some of which evangelical Christians share), and more about Muslim immigration. When Mr Trump launched himself into politics by suggesting Barack Obama was Muslim as well as foreign, he implied that they were synonymous. He then made Muslim-bashing central to his presidential campaign. Subsequent analysis suggested Islamophobia was his voters' most characteristic trait. It is a form of bigotry that persists because of the grievances of a dwindling white majority, in other words. It is scarcely about Muslims—especially the reality of America's prospering minority—at all.

That was also clear ahead of last year's election, when Mr Trump abruptly turned his sights from Muslims to black activists. The shift was consistent with research suggesting that, for all its ugly noise, Republican Muslim-bashing may be less threatening than opinion polls suggest. Because the Muslim population is based in cities and relatively small, says Shadi Hamid of the Brookings Institution, nativists have little contact with and are unlikely to focus on Muslims for long: "We are not the main target of xenophobia because there are bigger groups to be racist about."

### Take the medicine

For another consolation, it is abundantly clear who is winning this struggle. The bigotry of the right reflects its members' lost status. Meanwhile Muslims will continue to rise. Covid-19—or rather the madness the right has made of it—provides a powerful image of those relative positions. The anti-vaxxer Trump voters who are now likeliest to be hospitalised with the disease tend to be the most anti-Muslim Americans. The doctors treating them are quite likely to be Muslim. The irony of this is not lost on Dr Dabaja. "But when people are coping with the reality of death or the death of their loved ones," he says, "their political agendas tend to fade." ■



## Protests in Brazil

### A populist pushes back

SÃO PAULO

#### Jair Bolsonaro tries to embolden his supporters by attacking judges

**O**NLY GOD will remove me [from power]," yelled Jair Bolsonaro, Brazil's president, from the top of a truck in São Paulo on September 7th. "I will never be imprisoned," he added, as if his message was not clear enough. The protest, on Brazil's independence day, had been called by the president himself (pictured, greeting the faithful). Striking messianic poses, he was surrounded by more than 120,000 of his core supporters—Evangelical Christians, farmers and lorry drivers, many of them bused in from cities across the country. He promised no longer to follow Supreme Court rulings and demanded "freedom of expression" after the court ordered the arrest of some of his allies who were inciting violence on social media.

Mr Bolsonaro's hyperbole is an attempt to keep his noisy but dwindling group of fans riled up until a presidential election due in 2022. He is struggling with a worsening economic outlook. Less than 30% of Brazilians support him, the lowest poll rating since he took office in 2019. More than 14% of Brazilians are unemployed. Inflation is nearly 9%, and for staples such as

rice and sugar it is 40% and 30%, respectively. More than 580,000 Brazilians have died of covid-19, most of them after Mr Bolsonaro spent months ignoring offers to buy vaccines. A Senate inquiry has exposed suspicions of corruption in one vaccine procurement deal, which the president allegedly knew about (he denies this).

In response he is turning to an old populist trick of blaming other branches of power when things go wrong. In 2019, when an unpopular pension reform was taking longer than he would have liked in Congress, he quarrelled with the then-speaker of the lower house. Over the past 18 months Mr Bolsonaro has taken part in protests that called for military intervention to defy lockdowns ordered by governors. Now he is attacking Supreme Court

judges, who not only oversee the vote count but have also authorised probes against him.

Such antics suggest that, if Mr Bolsonaro loses the election next year, he is unlikely to go quietly. When the heads of the three armed forces resigned in March in solidarity with the defence minister who had been fired, reportedly for defending the army's independence, fears grew that the president would use the armed forces to remain in office. That seems unlikely. But concerns that he will try clinging to power illegally have recently risen.

#### Fuelling the flames

In July Mr Bolsonaro threatened that next year's elections would not be held until the voting system was changed from a fully electronic one to a paper-receipt system, citing conspiracy theories about electoral fraud. "Either we hold clean elections in Brazil or we don't have elections," he said. The protest on September 7th was partly in response to lawmakers rejecting his paper-voting bill.

Such tactics—which echo some of the things Donald Trump said to inspire his fans to storm the United States Congress in January—go down well with Mr Bolsonaro's supporters. At the march in São Paulo, one of 19 across the country, there were signs calling for military intervention and the impeachment of all judges. "The Supreme Court must be declared the enemy of the homeland," says José Silva, a 65-year-old retired bank clerk. He thinks the vote in ►

#### → Also in this section

**32 Decriminalising abortion in Mexico**

**34 Nayib Bukele's power grab**

**— Bello is away**

► 2018 was rigged, even though his hero won. (He thinks Mr Bolsonaro won even more votes than he did.) "We don't want elections any more," he adds. Instead, he says, the president should call in the armed forces for a "constitutional intervention".

Alongside whipping up his base, Mr Bolsonaro has tried to bolster support among the police and the army. He is a fan of the military dictatorship that was in power from 1964 until 1985. Indeed, several of his supporters at the protest wore t-shirts evoking this period. Mr Bolsonaro, a former army captain, has stuffed his government with more than 6,000 soldiers, including some generals, although various military top brass have denounced his attempts to politicise the military.

### Jair and the giant impeachment

On September 7th Mr Bolsonaro also said that he will call a meeting of the Council of the Republic, a body that deliberates on measures such as federal interventions and states of siege. (Lawmakers said they had not received an official invitation.) But after the protests, more politicians are discussing the possibility of impeaching the president. There are more than 130 motions against him waiting to be discussed in the lower house. However, as it is run by an ally of Mr Bolsonaro, they are unlikely to get very far.

Although the protests were not violent, as many feared they would be, the coming months are likely to be tense. On September 12th right-wing groups that once supported the president will take to the streets and join the chorus for his impeachment. That could lead to further clashes between *bolsonaristas* and their opponents.

By contrast, opposition parties have mostly stayed quiet, possibly betting that they have a better chance of winning next year's election if Mr Bolsonaro remains a candidate. While the president is losing ground in polls, his biggest rival, the left-wing former president, Luiz Inácio Lula da Silva, has seen his popularity surge. Polls show Lula winning. The government's hopes for a pre-election economic boost are quickly fading, too. Second-quarter GDP fell 0.1% compared with the previous quarter. A drought that affects two-fifths of the country is spoiling harvests and pushing up the price of electricity.

Most institutions in Brazil remain fairly robust. It is highly unlikely that Mr Bolsonaro could co-opt them. But if he loses in 2022, he has already laid the groundwork for questioning the results—potentially with angry mobs. The protests this week show that his supporters are organised, willing to take to the streets and cavalier about the rules of democracy. Márcio Fernandes of Ohmresearch, a Brasília-based consultancy, puts it starkly: "Brazil is now a room full of fuel and dynamite." ■

### Women's rights

## Judges for choice

MEXICO CITY

### The world's second-biggest Catholic country decriminalises abortion

**T**HE RULING was clear. On September 7th Mexico's Supreme Court unanimously voted to decriminalise abortion. The ten judges declared unconstitutional a law in Coahuila, a northern state, that imposes up to three years behind bars on women who undergo an abortion and the doctors who perform it. The ruling applies across the country. "Here ends the unjust criminalisation of women," declared Arturo Zaldívar, the chief justice.

The loosening of abortion restrictions is the culmination of a small but growing wave of piecemeal liberalisation in Mexico, where almost all of the 32 states have outright bans, with narrow exceptions such as rape, fetal malformation or risk to the mother's health. In 2007 Mexico City, the capital, passed a law allowing women to terminate their pregnancies on any grounds during the first 12 weeks. Since 2019 three other states have followed suit.

Pro-choice campaigners are celebrating. Abortions will not immediately become available, but states can no longer prosecute women for having an abortion, and must release any women or doctors behind bars for terminating pregnancies (it is unclear how many there are). State congresses are not obliged to vote to change any relevant laws, but may do so, since they are now unconstitutional.

Decriminalising abortion in Mexico is significant—not least because it happened days after Texas introduced a law banning abortion after six weeks. The country of 126m is home to around 90m Catholics, the

second-most in the world (after Brazil). But the church's power has been waning. Estimates suggest around 1m clandestine abortions take place every year, with perhaps a third causing medical complications.

Women in Mexico have also become more vocal. Large protests have focused on the high incidence of violence, including record numbers of killings, suffered by Mexican women. (The court also struck down a provision in Coahuila providing lesser sentences for rape within marriage.) The judges' reasoning was notable for its stress on women's rights rather than technical legal questions as in some past cases. Leticia Bonifaz, an academic who formerly worked in the Supreme Court and helped draft Mexico City's abortion legislation, says she expected the ruling given the discussions inside the court. But she was surprised by its unanimity.

The Mexican state, which is officially secular, is becoming somewhat friendlier to women in other ways, too. In 2019 it passed a constitutional amendment which requires federal and local governments eventually to have equal numbers of women and men in many jobs. Half of lawmakers are women, as is half of President Andrés Manuel López Obrador's cabinet. But Mr López Obrador, who is devout, refused to get involved in the debate about abortion, saying it was up to the courts.

Mr López Obrador has also dismissed female protesters as puppets of his opponents. After he came to power in 2018 he cut funding for women's shelters and for childcare. He got rid of a programme that gave cash to women as long as they sent their children to school and for regular medical check-ups. The president's wariness of abortion is shared by many: a poll taken in August suggested that 53% of Mexicans disagreed with legalising it, against 45% in favour. The abortion ruling is a step forward for women's rights, but there is still room for improvement. ■



A peaceful protest for change

October 4th–7th 2021

# Sustainability Week: countdown to COP26

Join us as we examine how policymakers, companies and regulators can make change happen, on time and on target.



**Kitack Lim**  
Secretary-general  
**International Maritime Organisation**



**Varun Sivaram**  
Senior adviser  
**United States Special Presidential Envoy for Climate**



**Erna Solberg**  
Prime minister  
**Norway**



**Emma Stewart**  
Inaugural sustainability officer  
**Netflix**



8000+  
attendees



125+  
speakers



65+  
sessions



**Register free**

[sustainabilityweekcop26.economist.com](https://sustainabilityweekcop26.economist.com)

Diamond sponsors

**Deloitte.** **ZURICH**

Platinum sponsor

**KAPSARC**

Knowledge supporters

**McKinsey & Company**

Supporter Gold sponsors

**JTI**

**BASF**  
We create chemistry

**BAYER**

**ecovadis**  
Business. Sustainability. Transparency.

**GfK**  
Growth From Knowledge

**MITSUBISHI HEAVY INDUSTRIES GROUP**

**pork**

Gold sponsors

Supported by Silver sponsors

Innovation sponsor

Innovation showcase sponsor

**PING AN**  
Finance Technology

**Schneider Electric**

**Wärtsilä**

**Arçelik**

**Moody's**

**NCX**

**NiSource**

**Smurfit Kappa**

**expleo**

**GHD**

**OneTrust ESG**

**MISSION POSSIBLE PARTNERSHIP**

## El Salvador

# Crypto creep

SAN SALVADOR

## Nayib Bukele is ridiculously popular and increasingly authoritarian

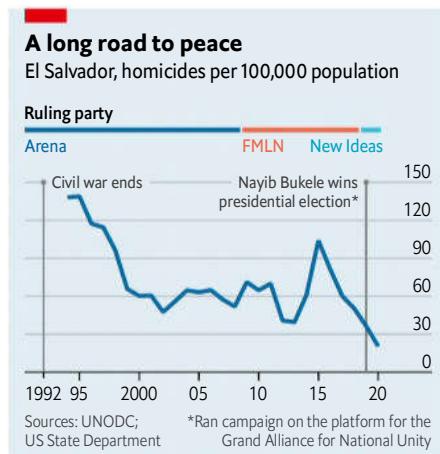
**O**N SUNDAY September 5th a couple of hundred protesters huddled beneath the Monument to the Constitution in San Salvador, the capital of El Salvador, holding hand-made signs. Most were in their mid-twenties. Taking turns to use a microphone they condemned Nayib Bukele, the 40-year-old president. Nearly all of them covered their faces, less for fear of catching covid-19 than of being identified by the police who took photographs of the event.

They were out on the streets to decry a ruling by the Supreme Court two days earlier that presidents can run for a second consecutive term. That allows Mr Bukele to stand in 2024, and appears to go against the constitution. Daniel, a 28-year-old graphic designer, attended the protest with his mother, holding a sign that read "Bukele Fascista". He had voted for Mr Bukele, but now feels that "the constitution is being trampled upon."

The ruling is the latest power grab by Mr Bukele. In February New Ideas, his party, won a supermajority in legislative elections. Since then he has taken over the judiciary. Five judges from the Supreme Court's constitutional chamber were sacked in May and replaced by sympathisers; they were the ones who ruled that he could run again. On August 31st the Legislative Assembly passed a series of bills, including one that boots out all judges over the age of 60 or with 30 years of service under their belts. Mr Bukele can now replace them—up to a third of the judiciary.

But on the other side of the city from the protest, in Plaza Morazán in downtown San Salvador, few were bothered by Mr Bukele's undemocratic tendencies or the intricacies of the judicial system. When Mr Bukele was mayor of the capital, from 2015 to 2018, he cleaned up the plaza and the downtown area, which used to be controlled by gangs. Dorian Martínez, a waiter in a café there, feels that the president has been "successful in most things", and is different from previous politicians. He praises his ability to get a hospital built during the pandemic. "I would vote for him a second time," he says. "Imagine what he could achieve."

More of Mr Martínez's compatriots seem to agree with him than with the protesters, who turned out in slightly larger numbers on September 7th. The president's approval rating has hovered at around 90% since he took power in 2019,



by far the highest of any leader in Latin America, and possibly the world.

Many Salvadoreans say that Mr Bukele has made their lives better. They point to new roads, food handouts and safer neighbourhoods. Some credit him with bringing down murder rates, which started to fall well before he took over (see chart). Though many suspect Mr Bukele's government of negotiating with gang members (as previous governments also did), he denies this. On August 23rd *El Faro*, a digital newspaper, revealed that officials had secretly met imprisoned gang members over the past year, allegedly to keep crime low in exchange for better prison conditions.

Mr Bukele's popularity is not the only thing that has given him cover for his astonishingly quick takeover of the state. Sal-

vadoreans lack faith in democracy, thanks in large part to the corruption and poor governance of the two parties that had alternated in power since the end of the civil war in 1992. Mr Bukele promised to shake up that duopoly with New Ideas, which was registered as a party only in 2018.

It also helps that the president is a masterful self-publicist. The Supreme Court judgment happened just a few days before El Salvador became the first country to make bitcoin legal tender, alongside US dollars. The move is not terribly popular—in one survey over two-thirds did not want to be paid in crypto. But it has attracted headlines around the world (although the rollout was a shambles). Mr Bukele has been frantically tweeting about the cryptocurrency, of which the country has bought hundreds of tokens (spending around \$30m). By contrast he stayed silent about the Supreme Court's decision.

Meanwhile Mr Bukele's control of the judicial system means that it would be impossible to mount a legal challenge, says Ruth López, a lawyer at Cristosal, a human-rights organisation in El Salvador, even if the rulings and sackings are illegal. The electoral authority has said it will abide by the court's decision to allow the president to run for a second consecutive term, although one of its officials expressed surprise at the decision.

### Uncle Sam's quandary

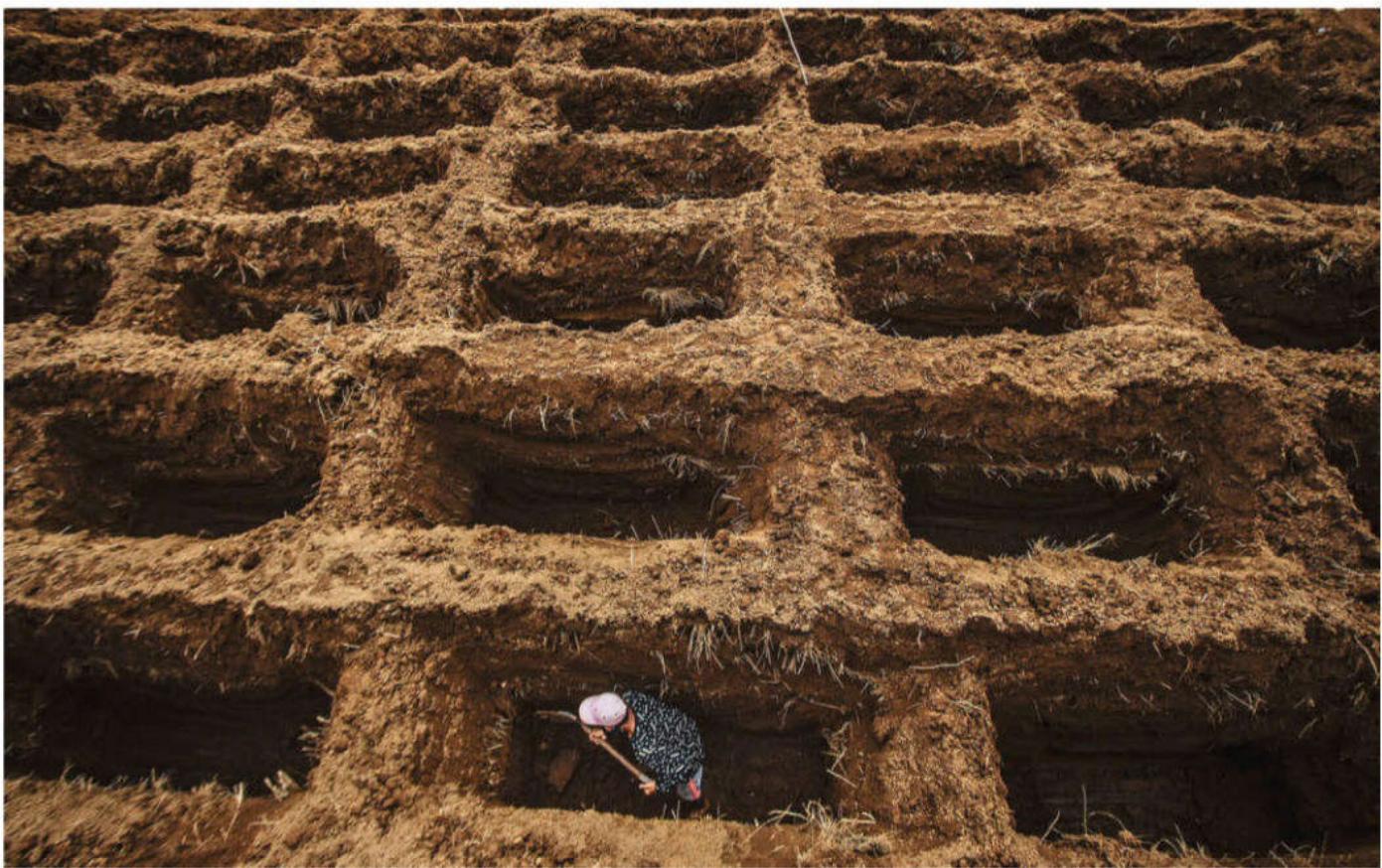
The United States appears to be hamstrung in how it deals with the president of a country of just 6.5m people. President Joe Biden's administration has condemned Mr Bukele; the American ambassador to El Salvador likened him to Hugo Chávez, Venezuela's late dictator. Officials in Washington may be able to exert some economic pressure, perhaps by pressing for conditions on an IMF loan worth \$1bn that is in the works. The State Department stopped supporting the attorney-general's office after the incumbent was ousted in May.

Yet the United States is battling a migrant crisis of Central Americans on its southern border. Over 2m Salvadoreans now live in the United States, up from 700,000 in 2000. Mr Biden's team would rather not risk destabilising the country, causing more people to flee. On August 27th it donated equipment including eight helicopters to El Salvador's armed forces, who are loyal to Mr Bukele.

Some may take comfort in a poll which showed Mr Bukele's approval rating at 87%. Although still ridiculously high, that is the lowest it has been since he took office. But with the levers of power now under his control, and \$30 of free bitcoin to any Salvadorean who signs up to the crypto service (the equivalent of about three days on minimum wages) the millennial *caudillo* can afford not to please everyone. ■



It's not just the cap that points backwards



The covid-19 pandemic

## The shoe drops

### What the Delta variant did to South-East Asia

AS NEWS CIRCULATED of a worrying new virus spreading in the Chinese city of Wuhan in the early days of 2020, experts worried that infections would quickly reach South-East Asia and overwhelm the region's health-care systems. Thailand was one of the main destinations for Chinese tourists; the first case outside China was reported there on January 13th, 2020. The first known death from covid-19 outside China occurred in the Philippines. A Chinese tourist who had visited Indonesia from Wuhan tested positive on returning home, suggesting he took the virus on holiday with him.

Yet it was Iran and Italy that became the first global hotspots. America, the rest of Europe and Brazil were soon engulfed. India got walloped. All through 2020 and the early part of this year, South-East Asia remained relatively unscathed. By the start of June, the region of 668m people had reported fewer than 77,000 deaths from the disease. Britain, with a tenth as many peo-

ple, had chalked up more than 128,000. South-East Asia, it seemed, had escaped the worst of the pandemic.

No longer. By the end of August the region had recorded some 217,000 deaths from covid-19, about 2.6 times its total just three months earlier. Yet the real figure is probably much higher: in the range of 520,000 to 1.6m, according to number-crunching by *The Economist*. What happened? And if the latest numbers understate deaths in so dramatic a fashion, was South-East Asia ever really an exception?

#### → Also in this section

- 37 Encouraging mask use in Bangladesh
- 37 Vaccines for the dead in Malaysia
- 38 The dull reality of running Afghanistan
- 38 Japan after Suga Yoshihide
- 40 Banyan: Affirmative action in India

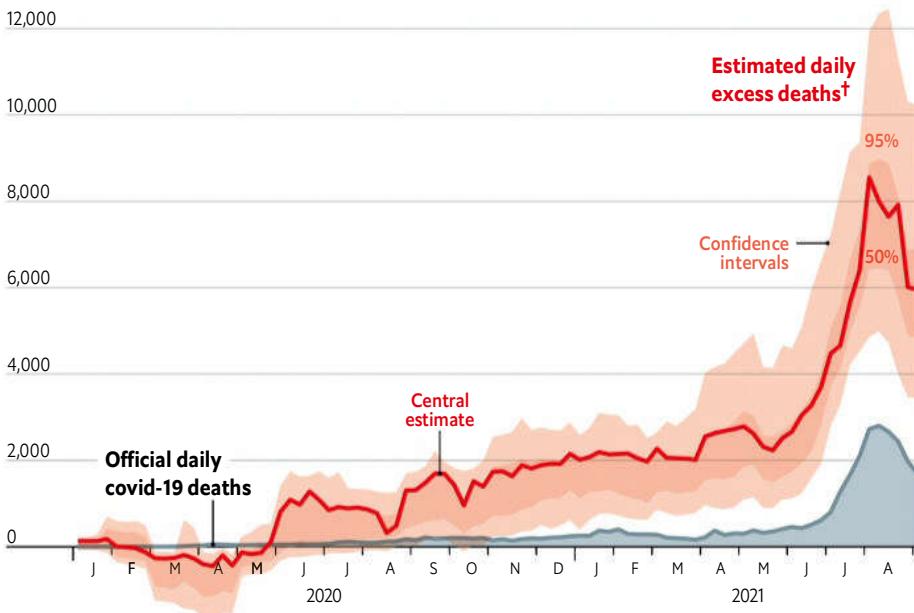
The short answer to the first question is that the highly infectious Delta variant happened. When it arrived in the region this year, it encountered a population that lacked immunity, was complacent after a covid-free year and was defended by public-health measures designed for the milder, original form of the virus. The outbreak in Cambodia, where the virus was virtually unknown until April, was set off by just two people. Vietnam recorded almost no cases for much of last year, and mostly single-digit numbers until April, before a surge that saw daily cases rise to over 13,000 by early September.

Tram (not her real name), a doctor at one of the country's largest quarantine facilities, a 1,000-bed centre in Ho Chi Minh City, believes the much higher contagiousness of the Delta variant surprised Vietnamese authorities. Though Vietnam was prepared for an outbreak, she says, it relied on contact-tracing, which is of limited use once case numbers start rocketing. Delta moved too quickly for the authorities to contain it.

Another reason for the enormous rise in infections and deaths in South-East Asia over the past few months could be a change in strategy, says David Heymann of the London School of Hygiene and Tropical Medicine. As governments come to terms with the fact that the virus will become endemic—and that it is now running ram- ►

### → The effects of the Delta variant on mortality in South-East Asia

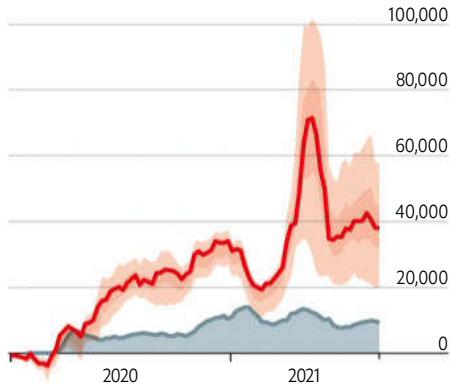
South-East Asia\*, estimated daily excess deaths<sup>†</sup> and official covid-19 deaths



Cumulative estimated excess deaths<sup>†</sup>  
Per 100,000 population, September 6th 2021



Global estimated daily excess deaths<sup>†</sup> and  
official covid-19 deaths



\*Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste and Vietnam    †Deaths relative to expected deaths in normal years    Sources: Johns Hopkins University CSSE; *The Economist's* excess-deaths model

pant within their borders—they are looking for ways to live with it. That means accepting a certain number of infections and deaths as the price of opening up. Thailand, for instance, has eased many restrictions on movement and commerce; other countries are doing the same.

At the same time, governments have shifted focus from elimination to vaccination. This has been slow to get going, but is gathering pace. By June 1st only Singapore and Cambodia had given more than 10% of over-11s one dose or more: now all but Myanmar have crossed 20%. In Cambodia, Malaysia and Singapore, more than 60% of over-11s are fully vaccinated.

Had the virus hit the region harder than the official data suggest, even before the Delta wave? India's official death toll from covid at the start of November stood at some 124,000, but *The Economist's* calcula-

tions suggest the true number was something more like 820,000. That raised the question of whether South-East Asia, which like India is a big and diverse region with pockets of severe poverty and creaking health systems, was also failing to count its dead.

The answer, perhaps surprisingly, is no. With the exception of Indonesia, death counts in the region were indeed exceptionally low until June. Mr Heymann, who led the WHO's response to SARS in 2003, says the region benefited from good policy. He credits South-East Asia with a swift response to the threat in the form of "good contact-tracing and good outbreak investigation". Many countries in the region had suffered outbreaks of SARS and they had "taken preparedness to heart", he says.

Other factors may have helped too, such as having relatively few imported cases,

partly as a result of the swift shutting of borders and imposition of quarantines, and high levels of mask-wearing. The region also has a lower proportion of old people than the badly hit rich countries of the West. And the prevalence of comorbidities such as obesity, which heighten the risk of death from covid, is also lower.

Whatever natural assistance South-East Asian countries may have had, the policies they put in place to stop outbreaks have now either failed or been abandoned. In Ho Chi Minh City, Dr Tram says, the health-care system is overloaded. Whenever a new quarantine facility opens, it quickly fills up. She is voluntarily staying at the one where she works, because she is afraid that she will get infected at work and bring the disease back to her family. She has not been home for three months. Our model estimates that between 37,000 and 58,000 Vietnamese have died of covid-related causes in the past three months. The official tally pegs the number at 13,000.

The worst may be over for South-East Asia, at least for now. Case numbers are declining sharply in Malaysia, Thailand and Indonesia. (They are still rising in the Philippines and are stable in Vietnam.) Yet more waves are inevitable unless vaccination efforts are speeded up. And the economic effects are likely to linger.

### Long Delta

Even before the latest wave, businesses and workers across the region suffered from closures because of lockdown. Those reliant on tourism, which accounts for 12% of the region's GDP, have been particularly hard hit. A UN report published at the end of June estimated that regional GDP could shrink by as much as 8.4% from the loss of tourism alone. Simon Purwa, who runs a travel agency in Bali, says that business is down by 90–95%. But, he says, "We are still lucky." Many other agencies have fared worse. Some have had to shut down.

Three out of four households in Indonesia have seen their incomes fall compared with January 2020, according to a UNICEF report released in May. More than 12% of households with children say they are struggling to keep themselves fed, and 27% said they have had to pawn possessions to survive. In Malaysia the proportion of households below the national poverty line jumped from 5.6% to a projected 8.4% in 2020. That was before the current wave. Even as the disease recedes, its effects will long be felt in hunger, unemployment and lost opportunities. ■

The estimates provided in this article are produced by *The Economist's* excess-deaths model. To see daily updated estimates for every country and the world, as well as details of our methodology, visit [economist.com/ExcessDeaths](http://economist.com/ExcessDeaths)

## Tackling covid-19

## Face: the facts

## A big study in Bangladesh finds simple ways to encourage the use of masks

**I**N DHAKA, BANGLADESH's teeming capital of 18m, face masks are everywhere. They can be seen under the chins of street hawkers, poking out from the pockets of rickshaw-pullers and dangling on the wrists of factory workers. A rarer sight is a mask covering both mouth and nose.

The usual methods for curbing the spread of covid-19 are less effective in South Asia, home to about 1.8bn people. Lockdowns work but devastate families and businesses. The region's governments cannot afford to pay people to sit at home. Vaccination efforts suffer from supply and distribution problems; less than 15% of over-11s are fully jabbed, compared with more than 60% in the EU. Until that number rises, masks are the best weapon. But habits are hard to change.

A new study—the largest yet—into the efficacy of face masks in preventing transmission of covid suggests that attitudes can indeed be shifted, and cheaply. Researchers from Yale and Stanford universities, and from Innovations for Poverty Action, an American NGO, tracked the mask use of some 342,000 people across 600 Bangladeshi villages for eight weeks late last year. At the start of the study, they gave free masks to half those people and followed up regularly with reminders. The other half they simply observed.

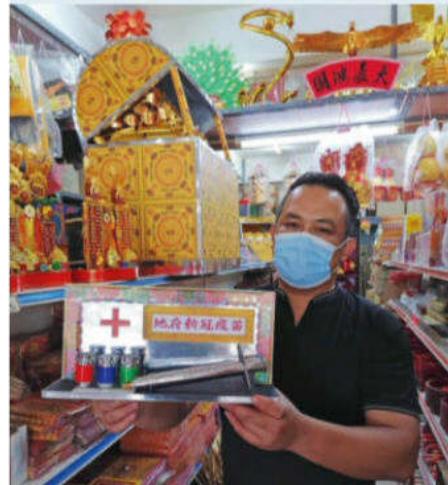
The results are encouraging. Proper mask-wearing among the intervention group tripled over the course of the study, to 42%. The rise was sustained over the two-month period of the study and lingered for another two weeks after reminders had stopped. Moreover, the masks programme reduced symptomatic infections by 9.3%, and by 34% among people over 60 who were given surgical masks rather than cloth ones. Cases probably dropped among their younger family members too, says Mushiq Mobarak, the study's co-author, but tracking asymptomatic infections—more common among the young—was beyond the researchers' budget.

The study's authors found that it is possible to persuade people to wear masks with simple, low-tech measures: by supplying them free of charge, providing information about why wearing them properly is important and by having the message reinforced by role models. In rural Bangladesh a famous cricket player and the local religious leader did the trick. There was also a mechanism to reinforce

## Funeral rites

# Hell-care providers

SINGAPORE  
What use is a vaccine when you're dead? Plenty



**R**AYMOND SHIEH's "hell vaccine kit" includes three vials in green, blue and red, and a large syringe, all made from joss paper. The kit will be burnt as an offering to the dead, supplying them in the afterlife with something they could not receive in this one: a vaccine for covid-19. The vials' colours represent Pfizer, AstraZeneca and Sinovac, the three main vaccines used in Malaysia, which has reported some 20,000 new cases every day in the past month. Though half of over-11s are now fully jabbed, the country's death rate from covid is the highest in South-East Asia.

"It has been a hard year for Malaysians and many have died waiting to be vaccinated," says Mr Shieh, who runs a shop selling prayer items in the southern state of Johor and spent two days crafting the new product last month as covid deaths surged. He says he has received more than 300 orders, at 23 ringgit (\$5.50) apiece, from people in Malaysia as well as in Singapore, Taiwan and Hong Kong. "I want to keep the kits affordable," he says. "I hope this item will give my clients some peace of mind."

For many practitioners of traditional Chinese religions, such as Taoism, the burning of joss paper and other paper paraphernalia is a way to meet the unfulfilled needs of their deceased loved ones. Adherents believe that most spirits go through the ten courts of *Diyu*, or hell, before achieving salvation. Funerary rituals hasten the journey. Offerings help ease the spirits' suffering along the way. These rites typically conclude with the burning of "hell money", as well as any other items that the dead may need for a comfortable afterlife—clothes or houses, for example, but also iPhones and Ferraris—all made of joss paper. Mr Shieh sells a life-size replica of the latest iPhone for 350 ringgit.

Every year during "Hungry Ghost Festival", which usually falls in August or September, believers across the region pay homage to their deceased ancestors, as well as to sundry spirits, who visit the living as the gates of hell are opened. In addition to burning various paper offerings, the devout leave out food to placate the hungry ghosts. Stage performances of Chinese operas and *Getai*, or live song-and-dance numbers, were common features to appease the spirits before the pandemic. These are often held outdoors, under a big tent, with at least a front row of empty seats for the ghosts-of-honour, while the living crowd on the back benches. Such performances have gone online in most countries after being cancelled entirely last year.

In normal times Taoist and Buddhist vigils for the dead usually last for several days before the body is cremated. Yet because of covid, bodies must be disposed of immediately. Many believers are pained by the thought of not having paid their respects to family and friends. "Without proper prayer and rites, how will he rest in peace?" says Eric Leong, who recently lost his father to covid. A vaccine for the dead is one way to ease the pain.

good behaviour, in the form of someone in the village gently nudging the careless.

Hiring these nudgers is the biggest expense. The rest is cheap. Each surgical mask costs just five cents. Researchers found that although this type of mask is often seen as single-use, it is still effective after many washes, reducing the cost further. The model is "really big bang for your buck", says Asif Saleh, the head of BRAC, a big Bangladeshi NGO.

The organisation is rolling the scheme out to a whopping 80m Bangladeshis—about half the population—for the bargain-basement price of \$6.5m, or \$0.42 per person. Non-profits and governments across India, Nepal and Pakistan will take it to another 20m people. "This needs to be an ongoing effort," says Mr Saleh, since, although highly vaccinated rich countries are getting back to a semblance of normal life, that is a long way off for South Asia. ■

## Afghanistan

# Empty clinics, hungry lions

KABUL

**The Taliban get down to the tedious business of running a country**

THE NEW Taliban look a lot like the old Taliban, if the composition of their new government is anything to go by. On September 7th Afghanistan's new rulers unveiled a 33-man interim administration packed with stalwarts and clerics. Unsurprisingly, the list includes no women. More surprisingly, the group broke its pledges of an inclusive government by cutting out other political groups and mostly excluding non-Pushtuns.

Mullah Mohammad Hassan Akhund will assume the role of acting prime minister. A close aide to Mullah Omar, the Taliban's founder, he was the foreign minister and then deputy prime minister during the group's last stint in power. Abdul Ghani Baradar, a co-founder of the group and its chief negotiator on the deal to withdraw American troops, will be his deputy. Sirajuddin Haqqani, who has an American bounty of up to \$10m on his head and is the scion of the Haqqani network, an allied militia, will be interior minister.

Deliberations over the composition of the cabinet have delayed decisions essential to running the country. Afghanistan's banking system is in chaos, its foreign reserves are frozen and the aid that once provided three-quarters of the government's budget has been put on hold. What is left of the Afghan state is in limbo as bureaucrats from the administration of Ashraf Ghani, the deposed president, rub along awkwardly with the newly arrived mullahs and their wild-looking village fighters.

Hamdullah Nomani, the new acting mayor of Kabul, sits in the same building doing the same job he did 20 years ago, before his administration was chased out of town by American troops. Yet the city is nearly unrecognisable from when he last held the post. He is responsible for some 12,000 municipal workers, and oversees everything from keeping the streets clean to ensuring that the zoo's lions are fed. "Before, Kabul was like a village. Now it's developed a lot and lots of businessmen have invested. It is a competitor with cities in neighbouring countries," he says.

Mr Nomani is full of ideas. He wants to clean the city, plant trees and remove the concrete blast walls that blot the cityscape. But his workers have not been paid for two months, and it is unclear where next month's wages will come from. His charismatic predecessor as mayor, a former airline pilot called Mohammad Daoud Sultan-

zoy, has been acting as an adviser. Aides say the two men have excellent relations.

The arrival of thousands of Taliban scholars, clerics and fighters, many from the rural south, has seen strange bedfellows thrown together across the capital. At one court complex a newly appointed Taliban judge explained that his experience included several years running shadow courts. These secret tribunals were key to the insurgency's grassroots success as they delivered swift and binding rulings free of the delays and bribes that plagued government courts. A member of his staff later quietly confessed to this correspondent that he had previously worked in a British-funded counter-terrorism court that hunted and locked up insurgents.

Wahid Majrooh, Afghanistan's chief of public health, is the only minister who remained at his post when Kabul fell, staying to steer the health system through the transition. Taliban fighters mill around the ministry compound as he deals with a stream of emails in his office. Dr Majrooh is too tactful to talk about his new bosses, noting only they have a "very different management style". But he is obviously frustrated by the damage caused by the suspension of foreign aid. International donors have frozen contributions that pay for thousands of clinics and hospitals, he says. He warns that the system will collapse unless donors can be more flexible. Each day he is confronted by staff who say they have not eaten. Clinics are closing for a lack of supplies and medicine.

Outside the government ministries, the streets are quieter than usual and many shops are closed. Some women are still seen, sometimes even wearing make-up or stylish outfits, but their numbers are fewer than before. The strange limbo in Kabul is social as well as political, as residents attempt to navigate unclear new rules. The



All politics is local

tables at the Cloud Cafe in downtown Kabul would a month ago have held a mixed young crowd as likely to be discussing startups as sharia. Now they are largely deserted. A patrol of fighters dropped in earlier and told the owner not to let women smoke shisha pipes or cigarettes.

A new government is the first step for the Taliban to deal with their overflowing in-trays. But such a roster of hardliners seems unlikely to appease the donors who could ease the country's pain. The new leaders have the run of the country. Now they must run it. ■

## Japanese politics

# September surprise

**Suga Yoshihide's resignation heralds an era of uncertainty for Japan**

SUGA YOSHIHIDE, Japan's prime minister, had been plotting for his re-election as late as September 2nd. The next day, he emerged from a meeting with the other leaders of his Liberal Democratic Party (LDP) looking crestfallen. With his approval ratings wallowing and his support inside the party hollowing, he declared that he would not run in the party's leadership race after all. Mr Suga's about-face has left the LDP—and Japan's political future—in flux. The party will vote for a new president on September 29th. The winner will become prime minister and lead the LDP into lower-house elections that must be held by late November.

Four contenders stand out so far: Kishida Fumio, a former foreign minister, has good relationships within the party, but limited popular support. Kono Taro, a former foreign and defence minister and the current vaccine tsar, is social-media savvy, and, at 58, on the younger side by Japanese standards. Though popular with the public, his reputation as a maverick puts off many in the party. Takaichi Sanae, a former internal-affairs minister, has scant name recognition, but is a budding darling of the LDP's right wing. Ishiba Shigeru, a former defence minister, may enter the fray as well. He too has sizeable public support but little among colleagues.

None of the four represents radical change in policy terms. All are staunch supporters of the alliance with America, and favour shoring up Japan's own defences in the face of Chinese expansionism. None will move to reverse the Bank of Japan's loose monetary policy or to impose fiscal austerity. There are subtle differences emerging over how exactly to handle relations with China, how loose to be with ►►

## International Treasury Management Virtual Week

Monday September 27th - Friday October 1st 2021

This year's world-class speakers include:



**Alexander Ashby**  
Head of treasury - markets  
**Tesco plc**



**Jim Scurlock**  
Head of cash management  
**Microsoft**



**Wendy Chan**  
Head of regional treasury APAC & Japan  
**Nokia**



**Mathieu Cheysson**  
Deputy treasurer LATAM  
**Nestlé**



**Philip Sasse**  
VP treasury  
**Unilever**



**Yang Xu**  
SVP global finance & treasurer  
**Kraft Heinz**

Join timely virtual sessions from more than 100 world-class speakers, sharing their expertise on the future of business, treasury and working life.

Register free

[www.eurofinance.com/virtualweek](http://www.eurofinance.com/virtualweek)

The  
**Economist**

EVENTS

► different forms of stimulus, how to shape Japan's energy policy and how to manage the covid-19 pandemic. But the main fault-lines are instead generational and presentational: between a predictable, old-style party man in Mr Kishida; the independent-minded, more charismatic Mr Kono; and a nationalist firebrand in Ms Takaichi.

In public opinion polls Mr Kono comes out on top. Yet the public does not decide LDP elections. The initial ballot combines the party's 383 members of the Diet and another 383 votes that reflect the choices of the party's 1.1m members. If no candidate

wins a majority, as is often the case, the top two move to a run-off in which Diet members' votes have far more weight. They tend to vote in blocs along factional lines, but this time around, younger MPs are chafing at the older faction bosses' control.

The outcome of the race will depend on backroom wheeling and dealing and inter-factional horse-trading, but also on how worried the party's leadership is about the looming Diet elections and on how much influence younger backbenchers, who prefer Mr Kono, can exert. For the party's old guard, Mr Kishida may seem a safer bet.

Ms Takaichi, a regular visitor to the controversial Yasukuni Shrine, is attractive to those on the right. Mr Ishiba could upend the race further by entering himself or explicitly backing one of the others.

Before the eight-year premiership of Abe Shinzo, Mr Suga's predecessor, Japan ran through six prime ministers in six years. There is a risk that Mr Suga's resignation will precipitate a similar spell of turmoil. But it may also open the door to a new era. As Mr Suga's abrupt resignation suggests, at this stage, uncertainty is the only certainty. ■

## Banyan The shadow caste casts

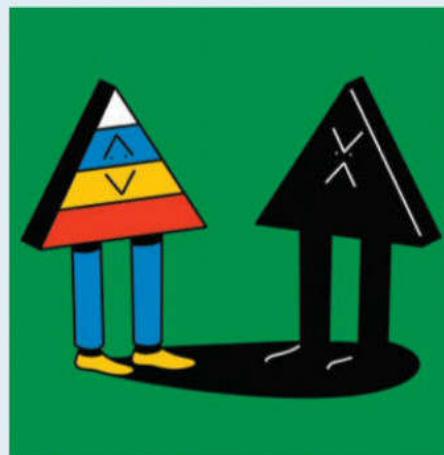
*The absurdity—and cost—of affirmative action for the majority*

THE EVIL of India's caste practice is almost as old as the gods, and is the most noxious and evolved example today of how humans attempt to impose superiority and suffering on others by virtue of their birth. Hindu texts speak of four tiers, or varnas, making up a broader caste pyramid in society. On top are the Brahmins or priestly caste, the Kshatriyas or warrior class and the Vaisyas or merchant class. At the bottom come the Shudras or labouring castes. The rest do not even count: outcastes.

The British Raj incorporated varnas into its imperial system of rule, perpetuating the caste system, with the outcaste "untouchables", now known as Dalits, facing immense discrimination for their "polluted" labours, including the removal of human waste. To their credit, the founders of the Indian republic confronted the iniquity. The affirmative action enshrined in India's constitution, mostly written by a Dalit intellectual, B.R. Ambedkar, was a world first. The "reservation" policy is a prodigious quota system for public jobs, places in publicly funded colleges and many elected assemblies. The purpose is to give a leg-up to Dalits, who account for 232m of India's 1.4bn population today, as well as to the 120m-odd *adivasis*, tribal groups who live mainly in remote parts of the country.

These are the "scheduled" castes and tribes. Affirmative action has since expanded. A commission of inquiry in the 1980s deemed 52% of Indians to be members of a new category, "other backward classes", eligible for reserved places. The Supreme Court subsequently ruled that no more than 50% of public jobs in all could be reserved. But states often breach the limit.

Other castes are lobbying to be classified as backward and so eligible for quo-



tas. They include groups that sociologists describe as "dominant", such as the land-owning Patidars of Gujarat, the Jats of Haryana and the Marathas of Maharashtra. Some of their protests in recent years have been both huge and violent. And just last month a desire for expanded reservations was behind a political delegation to Delhi from the northern state of Bihar that called for a national census on caste.

A motivation for such landed castes, says Himanshu, a development economist at Jawaharlal Nehru University in Delhi, is stagnating farm incomes following relatively prosperous decades. Meanwhile, slowing economic reforms mean that urban opportunities for young people coming from the countryside are limited. Unemployment is high.

Cushy jobs in government become the main hope for advancement. But the absurdity only grows. With unofficial surveys of caste suggesting that over half of the country might count as "backward", the portion of the population claiming to be eligible for reservation potentially exceeds 80%—implying affirmative action

not for a minority but for the majority.

It is not clear how many socio-economic problems reservations have solved—not least because successive governments have been singularly incurious about their efficacy. The measures have fostered a lower-caste bourgeoisie. Yet strong economic growth after 1990 has done much more to reduce poverty. Meanwhile, inequality, both between and within caste groups, has actually grown. Intermarriage between castes remains rare. Housing segregation by caste is rife. You can be lynched for marrying above your caste, refusing to work for the local landed castes or even drinking from the village well.

Meanwhile, the three uppermost varnas have most of the plum public and private jobs. Of the top 89 civil-service posts, only four are not held by high-caste Hindus. The toxicity of caste even extends to other religions. The forebears of nearly two-thirds of India's Catholics are Dalits who converted to escape stigma. Yet among four cardinals and 31 archbishops, only two are of Dalit origin.

Perhaps India's quotas programme is better than its absence. But, argues Dipankar Gupta of the Indian School of Public Policy in Delhi, the right response to deep-seated poverty, inequality and discrimination ought to be comprehensive social programmes covering such areas as housing, health and education, not special programmes designed for various minorities. And so the suspicion grows that reservation policies, however well-intentioned, help perpetuate caste iniquities. Even low-caste activists tend to fight for better rights for their caste than for an end to a pernicious system. As for politicians, affirmative action is a far easier option than getting to the root of India's enduring injustices.





### Digital regulation

## Codified crackdown

### China is becoming a laboratory for the regulation of digital technology

**W**ITH FOREIGN competitors such as Facebook and Google blocked, domestic tech giants have for two decades dominated the Chinese market. The Communist Party has kept a firm grip on politics, but the tech firms have had considerable leeway in their business activities. "It was a Wild West within an authoritarian system," says Martin Chorzempa of the Peterson Institute, an American think-tank.

Now the Communist Party is reminding internet billionaires who is boss. President Xi Jinping has authorised an extraordinary crackdown. Last year the planned IPO of Ant Group, a giant internet finance company, was halted at the last moment. In July, two days after Didi, a ride-hailing firm, went public in New York, China's internet regulator ordered it to stop signing up new users, and forced its apps off mobile stores. The city of Beijing on September 6th denied reports that it is considering taking Didi under state control.

Video-game companies are being pushed into scanning their users' faces to help enforce a ban on children playing online games for more than three hours a week. The crackdown has shifted the bal-

ance, says Mr Chorzempa. Now, "technocrats, who have been frustrated for years that companies ignore proper, sensible regulations, are empowered."

The party is pushing for more than superficial change. It is using a suite of new laws and regulations to force tech firms to alter both their behaviour and their products. The aim is to control what Chinese people see and do online. The new rules will require tech firms to write code for their platforms so that they promote content that the government likes, and inhibit what it does not. This is likely to be more efficient than the whack-a-mole approach of enforcing the party's will case by case, and plausible at a scale that the labour-intensive approach of trying to control technological systems directly would not be.

In the past month alone Chinese lawmakers have finalised at least four new laws and regulations which, as they go into effect over the next three months, will have the potential to reshape the Chinese internet. Technology regulations in other countries and regions, such as Europe's General Data Protection Regulation (GDPR), mostly require companies to obtain their custom-

ers' consent for the specific processing of their data. China's new rules are much stricter and more wide-ranging. Tech firms will be expected to protect national security and public order, says Nicolas Bahmanyar, a data-privacy consultant with Leaf, a law firm in Beijing. "A little banner is not going to cut it," he adds.

A Personal Information Protection Law (PIPL), China's first privacy law, comes into effect on November 1st. Years in the making, it is much shorter and less detailed than GDPR, which inspired it, laying out principles that are both broad and intentionally vague. Details and future reinterpretations are to be dealt with by regulations particular to certain industries or technologies. This, says Mr Bahmanyar, allows regulation to keep pace with fast-changing technology. It also gives the government leeway to enforce vague rules as it sees fit. Didi was hit by rules brought in to govern companies whose digital services are seen as critical infrastructure. These were rewritten to cover foreign listings just as the firm was attempting to go public.

Not all new laws will worry investors as much as the ones used to clobber Didi. Some deal with problems that affect the West, too. One forthcoming set of regulations published in draft on August 27th by the Cyberspace Administration of China (CAC) looks to set the rules for the use of recommendation algorithms. This is the sort of software that companies like Amazon and Alibaba use to recommend products based on a customer's shopping history, or that short-video apps like TikTok ►

### → Also in this section

42 A feisty political debate

43 Chaguan: An untouchable elite

▶ use to work out what viewers like in order to give them more of it.

The draft regulations require, for instance, that companies expose the keywords with which they have labelled their users, and allow users to delete them. This, in principle, will mean that internet users in China will no longer be dogged by advertisements for the refrigerator that a recommendation algorithm has decided they might like to buy. Writing algorithms which lead users to “addiction or high-value consumption” would also be banned. Algorithms which dispatch workers, such as Didi’s driver-management system, must “ensure workers’ rights and interests”. The regulations read like an attempt to fix the problems griped about by consumers everywhere.

They also require firms that deploy recommendation algorithms to “uphold mainstream values” and to “vigorously disseminate positive energy”. Such algorithms must not be used to “engage in activities harming national security” or to upset the economic or social order. As such, their aim seems to be to withhold algorithmic juice from any content that does not make the government look good.

Kendra Schaefer of Trivium, a consultancy in Beijing, has written that the publication of these new algorithm regulations marks the moment when Chinese tech laws have gone beyond those in Europe (in America, only California has such rules).

Data-protection experts say many of these changes will be beneficial. Chinese internet users are constantly assailed by spam messages and phone calls. An app developed by the ministry of public security, which promises to screen fraudulent calls and messages, has become one of the most downloaded in China since it was released in March. The Chinese press is full of stories about people’s personal data being stolen. In 2016 Xu Yuyu, a prospective student, died of a heart attack after transferring her life savings to fraudsters who used personal data purchased on the black market to trick her into thinking they represented her university.

Protecting people from such predations will burnish the party’s reputation for standing up for the little guy. The new rules give citizens more rights against companies than people in any other country. But they give Chinese internet users precisely no privacy rights enforceable against the state. Indeed, says Sajai Singh of J. Sagar Associates, a law firm in Bangalore, the creation of a single common standard for the treatment of data in China will make it easier for the state to spy on citizens. Mr Chorzempa says rewriting the law to make firms rewrite software is a sea change. Once they start feeling they can intervene “at this level and granularity, what else will they do?” he asks. ■

### Maoist nostalgia

## Talkin’ ‘bout a revolution

### A radical leftist blog post sparks an online firestorm

UNTIL RECENTLY Li Guangman, the retired editor of an obscure state-owned newspaper who writes leftist screeds online for a few fellow travellers, was unknown to the general public. That changed on August 29th, when the country’s biggest state and party media outlets circulated an incendiary blog post by Mr Li to their huge audiences, causing many to assume his views had official support. This prompted such a stir that a prominent state-media figure—Hu Xijin, editor of *Global Times*, a jingoistic party tabloid—felt compelled to post a scathing rebuttal.

The episode may have offered a rare glimpse of uncertainty in elite party circles about what exactly President Xi Jinping wants. A year before he is expected to claim a third five-year term as party secretary, Mr Xi is undertaking a populist campaign against inequality, under the slogan “common prosperity for all”. It is unclear how far he intends to take it.

Mr Li hopes very far. Writing under the title “Everyone can feel that a profound change is taking place!”, his article relished recent crackdowns on big business, celebrities and the super-rich. He suggested it was only the beginning of an anti-capitalist, anti-Western campaign that would bring the Communist Party back to its socialist roots. The country was experiencing a moment of “profound revolution”, he wrote. The “red” would soon return and China would no longer be “a paradise for



Not much shared prosperity here

capitalists to get rich overnight” nor “a paradise for effeminate men”.

But Mr Li’s views were too radical even for an establishment populist firebrand like Mr Hu. On September 2nd he wrote a blog post disputing that a “revolution” is at hand, and, in a veiled reference to the excesses of the disastrous Cultural Revolution of 1966–76, called the rhetoric inflammatory. “I am worried that such language will stir up some historical memories,” triggering “confusion and panic”, he wrote. Both posts are still accessible online.

It is highly unusual for state media to promote the rants of obscure bloggers. “He’s a nobody,” says Jude Blanchette of CSIS, a think-tank, and author of “China’s New Red Guards”, a book about neo-Maoists. And Mr Hu’s rebuke of an officially blessed essay was no less rare. What does it all mean?

One commentator with a large following among government officials argues it does not mean much. Ren Yi, whose pen name is Chairman Rabbit, says he believes the initial promotion of Mr Li’s post was “an accident”, and that no senior leaders were pushing it. “Now you are seeing officials doing a lot to calm people down,” says Mr Ren, adding that he was “disgusted” by the piece’s anti-capitalist language. On September 2nd Mr Xi gave a speech announcing a new stock exchange in Beijing to support small business (see Finance section). Four days later Liu He, an economic adviser to Mr Xi, said the private sector was an essential part of the economy and should be given “vigorous” support.

The targets of Mr Xi’s crackdowns might not be so easily comforted. Consider what happened in August. A party commission meditated on Mr Xi’s desire to achieve shared prosperity for all, and resolved that the rich would have to pay more. Tencent, a tech giant, promptly pledged \$7.7bn to social programmes. Zheng Shuang, a famous actress, was fined \$46m for tax evasion. The Supreme People’s Court declared illegal the 72-hour work week, a fixture in China’s gig economy.

Mr Xi is walking a fine line, needing to show he understands popular anger about inequality without scaring the horses in the new economy. Mr Blanchette sees the debate as a reflection of uncertainty within the establishment about the intensity of Mr Xi’s campaign.

State interventions are immensely popular with leftists like Mr Li, and he has received plenty of online support. One blogger, writing under the pen name “Little Z, a citizen observer”, concluded that Mr Li was “too radical” and Mr Hu “too conservative”. But Little Z mostly supported Mr Li. The “thunderbolt” of recent regulatory actions was an “exciting” harbinger of further coercive measures to reduce the wealth gap, he wrote. “This is only the prologue.” ■

## Chaguan | For the few, not the many

*A new book lifts the curtain on anti-corruption campaigns to reveal an untouchable elite*



**T**HE CALL from China came in the early morning. Desmond Shum, a former tycoon now living in the West, heard the voice of his ex-wife, Duan Weihong, for the first time in four years. Ms Duan vanished in Beijing in September 2017, shortly after Communist Party anti-corruption investigators came for a patron of hers, a young member of the Politburo once seen as a successor to the supreme leader, President Xi Jinping.

The call from Ms Duan, who also used the English name Whitney, was followed quickly by a second. Both contained a warning. She urged her ex-husband to halt the publication, on September 7th, of a book he has written about their joint career as entrepreneurs in the 1990s and 2000s. That was a gilded age of breakneck growth and influence-peddling that, Mr Shum alleges, vastly enriched both the couple and their business partners, including family members of senior leaders within the Communist Party. "No good comes to those who oppose the state," Ms Duan told her ex-husband, saying that she was on a provisional form of release but faced renewed detention at any time. She begged him to consider the welfare of their 12-year-old son, who lives with Mr Shum.

He published anyway. "I don't know whether I was talking to her, or to her handlers," Mr Shum says in a telephone interview. "She told me herself that she has had no contact with the outside world for the past four years." Weighing this attempt at intimidation, he is unsure whether the party knew what was in his book, or simply feared "who I am and what I know".

The machine was right to be worried. Large scandals of the recent past are revisited in "Red Roulette: An Insider's Story of Wealth, Power, Corruption and Vengeance in Today's China", including allegations that the family of Wen Jiabao, then the prime minister, amassed vast fortunes by facilitating business deals and taking stakes in state-owned firms on strikingly generous terms. Some of those deals were brokered by Mr Shum and his ex-wife, though he denies law-breaking. Small, grubby details of elite life in the book are just as revealing, for they challenge one of the party's main claims to legitimacy, namely that its monopoly on power helps to explain China's modern-day rise.

In the party's telling, its autocracy is a merit-based system run by technocrats who are free to take the long view and act for the

common good, rather than worrying about the next election. Mr Shum describes the reality. To build a new airport cargo terminal, he spent three years collecting 150 official seals from sundry agencies and ministries, many of them locked in paralysing competition with one another. That quest involved, at various points, arranging heart-bypass surgery for a local official who collapsed during a junket to Las Vegas and California, and building airport-customs officers a new complex, complete with tennis courts and a 200-seat theatre.

Mr Shum names the hotel in Beijing where, on any given night, three or four government ministers were hosted by entrepreneurs eager to buy their favour, in a labyrinth of private dining rooms designed to keep different groups from spotting each other. His book turns a jaundiced, insider's eye on claims that, in the absence of a free press, independent judiciary and other checks and balances, officials are held to account by internal targets. Explaining the purging of a big airports boss, Mr Shum concedes that the official's gambling habit made him vulnerable, but insists that his cardinal error was to exceed revenue targets by such a margin that rival bureaucrats craved his job.

In some aspects, Mr Shum's book supports Mr Xi's diagnosis of China's ills. It describes sleaze that largely predates Mr Xi's elevation as party chief in 2012. Since then, the Xi era has witnessed an anti-corruption drive that has seen more than 1.5m officials punished. Mr Xi himself grumbles about foot-dragging officials who put parochial interests first.

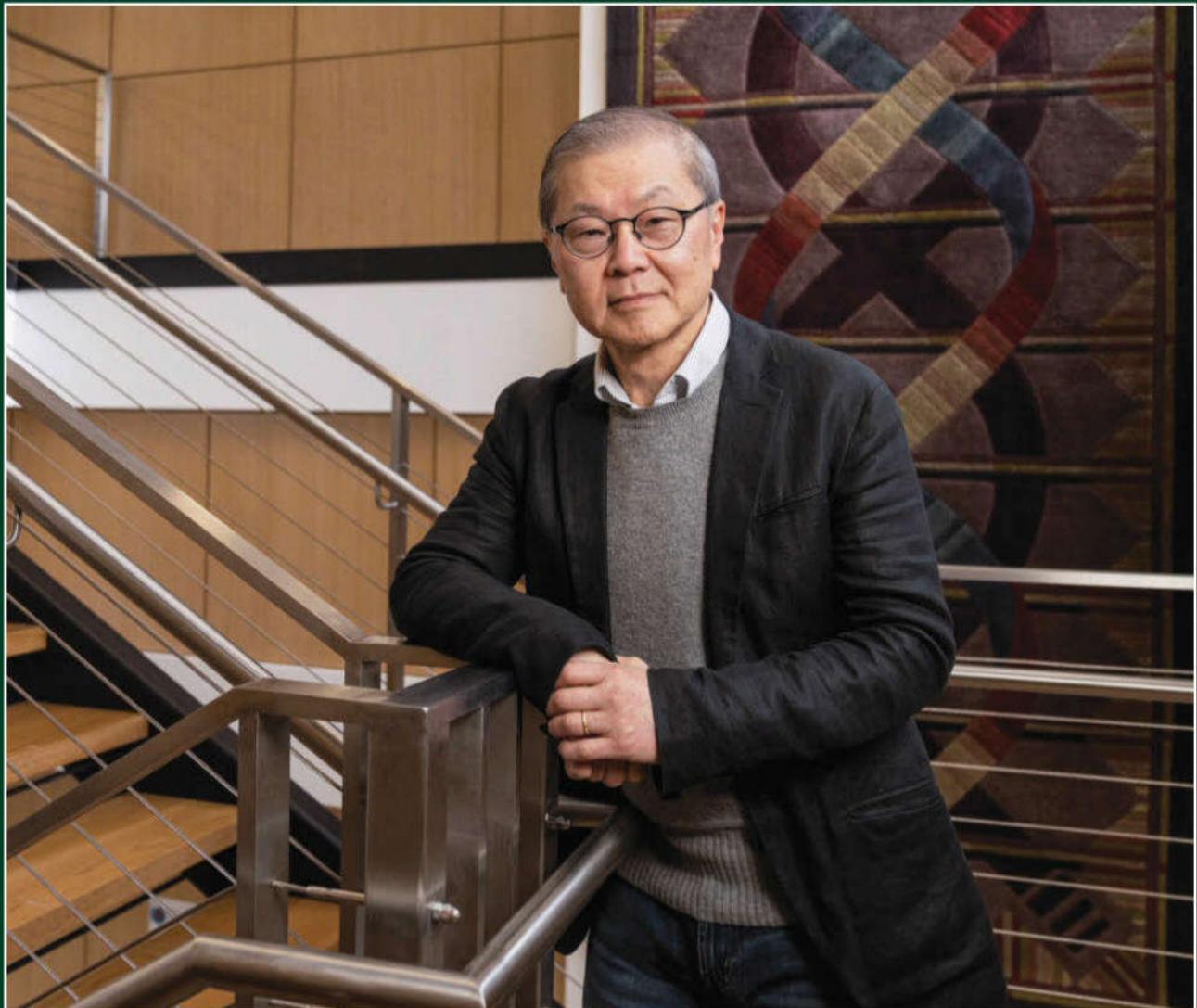
Still, leaders have grounds to dislike the book. It argues that Mr Xi's anti-corruption drive is as much a campaign to consolidate power as a sincere attempt to reform a rotten system. The campaign has spared some notoriously corrupt princelings, the children or grandchildren of high officials. A self-made man, Mr Shum calls red aristocrats a "separate species", reared in high-walled compounds, sent to special schools and fattened on food supplies reserved for senior leaders.

They even enjoy special forms of corruption, he notes. Rather than hustle to build real businesses, he describes princelings seeking lucrative monopoly contracts from the state. Most damningly, he charges that the well-born are shielded during anti-corruption probes, in part because they know to obey what he calls the party's Mafia-like code of silence. He asserts that Li Peiyang, the airports boss, was executed after talking too much about high-level corruption, while in the same year a party elder's son was only jailed for taking larger bribes. "Red aristocrats got a prison sentence; commoners got a bullet in the head," he writes.

### Now you've crossed the line

With that charge, the book challenges a second form of legitimacy that is dear to Mr Xi, himself the son of a high-ranking official. Mr Xi asks the masses to have faith in the party, not just because China is more prosperous, but because it carries "red genes" inherited from revolutionary pioneers and martyrs, and has always put the people first. In a speech on July 1st Mr Xi declared: "The party has no special interests of its own—it has never represented any individual interest group, power group, or privileged stratum."

"Red Roulette" undercuts that claim. It describes red aristocrats demanding 30% stakes in business deals merely for being seen to be supportive. It details an elite China built on secrets and fear, in which family ties are one of the only reliable bonds of trust. Mr Xi would have people believe that corruption is an external infection. Insiders know that it is in the party's blood. ■



“Banking with First Republic saves me a great deal of time.  
Wherever I am in the world, they take care of what I need.”

DAVID HO, M.D.

*Virologist, Columbia University Irving Medical Center*



**FIRST REPUBLIC BANK**  
It's a privilege to serve you®

(855) 886-4824 | [firstrepublic.com](http://firstrepublic.com) | New York Stock Exchange symbol: FRC  
MEMBER FDIC AND EQUAL HOUSING LENDER



## Guinea

### Another one bites the dust

DAKAR

A military takeover in Guinea is the latest in an alarming trend

THE FIRST sign was gunfire on the streets of Conakry, Guinea's capital, on the morning of September 5th. Soon after, unauthenticated videos spread on social media showing President Alpha Condé, looking stunned and dishevelled, surrounded by masked soldiers. "Have we touched a single hair on your head?" demands one soldier of the 83-year-old. Before the day was out, soldiers draped in Guinean flags appeared on television. "The personalisation of political life is over. We will no longer entrust politics to one man, we will entrust it to the people," said Lieutenant Colonel Mamady Doumbouya (pictured, waving), the head of Guinea's special forces and leader of the coup, as he declared the constitution and government dissolved. "Look at the state of our roads, of our hospitals," he said. "It's time for us to wake up."

Mr Condé's overthrow marks a sorry finale to a presidency that once promised much but has long disappointed. It is a dangerous moment for this suffering

country of 13m people. The coup is also the latest lurch in an accelerating decline of democracy across much of Africa. The trend has raised fears of a return to the bad old days of plentiful putsches, especially in the west of the continent.

When Mr Condé, a veteran opposition leader, took office in 2010, he became Guinea's first democratically elected president. He declared he would try to be "Guinea's Mandela". Yet his commitment to democracy proved fickle. In March last year, after two terms in office, he pushed through a new constitution that permitted him to run for another two six-year terms.

#### → Also in this section

- 46 The other Zionism
- 47 Getting Nigerians to save
- 47 Iran's new government
- 48 Qatar and the Taliban

Angry Guineans took to the streets but were clobbered by security forces, who killed dozens of them. After an election in October 2020, the electoral commission declared Mr Condé victorious.

This was angrily disputed by his main rival, Cellou Dalein Diallo, and questioned by outsiders. Mr Condé responded by sending in the troops to surround Mr Diallo's house for days and by locking up hundreds of opposition members and activists. Once again the security forces put down protests, killing dozens.

Many Guineans have celebrated the coup in the streets. Mr Condé's authoritarian ways were not the only thing that had been frustrating them. The country boasts the world's largest reserves of bauxite, used to make aluminium, and for the past five years economic growth has topped 5% a year. Yet more than 70% of the population eke out a living on less than the equivalent of \$3.20 a day.

Guineans tell pollsters that corruption has been getting worse. In recent weeks the government has also raised taxes. The price of fuel has jumped by 20%. For those celebrating, even change through the barrel of a gun represents hope. "We cannot help but feel relieved," Mr Diallo tells *The Economist*. The coup leaders have freed about 80 political prisoners and promise a government of "national unity" and an "inclusive and peaceful transition".

Yet things could easily get worse. Mr Diallo, whose opposition alliance released a statement in support of the junta, admits he has received no specific assurances as to when elections will happen or whether civilians will be included in the transitional government. Lieut-Colonel Doumbouya, who served in the French Foreign Legion, has already installed army officers as heads of every region in the country.

Soldiers making vague promises of democracy to fob off regional and Western powers, while doing nothing to bring it about, sounds horribly familiar. In next-door Mali, soldiers have recently staged two coups. In Chad, they staged one in April. The meek international reaction to those putsches may have emboldened Guinea's special forces. As soldiers were taking over in Guinea, a delegation from the Economic Community of West African States (ECOWAS), the 15-country regional bloc, was in Mali trying to persuade the junta there to keep its promise to hold elections in February. Yet preparations for those polls are badly off track. The delegation said it was "concerned"—but merely asked everyone to "work together" to prepare. Lieut-Colonel Doumbouya, who is thought to know Mali's coup leader personally, may take note.

Democratic institutions are hard to build but easy to undermine—and across much of the region they are being dismantled. The dismal trend began before this year's slew of coups. Mr Condé's constitutional mangling met little international or regional resistance. Neighbours kept quieter still when President Alassane Ouattara repeated the trick in the Ivory Coast. In Chad, in the name of regional security, France and America have long turned a blind eye to rigged elections and violence against the opposition. In Benin few noticed when President Patrice Talon blocked, exiled and arrested members of the opposition. If a country's leaders do not care enough about democratic institutions to play by the rules—and if outsiders ignore the steady undermining of institutions—it is hardly surprising that men with guns have no qualms about smashing those institutions altogether.

For the moment, ECOWAS has suspended Guinea from the bloc and threatened sanctions, but it may struggle to respond effectively. Unlike Mali and many of its neighbours, which share a currency, Guinea has its own money. After Mali's coup, the bloc got the regional central bank to shut down all operations in that country, though in due course it relented. That will not be possible in Guinea. Shutting land borders, another common way to apply pressure, will not rattle Guinea, a coastal country. Western governments have condemned the coup and called for Mr Condé's release. But their leverage is limited.

## Religion

# The other Zionism

JOHANNESBURG AND MANZINI

**Southern Africa's most popular religious movement is evolving, again**

**I**N 1892 A captivating Scottish preacher arrived in Chicago. John Alexander Dowie's church, known as the Christian Catholic Apostolic Church in Zion, proved popular. By 1900 Dowie had enough money to set up a dedicated community, known as Zion City, on the shore of Lake Michigan. Dowie wanted missionaries to go forth across the world. In most places they failed to find many converts but Zionism did take off in another newly seething metropolis: Johannesburg. In "The People's Zion", a book published in 2018, Joel Cabrita of Stanford University offers several explanations, such as its appeal to the poor, its disavowal of racial and ethnic differences, and its use of faith healing at a time of scepticism towards mainstream medicine. It also helped that black mine workers spread the gospel on visits home to rural areas.

Today Zionism is the largest religious movement in southern Africa. There are an estimated 15m followers in the region, versus just a few hundred heirs of the Illinois church in America. On Sundays in Johannesburg parks athleisure-clad suburbanites jog past prophets in white robes leading small groups of Zionists in the *sigujo*, a rhythmic prayer circle, the sound of hymn-singing floating over jacaranda trees.

Its ability to reform, as well as its egalitarianism and cosmopolitanism, is the reason for Zionism's endurance, notes Ms Cabrita. A lack of hierarchy and doctrine made it easier, for instance, to blend Christian teachings with African traditions like ancestor worship. "We wanted Christianity but we didn't want it to take away who we are," explains Siphiwo Dlamini, one of the 30-40% of Swazis who are Zionist.

Some American evangelicals are, however, concerned about the happy syncretism of their long-lost religious cousins. Behind a tyre shop in Manzini is Zion Bible College, run by Brett Miller, who moved from Wyoming to the commercial capital of eSwatini in 2014. The missionary-funded college wants to encourage Swazis to embrace Biblical literalism and denounce practices such as witchcraft and convening with dead relatives. "We are unpopular in some quarters," Mr Miller admits, recalling times when he has been chased out of villages by traditional healers.

But the biggest challenge to Zionism is from Pentecostalism, perhaps the fastest-growing religion in southern Africa. Though it shares many characteristics with Zionism, its extra razzmatazz and its promises of prosperity have huge appeal. In response, some Zionists are changing their ways by playing amplified music and ditching the reference to Zion in their church names, lest the brand appear tired. In a bustling religious marketplace it can be hard to keep up, concedes Dumisani Dlamini, a Zionist radio presenter in eSwatini. "We say that you are not promised prosperity; we teach suffering."



**Next time with more feeling**

Russia was conspicuous in providing Guinea with its first covid-19 vaccines this year. China is influential, too; more than half of its imported bauxite comes from Guinea (see Finance section). Both have condemned the coup but are unlikely to do much more, especially as Lieut-Colonel Doumbouya was quick to emphasise that mining can continue as normal.

Guinea's recent history is not reassur-

ing. The leader of a coup in 2008 broke his promise not to stand in the subsequent elections. When tens of thousands gathered in a stadium in Conakry to protest, soldiers opened fire, killing at least 150. They raped dozens of women in the stadium, too. Today things are different, insists Lieut-Colonel Doumbouya: "We no longer need to rape Guinea. We just need to make love to her." ■

## Nigeria

## Mega-country, micro-pensions

### The struggle to get informal workers to save for retirement

BETWEEN A SLUMPING economy and gnawing inflation, Nigerians are finding life tough. Temilola Balogun, who owns a clothing shop in Lagos, the commercial capital, sighs that it is hard to save anything. This is typical: most adults in Africa's most populous country do not pay into a pension. Few will be able to retire without being supported by their children.

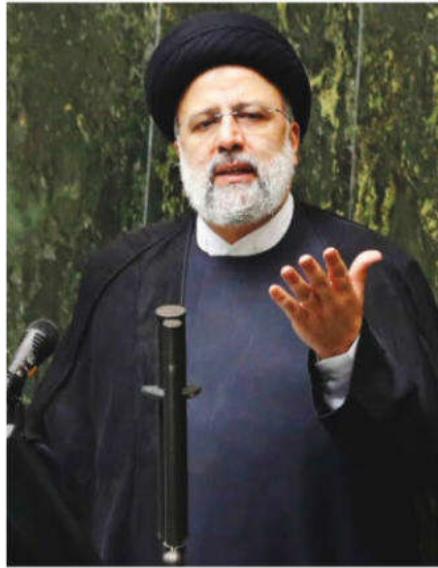
To change this, in 2019 the government started a "micro-pensions" scheme aimed primarily at informal workers, who make up 80% of the workforce. This is more flexible than old-school pension plans that have hefty fees, high minimum contributions and, in some cases, charge penalties for missed payments. Similar plans have worked in countries such as Kenya, which in 2011 launched its Mbao plan. It allows savers to contribute as little as 20 shillings (\$0.19) a day. By 2018 it had 100,000 members. Nigeria hopes that 30% of working-age people will have pensions by 2024.

Getting there will be a challenge. Pension systems are typically built for employees with stable incomes, not those with the precarious incomes of informal jobs. "They're thinking about what they need to earn to eat today," not what they might save, says Oguche Agudah, who heads the Pension Fund Operators Association of Nigeria, a trade body.

There are other problems, too. Pension firms see lots of cost and little profit in harvesting small pots of savings. And in a country with high levels of corruption, many Nigerians are reluctant to hand over their money. For all these reasons the Nigerian scheme has got off to a stuttering start. By December only 62,000 people had signed up for micro-pensions.

Startups may change that. Awabah, a Nigerian fintech company whose name means "Our money" in the local pidgin, is trying to use "dumb" mobile phones to gather savings. It says the technology can lower costs and reach the unbanked in the countryside. The firm's agents teach people about inflation and the benefits of compound interest.

If startups can, indeed, help micro-pensions take off, the benefits would go beyond helping people save. Pooled together, micro-pensions could add up to large sums of capital that could be invested in infrastructure or businesses, which is exactly what Nigeria needs to provide jobs for its fast-growing population. ■



Iran's new government

## Not management material

### Iranians worry that their new administration is inept

IT WAS FITTING that Ebrahim Raisi, Iran's new president, spent the first working day of his government visiting a cemetery, since he had helped orchestrate the mass execution of political prisoners in the 1980s. The setting also fitted the country's glum mood. Since Mr Raisi's victory in a rigged election on June 18th, cases of covid-19 in Iran have spiked. The daily death toll is among the highest in the world.

Most Iranians blame the country's (un-elected) clerical regime. In January the supreme leader, Ayatollah Ali Khamenei, banned the import of Western vaccines because America is "untrustworthy". He later backtracked, but the roll-out has been too slow to help stem the Delta variant.

It now falls to Mr Raisi (pictured) to deal with the health crisis, as well as a sinking economy. His relatively moderate predecessor, Hassan Rouhani, struggled in the face of hardline opposition. Some think the election of Mr Raisi, a protégé of the supreme leader, will at least make the government more coherent.

The new cabinet is certainly more hardline than Mr Rouhani's. It includes no women, but plenty of men under sanctions by Western countries, including the president himself. Seven of the 19 seats went to people associated with the Islamic Revolutionary Guard Corps (IRGC), Iran's strongest military force, including four former commanders. Five cabinet members come from Astan-e Quds-e Razavi, the largest *bonyad*, or clerical conglomerate,

which Mr Raisi used to run. Six more are from the judiciary, another conservative bastion formerly headed by Mr Raisi.

Mr Khamenei will have more of a hold over this administration. Not only did he choose Mr Raisi, he probably steered him towards Muhammad Mokhber, the new senior vice-president and manager of one of Mr Khamenei's largest economic holdings. Mr Mokhber is one of many cabinet officials to have worked under the supreme leader. Mohammad Esmaili headed a supervisory body of Iran's state broadcaster controlled by Mr Khamenei. Now he is the culture minister, lashing out at the "the deviation and secularism" of Iran's cinema, theatre and music.

But the new cabinet is not as coherent as it might appear. It includes free-marketeers and socialists, populists, realists and ideologues. With Mr Khamenei ailing, Mr Raisi may be trying to woo a broad range of those who would determine the future supreme leader. Iranians, though, fear that the ministers will battle over the spoils of power, awarding themselves and their allies the best jobs and perks. They have already grabbed scarce Pfizer and AstraZeneca jabs, say critics, leaving a home-grown (and unproven) vaccine for the masses.

GDP per person has dropped by about 15% since 2018. The government seems to have no convincing answers. "They hint at having a plan, but there's no substance to it," says Sanam Vakil of Chatham House, a think-tank in London. "The conservatives are not unified on economic issues, so you get a mix of populism and neoliberalism." Mr Raisi and his ministers have promised to produce 1m affordable homes a year. How they will pay for them is unclear. Earlier this year the new vice-president for economic affairs, Mohsen Rezaei, suggested a novel way to boost Iran's hard-currency reserves: by seizing Western soldiers and demanding ransoms.

The best way to help the economy would be to revive the deal signed in 2015 by Iran and six world powers. It required Iran to curb its nuclear programme in return for the lifting of international sanctions. Donald Trump pulled America out of the deal in 2018 and cut Iran off from the world economy. But President Joe Biden wants to renew it. Mr Raisi, for his part, says he supports the resumption of indirect talks between America and Iran.

In any new negotiations, though, Mr Raisi is likely to rely on his foreign minister, Hossein Amirabdollahian, who is close to Hizbullah, a Lebanese party-cum-militia, and to the IRGC, both deemed terrorist groups by America. Mr Raisi's new interior minister, Ahmad Vahidi, is wanted by Interpol for his alleged role in bombing a Jewish cultural centre in Buenos Aires in 1994. These appointments hardly signal a desire to re-engage with the world. ■

## Qatar and Afghanistan

# The Taliban-whisperers

DUBAI

## America's ignominious exit from Kabul has been a diplomatic boon for Qatar

**I**T TAKES AN hour to drive to the shimmering towers of Doha from the sun-baked tarmac of Al-Udeid air base. For America, though, the journey took eight years. In 2013 the Taliban set up a diplomatic mission in the Qatari capital. Opened with America's consent, the office was meant to launch a peace process that would end the American war in Afghanistan.

The ending, of course, was not as America hoped. Like the talks that preceded it, last month's frantic airlift out of Kabul relied heavily on Qatar. Of the 120,000 people America flew out of Afghanistan, almost half passed through Al-Udeid (pictured). The tiny emirate, home to just 3m people (only 20% of them citizens), thus played a central role in the beginning of the end, and the end itself. Now it has a vital role as an interlocutor between Afghanistan's new rulers and the West—but it may struggle to deliver much for either side.

Before the Arab spring in 2011, Qatar built a reputation as a mediator in regional disputes. It juggled all sorts of contradictory relationships: on pleasant terms with Iran, for example, but also host to American soldiers. It welcomed feuding factions from Yemen, Sudan and Lebanon for negotiations. Visitors to the Ritz-Carlton would bump into camouflage-clad rebels drinking tea in the lobby between meetings.

Unlike its neighbours in the Gulf, Qatar is also sympathetic to political Islam. No surprise, then, that it wound up facilitat-

ing talks between America and the Taliban. It was able to win trust on both sides. The United Arab Emirates (UAE) also sought to host the Taliban, but was rebuffed.

Like other Gulf states, Qatar sees America as its main guarantor of security. For at least a decade, though, the Gulf has harboured growing doubts about America's reliability. Both Barack Obama and Donald Trump came to view the Gulf states as free-riders, an image they have spent millions of dollars on lobbyists to try to dispel.

Qatar's fears grew acute in 2017, when Bahrain, Egypt, Saudi Arabia and the UAE imposed a travel and trade embargo on it. They wanted Qatar to cut ties with Islamists and shut Al Jazeera, a satellite broadcaster, among other demands. Mr Trump initially backed the blockade, before changing his position. Qatar's role as intermediary with the Taliban was one argument for continued American support. (The embargo was lifted in January.)

The Afghan airlift was another chance for Gulf states to prove their worth. The UAE flew out thousands of Afghans on its own planes and was a staging ground for France's evacuation effort. Bahrain's national carrier shuttled Afghan evacuees to Washington. Again, though, it was Qatar that took centre stage, with its ambassador in Kabul personally escorting convoys to the airport to ensure safe passage. Its efforts brought praise from President Joe Biden. On August 20th he called Qatar's emir,

Tamim bin Hamad Al Thani, to thank him. "No country has done more than Qatar," said Mr Biden's secretary of state, Antony Blinken—better publicity than any pricey lobbying contract could buy.

On September 6th Mr Blinken and Lloyd Austin, America's defence secretary, arrived in Doha for talks with Qatar. Dominic Raab, Britain's foreign secretary, made his own trip four days earlier. The question, however, is how long Qatar's influence will endure. Much of it came from its role as mediator and host. With the Americans gone and the old Afghan government defunct, there are no talks left to mediate. The Taliban are free to govern as they wish and to seek new diplomatic relationships. While they promised to form an inclusive regime and to avoid reprisals, their early actions have not been encouraging (see Asia section).

The hope in Qatar is that economics will provide continued leverage. The Taliban need to keep the country afloat amid what looks like a looming balance-of-payments crisis. How much Qatar invests in Afghanistan, though, will depend on how the Taliban govern: brutal regimes are bad for your reputation, erratic ones bad for your money. If Mr Biden chooses to maintain strict sanctions on the Taliban, Qatar will need to keep its distance.

Qatar's neighbours are playing a waiting game. The last time the Taliban took power, in the 1990s, Saudi Arabia and the UAE were two of only three states to recognise their rule (Pakistan was the third). Both have been more circumspect this time. Saudi Arabia has changed in the intervening years. The young crown prince, Muhammad bin Salman, is keen to project a more liberal image of his kingdom, part of a push to attract investors and tourists and to diversify the oil-bound economy. Embracing the Taliban would fit uncomfortably with that goal.

The UAE, as usual, is hedging its bets. It granted asylum to Ashraf Ghani, the deposed Afghan president, and its leadership is bitterly hostile to political Islam. Yet it has made common cause with Islamists where needed (in Yemen, for example). If the reputational costs are not high, it may seek its own modus vivendi with the Taliban, if only to compete with its rivals, Qatar and Turkey.

All this feels reminiscent of Qatar's last big push in regional politics. In the early days of the Arab spring, its gamble on Islamists seemed to pay off. They took power in elections in Tunisia and Egypt, and formed powerful militias in Libya and Syria. Within a few years, though, Qatar's assets had mostly become liabilities. Its Islamist allies proved incompetent and divisive; its neighbours used them as a cudgel to damage Qatar's reputation. Its bet on the Taliban may go the same way. ■



From the dark ages to Doha



### Germany's place in the world

## Still searching

BERLIN

**Despite hand-wringing over Afghanistan, Germany's election on September 26th will leave the country's foreign policy largely untouched**

AMERICA'S DEBACLE in Kabul has caused especially deep concern in Germany. Two decades ago, after rancorous parliamentary debate, Germany approved its first military deployment outside Europe since 1945, to Afghanistan. The vision was of a Bundeswehr (the armed forces) acting in the service of noble goals: state-building, humanitarianism and diplomacy. "It sounds like a joke today, but read the debates and it really seems like the plan was to turn Afghanistan into Sweden," says Peter Neumann, a security expert and adviser to Armin Laschet, the conservative candidate for chancellor in this month's election. The fact that Joe Biden's administration now claims these goals were delusional has left a bitter taste in Germans' mouths as they head to the polls.

Initially divided about the wisdom of the mission, Germany's policymakers found a rationale for what was to become its largest post-war deployment: some 150,000 troops had passed through Afghanistan by the time the last ones left in June. Throughout the 2000s Germany ratcheted up its police-training and civil-

reconstruction efforts there. Yet at the same time polls revealed growing public scepticism. Later, in the 2010s, Afghanistan slowly slipped from voters' minds. Of the main parties standing in the election, only the Greens find space to mention the Afghan mission in their manifesto.

Germany's allies have long urged it to play a more assertive role abroad. Critics gripe that those pleas have gone unheeded. But that is unfair. Jolted by Russia's adventurism in Ukraine, Germany's defence budget, though still short of NATO's target of 2% of GDP, has grown by almost half since 2014. Annegret Kramp-Karrenbauer, who as defence minister has tried to get her compatriots to think seriously about security, has explicitly linked Germany's security policy to its trade—and earlier this year

dispatched a frigate to the South China Sea to emphasise the point. More than 80% of voters say they support the Bundeswehr; over 40% want more defence spending.

But they also know precious little about the dozen or so missions in which German troops serve, from Atalanta, an anti-piracy naval effort off the Horn of Africa, to stabilisation forces in Kosovo. Polls also show that Germans are persistently reluctant to throw their military weight around. There is a yawning gap between the views of voters and the security establishment. This finds expression in the mandates that parliament gives the army, which can scale absurd heights. At one point German troops in Afghanistan carried cards bearing instructions on what to say to enemies in the field: "United Nations—Stop, or I will fire!" A Pashto translation was also provided.

Unsurprisingly, then, Afghanistan has failed to turn Germany's election campaign upside down. There have been ritualistic expressions of support for the EU to do more for its own security amid a dawning awareness that, as an official puts it, Mr Biden's administration is about "Americans first". But the only substantial idea in the air is to set up a national security council to weave a coherent policy from the competing strands of Germany's foreign-policy machinery. Opinions vary on whether such bureaucratic answers match up to Germany's strategic challenges.

There are nuances in the parties' foreign-policy platforms. In government the Greens would inject a degree of hawkish-►

### → Also in this section

- 50 The CDU in crisis
- 51 The future of Spain
- 52 Charlemagne: EU astrology

ness towards authoritarian states; the Social Democratic Party (SPD) has a large contingent of Russia doves. But whichever of the possible coalitions emerges is unlikely to have a decisive impact on Germany's foreign-policy outlook, says Fritz Felgentreu, an outgoing SPD MP. None of the four parties in contention for government questions Germany's transatlantic bond, its European vocation or its position in NATO. All accept the need to recalibrate the relationship with China. The foreign-policy chapter of the next coalition agreement will be the product less of considered reflection on Germany's place in the world than of hard-fought compromise between several parties that must find a way to govern together.

Yet there is still scope for wrangling. The next parliament must resolve a long-running debate over giving the Bundeswehr armed drones; it must boost Germany's cyber-resilience; and it must consider its role in NATO's nuclear-sharing. The overstretched armed forces need stable funding increases, even as Germany confronts its debt overhang from covid-19. It must also articulate a new China policy that takes into account American pressure and growing Sino-scepticism among German businesses. Meanwhile its EU partners will expect it to lead the response to the next crisis, be it a fresh Russian military challenge or another flow of refugees.

Fresh thought also needs to be given to the Bundeswehr's outstanding deployments. This applies especially to the Sahel, which now that the Afghanistan mission has ended is the largest: around 1,200 German troops take part in EU and UN missions. Parallels with the Afghan effort are obvious. A German force dispatched initially to support an ally battling terrorism (America in Afghanistan; France in Mali), with a limited mandate, uncertain prospects for success and growing questions over its purpose. French troops do the serious fighting, but German soldiers are exposed: a dozen were hurt in a suicide attack in June. "We need a serious discussion about the conditions under which we deploy," says Carlo Masala at the Bundeswehr University in Munich. "If we do things like Afghanistan and Mali in future, we have to go fully in: meaning doing the dirty stuff."

Yet a "grave rethinking" of public life would be needed to make Germany a truly autonomous power, argues Cathryn Clüver Ashbrook, director of the German Council on Foreign Relations. Better to carve out a role as a "hinge" power, conducting shrewd diplomacy in those areas where America or other allies struggle, including with China. But even that will require a hard-headed assessment of Germany's interests, ambitions and limitations. If the election campaign is any guide, the country is far from ready for one. ■

## Germany

# Gloom and grumbling

BERLIN

The Christian Democrats are sinking into depression

**L**AST MONTH the Christian Democratic Union (CDU) in Spandau, a borough in Berlin, stuck a campaign placard for local candidates over one of Armin Laschet, the main standard-bearer of the CDU and the Christian Social Union (CSU), its Bavarian sister party, in the federal election on September 26th. It was a mistake, says a local politician, but stories abound about CDU chapters across Germany declining to put up Laschet placards. On a two-hour walk through Charlottenburg and Mitte, two other boroughs in Berlin, your correspondent did not spot a single one (though there were several with the grinning face of Olaf Scholz, the Social Democratic Party's candidate).

Some in the CDU are still defiant in public, but the mood is defeatist. The conservative party is used to success: it has occupied the chancellor's office for 52 of the 72 years of the republic's existence. It has never polled lower than the 31% it won in the first post-war vote. But it is now facing the real prospect of being booted out of power. A new poll by Forsa put the SPD at 25%, the CDU/CSU at just 19% and the Greens at 17%. In 2013 the CDU/CSU got 41.5% and at the most recent election, in 2017, they got 32.9%.

What happened? Many believe that the CDU/CSU committed a cardinal error when it picked Mr Laschet, the wishy-washy state premier of North-Rhine Westphalia, as its candidate for chancellor, instead of Markus Söder, the forceful boss of Bavaria. "The party had the choice between winning with Söder and losing

with Laschet," says Manfred Güllner, head of Forsa. He blames CDU apparatchiks, who feared a takeover of their party by Bavarians.

Another view, propagated by members of the *Berliner Kreis*, a network of conservative CDU and CSU politicians, is that the CDU is leaking voters because it lost its conservative identity under Mrs Merkel. "That's absolute nonsense," says Manuel Hagel, a CDU politician in Baden-Württemberg, who argues that Mrs Merkel's success in four successive elections speaks for itself.

Julius van de Laar, a political strategist, thinks the troubles stem from a poorly planned campaign that started only in April; an emphasis on change when many voters want continuity; and Mr Laschet's inept handling of the floods in July that devastated his state. All this played into the hands of Mr Scholz, who presents himself as a clone of the competent Mrs Merkel, copying even her hand gestures.

In a speech on September 7th Mrs Merkel strongly endorsed Mr Laschet and lambasted Mr Scholz for not ruling out a coalition with the polarising Left party. There is still a chance that the CDU will catch up with the SPD: the polls have been extremely volatile in recent months. But it is small. Forsa's Mr Güllner thinks the party will stick to its choice and probably lose. Even a (highly unlikely) last-minute switch to Mr Söder may not help the CDU very much. Postal voting has already begun.



Armin's not charming

## The future of Spain

# Grappling with a Rubik's cube

BARCELONA AND MADRID

**Talks about the Catalan conflict highlight unresolved tensions over how to organise a diverse country**

HERE ARE far fewer *esteladas*, the red, yellow and blue independence flags that only a couple of years ago draped the balconies of Barcelona. The atmosphere in Spain's second city is more relaxed than at any time since Catalonia's nationalist politicians began a drive for independence for one of the country's biggest and richest regions a decade ago. This culminated in a referendum in defiance of the constitution and a unilateral declaration of independence in 2017, the temporary imposition of direct rule from Madrid and then long jail sentences for nine separatist leaders. But with the pandemic having intensified a sense of exhaustion, confrontation is at last giving way to detente.

In June Pedro Sánchez, Spain's Socialist prime minister, pardoned the prisoners in an effort to calm emotions. At a regional election in Catalonia in February the separatist coalition retained power but Esquerra, the most pragmatic of its three parties, came out on top. Mr Sánchez and Pere Aragonès, the new Catalan president, are to start talks on Catalonia's future next week.

The more realistic among the separatists know that they overplayed their hand in a region that is deeply divided and where independence has never commanded a clear majority. "Since 2017 Catalonia has been digesting a political failure," says Salvador Illa, the leader of the Catalan affiliate of the Socialist Party.

The talks will be neither quick nor easy. Mr Aragonès has two demands. He wants a full amnesty: half a dozen other leaders, including Carles Puigdemont, the Catalan president in 2017, are fugitives, subject to trial if they return; and the audit tribunal is seeking to recover from former Catalan officials some €5.4m, misspent—it says—on promoting independence abroad.

Second, Mr Aragonès wants to hold another referendum, with the national government's agreement this time. Most scholars say the constitution prevents that. Both these demands are politically impossible for Mr Sánchez. The question is whether a compromise is possible and what it might look like.

This matters for Spain as a whole. Jordi Pujol, the founder of modern Catalan nationalism, recently told an interviewer that the separatist movement "isn't strong enough to achieve independence, but it is to create a very serious problem for Spain." The country stands out in western Europe

for the strength of its peripheral nationalisms, not just among Catalans but also Basques and to an extent Galicians, who all retain distinct languages. The reasons lie mainly in history. In the 19th century, when Romantic philosophers invented modern nationalism, the Spanish state was too weak to impose a uniform language and culture, as happened in France. Centrifugal forces were brutally suppressed during the long dictatorship of Francisco Franco. But Spain's democratic constitution of 1978 appeared to have settled the issue for good, with sweeping administrative decentralisation to 19 regions.

The framers of the constitution opted for a de facto, open-ended, asymmetric federalism. In need of extra votes in the national parliament, Socialist and conservative governments alike handed over more and more powers to Basque and Catalan nationalists who wanted recognition of their regions' long history, rather than to be treated the same as new administrative units such as La Rioja or Murcia.

Messy though it is, the system worked well as long as there was money and political goodwill. Since the financial crisis of 2007-09, both have dried up. Politics has been riled by three successive populist movements. There is identitarian populism in Catalan nationalism's embrace of separatism. Podemos, on the far left, rejects parts of the constitution; it is now the junior partner in Mr Sánchez's coalition

and favours a confederal Spain. Vox has arisen on the hard right. It wants recentralisation. The mainstream conservative People's Party (PP) will almost certainly have to ally with Vox if it is to win power.

Juan José López Burniol, a lawyer close to Catalan business leaders, believes that a compromise would include recognition of Catalonia as a nation in cultural but not political terms; a ceiling on fiscal transfers to the common pool; a shared tax agency; and reinforcing the powers of the regional government over education, language policies and culture, including Catalan-language public media. This package should then be put to the voters in a referendum.

Mr Pujol has spoken of "a fudge" along similar lines. Mr Illa and the Catalan Socialists are far more cautious, at least in their opening bid. He thinks the talks should focus on reform of fiscal arrangements. "We should use well the powers we already have," he says. The Spanish state should be more, rather than less, present in Catalonia, especially in cultural policy.

There are three obstacles. To last, any agreement needs the acquiescence of the PP, which wins few votes in Catalonia but benefits from anti-separatist feeling elsewhere and wants to dilute the use of Catalan in schools. Second, it will take years for Esquerra and separatist voters to accept a compromise. Third, the rest of Spain is not a passive spectator. "We can't allow the dialogue on Catalonia to organise the regional question in Spain," says Ximo Puig, the Socialist president of Valencia, which is especially short-changed by the current financial settlement.

But in other respects there is consensus among peripheral regions, including Catalonia, that the status quo benefits Madrid above all. In some ways Catalan separatism is a response to relative decline. When Franco died in 1975, Catalonia's economy was 25% bigger than that of the Madrid region. By 2018 Madrid's GDP had overtaken Catalonia's. The PP, which has governed there since 1995, attributes this to its business-friendly policies. The regional government has delivered tax cuts totalling €53bn (\$63bn) since 2004, says Javier Fernández-Lasquetty, Madrid's economic head. "We think there is a direct correlation between the lowering of the tax burden and economic growth," he says. Others say Madrid, which houses almost all state agencies and is Spain's transport hub, has benefited disproportionately from globalisation. Public policies could change that.

If Spain were starting from scratch, the best answer to its regional conundrums would be German-style federalism. But there is little chance of that. The conflict which splits Catalonia in two has no definitive solution. But an imaginative compromise ought to be possible. Spain's future success may well depend on it. ■



How it used to be

## Charlemagne | The EU Zodiac

*Europe's political astrologers are waiting for electoral systems to align*



THE GAP between astrology and European politics is alarmingly narrow. Both are more art than science, to put it charitably. Both involve professed experts making wildly inaccurate predictions, with metrics that turn out to be nonsense. Because of the peculiarly nocturnal habits of EU leaders, both require work at night.

What astrology and EU-watching most have in common is the need to wait for mysterious bodies about which they know little to align. Where astrologers look to the heavens, Eurologers consult electoral calendars to see their prospects. Just as a person's future is written in the stars, so the EU's destiny is shaped by the order of its national votes.

Elections provide the political constellations from which EU officials divine their future, with as much say over the outcome as a pensioner reading a horoscope. Germany, the club's most important member, heads to the polls on September 26th. Coalition negotiations are predicted to drag on for months, perhaps until January or even spring. At that point, the French presidential election hoves into view with the first round in April 2022, throwing the European zodiac into flux once more.

The EU is often criticised for having a democratic deficit. At the moment it has a democracy surplus. If Brussels truly were a bureaucratic bulldozer, smashing through the wishes of national capitals, officials would not be twiddling their thumbs waiting for a new German government to be formed. Progress on the EU's most substantial legislation, such as its spending rules, has paused while Germans vote. National politics and European politics may appear far apart, yet they are linked to each other, just as the Moon pulls the oceans' tides.

But a Copernican revolution is under way in European politics. The EU's centre of gravity is shifting. For the past 16 years the EU's grandes have revolved around Angela Merkel. The chancellor, for all her faults, leaves office a remarkably popular politician at home and the dominant force on the continent. Whoever replaces her will not be either. Mrs Merkel's party won 33% of the vote in 2017. Her successor, whether a Social or Christian Democrat, will be lucky this time to hit 25%. That successor will be so much less experienced than the battle-hardened Mrs Merkel that a vacuum could open up in European politics.

Jupiter is rising to fill it. Emmanuel Macron once promised a "Jupiterian" presidency, resembling not just any god, but the king of the gods. Events dragged him back to Earth. Still, if Mr Macron wins, he becomes the most powerful leader in the club. He would be the first second-term French president in almost 20 years. Jacques Chirac was re-elected mainly due to French disgust at the idea of electing the far-right Jean-Marie Le Pen, who sneaked into the final round of voting. This disgust has since waned, but not to a point where it would trouble Mr Macron.

The more optimistic Eurologers see a perfect alignment. Mr Macron is the most ambitious leader when it comes to European reform. If re-elected, his clout may match that ambition. The most likely successor to Mrs Merkel now appears to be Olaf Scholz, a Social Democrat who is receptive to the idea of more spending, in coalition with a Green party set on further European integration. In Italy Mario Draghi, the former boss of the European Central Bank, runs a government wedded to overhauling the country's economy in exchange for some €190bn (\$225bn) of EU funds. For the first time in years, governments in the EU's three biggest countries would see the continent's future in a similar way.

Much depends on whether Mr Draghi will stay in office long enough. Mr Draghi and Mr Macron are natural allies. A recent one-on-one dinner in Marseilles dragged on well past midnight, with the pair discussing European policy and a Franco-Italian treaty, along the lines of similar agreements between Paris and Berlin. An Italian prime minister with the ear of governments in Germany and France is a rare thing.

Some forecasters are glum. Nationality trumps politics when it comes to finance, warns one commission official. A German Social Democrat may have more in common with his Christian Democrat counterpart than with, say, a centre-left Italian MP. After all, Mr Scholz is campaigning as "continuity Merkel" in a bout of political cross-dressing. Circumstances of birth count for a lot in both European politics and the zodiac.

### When you wish upon 12 stars

With so many moving bodies in the political firmament, it is little wonder that Eurocrats wait for a crisis to pursue bold reform. Rather than wait for the perfect moment when action is easy, wait for a terrible moment of dark and deadly portents, when action is necessary. The impression it leaves—that the EU is a body that springs to life only when things go wrong, rather than another level of everyday politics—is an unhealthy one.

But the idea that the EU can be bold only in crisis is a myth. It is sometimes so when the stars are peacefully positioned. During the 1990s and 2000s, when things were comparatively benign both economically and politically, the EU went through a bout of revolutions. It expanded east, introduced the euro and ripped up and rewrote its treaties every few years. It was only in the wake of the financial and covid-19 crises, when panicked constitutional reforms were shunted through by exhausted leaders before markets opened, that the crisis model truly came to the fore.

A political conjunction between Paris, Rome and Berlin is a rare thing. It may not come again soon. Indeed, it may not come at all. Italian politics may revert to its volatile mean. More than 40% of Italian voters look set to back hard-right parties at the next election, due no later than 2023. Mr Macron could bungle the French election, while anything could now happen in Germany. But another asteroid will be along soon enough. Astrologers and Eurologers alike rarely see them coming. ■



## Paying for the pandemic

## Spend with care

### The prime minister raises taxes and breaks a promise

BORIS JOHNSON likes bold promises. When he became leader of the Conservatives in July 2019, he vowed to "fix the crisis in social care once and for all". At the general election later in the year, his manifesto pledged not to raise a number of taxes. He won in a landslide. Yet there is a problem with making contradictory promises: you can keep only one.

On September 7th Mr Johnson announced that he would raise taxes. He unveiled a new health and social-care levy of 1.25% on both employees' earnings and employers' payrolls from April 2022 (at first in the guise of extra national-insurance contributions, or NICS). Taxes on dividends will also rise by 1.25 percentage points. Mr Johnson argued that the pandemic had unexpectedly increased costs for the health service, which is true. Handily, the money can also be used to fund the prime minister's social-care "fix".

Conservative ministers spent the weekend before the announcement briefing the media that they did not enter politics to raise taxes. Mr Johnson ignored them. The

measures will raise around £12bn (\$17bn, or about 0.5% of GDP) a year for the exchequer. They follow a net tax increase of £25bn in the budget in March, mostly through higher corporation tax. This year has therefore witnessed the biggest rise in the tax bill since the mid-1970s, and the highest tax burden, as a percentage of GDP, in 70 years.

Money for social care was expected to come from NICS. As the basic rate of income tax fell from 30% in 1980 to 20% today, NICS almost doubled, from 6.75% on most workers' earnings to 13.25% including the new levy. Chancellors like the fact that the cost is split between employers and employees, and thus can be partially hidden from workers. But critics argued that funding social care, which mostly benefits older households and their heirs, with a levy only on those below the state-pension age would be profoundly unfair.

The new tax represents a small improvement. It will apply to employees aged over as well as under 66, and the increase in dividend taxes further widens the net.

### → Also in this section

54 Architectural synthesis

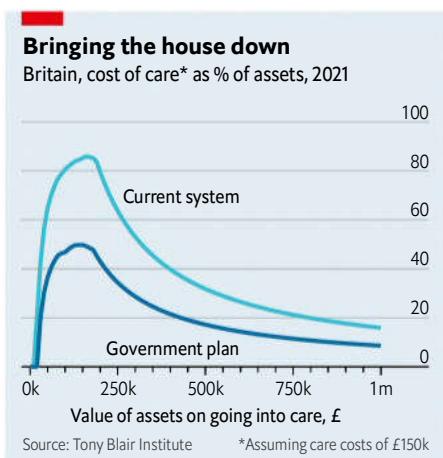
55 Bagehot: A Corbynista mayor levels up

— Read more at: [Economist.com/Britain](https://Economist.com/Britain)

Problems remain, however. Because pensions escape the levy, old folk will still pay just one-seventh of what they would have, had the money been raised through income tax. The levy will also introduce new distortions to the tax system. A firm using a self-employed contractor will be spared the 1.25% charge; one employing someone directly will not. Economists fear that this will encourage bogus self-employment, undermining both the fiscal base and workers' protections.

Most of the £12bn raised will go to the health service. Delays to treatments during the covid-19 pandemic mean it faces the longest queues since records began. There are 5.5m people awaiting treatment, and Mr Johnson warned that waiting lists could reach 13m as patients who had put off treatment come forward. But there is huge uncertainty about how many actually will. Health-care experts had thought ministers would wait to get a better idea before stumping up the cash.

Instead, funding will rise by around £8bn a year for the next three years, nearly as much as lobby groups had sought. Warning lights, in the form of referral and activity data, are already flashing, says Siva Anandaciva, chief analyst at the King's Fund, a think-tank. Another reason for the generosity, he suspects, "is that you have three years to deliver before you go into an election. If you keep delaying, and if you don't press 'Go' now, it is going to be inordinately harder to make headway later on." ►



Social care will see a smaller boost. According to the Institute for Fiscal Studies (IFS), another think-tank, at an average of £1.8bn a year the increase represents a 9% rise in local-authority spending. That may sound like a lot, but the IFS does not think it will fully reverse cuts in the number of people receiving care during the 2010s—a decade marked by falling budgets, an ageing population and growing numbers of people with learning difficulties.

Yet the package will make a big difference to those who have to pay for care. At the moment, the state contributes to the cost when recipients are down to their last £23,250. This will rise to £100,000, and a cap on care costs will be set at £86,000, meaning people who develop dementia will no longer risk their savings being wiped out (see chart). Successive governments have come close to such a policy. Mr Johnson's has finally grasped the nettle.

The tax rise makes the chancellor's October spending review considerably easier. So, too, do economic conditions. Growth has been faster than was expected at the budget in March. Borrowing looks set to be more than £20bn lower over this fiscal year. And on September 7th the government confirmed that the "triple lock" on state pensions—a pledge to increase them by the highest of earnings growth, inflation or 2.5% each year—would be suspended owing to a pandemic-related surge in earnings. All this reduces the likelihood of spending cuts in other areas.

According to Savanta-ComRes, a polling firm, the tax rise is even popular. A plurality say it was acceptable to disregard the manifesto in order to fund social care. But that may not tell the full story. As Dominic Cummings, Mr Johnson's former adviser, has warned: "A core question at the next election would have been: what are the implications for taxes of Labour's spending plans? The PM's decision destroys this attack." Any future promise to limit taxation will carry less weight. It is not often that a Tory prime minister takes such a hit to fund public services. ■

## Architecture

# Streets and bricks

### How a modernist architect won over traditionalists

**O**N MCCGRATH ROAD, a side street in Stratford, east London, a 26-dwelling modernist terrace in mustard-coloured brick surrounds a square. The development (pictured) is hard to pigeonhole. Peter Barber, its architect, drew inspiration from the back-to-back houses built in abundance in working-class urban areas during the industrial era. "I'm a total magpie," he says. "I'll steal anybody's idea."

Mr Barber is one of Britain's most acclaimed modernist architects. On September 6th he received a lifetime-achievement award from *Architect's Journal*, and ten days earlier his firm won four awards from the Royal Institute of British Architects. His work is animated by his socialism. He mainly builds social housing, where the absence of shareholders can make it easier to innovate. Cutting-edge young architects dream of working for him.

The sort of architect that conservatives usually loathe, then. In fact, says Ben Southwood, until recently the head of housing at Policy Exchange, a right-leaning think-tank, Mr Barber is "the modernist that traditionalists like". One reason is his magpie tendency: he cites influences as diverse as Francesco Borromini, from the Baroque period, Le Corbusier, a modernist pioneer, and Victorian almshouses. Others are his skill at combining density with low-rise design and preference for bricks over concrete. Traditionalists also share his liking for street-level development, though they and he arrive there by different routes. Traditionalists think that

streets look more appealing, and thus help build better places. Mr Barber thinks they "make different groups visible to one another", thus breaking down class barriers.

This convergence is striking in light of the Conservative government's plans to boost housebuilding. In 2018 Theresa May, then prime minister, set up a commission to advise her government on how to improve style in the industry. Its final report recommended a planning regime that would "ask for beauty" and "reject ugliness". In July Mrs May's successor, Boris Johnson, created an Office for Place to carry on its work. At its launch Robert Jenrick, the housing minister, pointed to polls showing that Britons prefer older homes to those built in the past 70 years.

The government's design-code guidance features photographs and plans of charming, traditional streets—and Mr Barber's Donnybrook Quarter, a high-density, tree-lined street in Tower Hamlets completed in 2006. But the meeting of minds is by no means absolute. Mr Barber disagrees with the government's insistence that prettier homes are the best way to unglam planning. He favours simply building lots more council houses.

Still, it hints at an intriguing possibility: the emergence of an architectural third way. Clients, says another architect, are increasingly asking for "traditional architectural language" with "something overtly modernist". Samuel Hughes, a research fellow at the University of Oxford, sees parallels with a previous era. He compares Mr Barber's amalgams to the inter-war work of Sir Giles Gilbert Scott, who blended tradition with modernism, notably at Battersea Power Station. Some thought such synthesis would supplant radicalism, says Mr Hughes—though in the event, radicalism took off. Perhaps such hopes were merely a bit early, he muses, and "in the end, modernism will merge back with the traditions". ■



Convergent evolution

## Bagehot | North of the Tyne is mine

*A left-wing metro mayor is helping to deliver a right-wing government's signature policy*



JAMIE DRISCOLL is the last person the Tories would entrust with “levelling up”. He was radicalised by the miners’ strike and what he calls the anti-fascist movement. He talks warmly of “Jeremy” (Corbyn; Labour’s former far-left leader) and “John” (McDonnell, Mr Corbyn’s right-hand man). In 2019 Mr Driscoll won the leadership of the North of Tyne Combined Authority, which covers the north-east from Newcastle to the Scottish border, by running as a “proud socialist” endorsed by Momentum, Labour’s radical-left youth wing, and ageing leftist firebrand Noam Chomsky.

Yet Mr Driscoll rivals Ben Houchen, the Tory mayor of the Tees Valley to his south, in his enthusiasm for the government’s signature, though still vaguely defined, policy: “levelling up”. Jobs are the most important source of prosperity and self-worth, he says; wealth-creation is a *sine qua non* of progress; the north-east needs to become the cradle of the new economy, just as it was of the old one. (Stephenson’s Rocket, one of the first steam trains, was tested near Newcastle city centre.) Asked to define a practical programme to give the slogan substance, he suggests three elements.

The first is repurposing the infrastructure of the fossil economy for the green age. Cambois, a small town on the coast, is a monument to industrial decline. The pit closed in 1968. Three-quarters of school-leavers flee the town. A 230-acre industrial estate lies derelict. But the town still has the remnants of industrial-age infrastructure, including a railway line and nearby deep-water port. Britishvolt, a battery manufacturer, plans to build a gigaplant on the abandoned land, touted as on track to be Britain’s fourth-biggest building, and to repurpose the port and railway line. The ground was broken on September 6th.

The second is making the most of the region’s labour surplus. Verisure, a fast-growing Swedish alarm company, needs an army of workers to keep the phones manned 24 hours a day. The firm initially placed its operational headquarters in London, but was plagued by rapid turnover. After a national search for a better option, it plumped for Newcastle because of relatively cheap labour, a mellifluous accent and space to grow. Now that it is settled, says Kevin Croft, the site director, it recognises that even bigger advantages are affordable housing and short commutes that allow call-centre workers to live the middle-class dream.

The third is reintegrating left-behind communities into the workforce. The Cedarwood Trust operates in the heart of Meadow Well, a poverty-stricken estate on Newcastle’s outskirts. Wayne Dobson and Alison Cunningham, two spokespeople, describe it as an “A&E ward for social problems”, arguing that the two things locals need above all else are jobs and self-respect. For too many, unemployment has become a way of life. Children have had their self-respect stolen by dysfunctional parents and educational failure. The trust trains people for jobs, especially in Newcastle’s booming restaurant sector, prepares them for interviews by smartening them up and providing them with bus fares, and generally tries to instil self-confidence. Words such as “nurture”, “nourish” and “thrive”, painted on the walls, provide a stark contrast with the surrounding blight. For years, Cedarwood has been swimming against the economic tide because employers preferred young eastern Europeans. But after Brexit, foreign workers have become less readily available and local employers, including Britishvolt and Verisure, are suddenly keener on making the discouraged workless employable.

Cynics might doubt that Mr Driscoll played any part in all this. Mayors’ powers are limited—especially in artificial electoral regions such as the North of Tyne Combined Authority. (How could Northumberland, so rich in myth and poetry, acquire such an abomination of a name?) And much of the revival is the result of factors beyond his control, such as cheap land and labour. But it would be unfair to write him out of the equation. The mayor’s office provides an answer to what Mr Driscoll calls the “Henry Kissinger question”: whom do you call when you want to call the north-east? His Corbynista credentials help to sell business developments such as the one in Cambois to sceptical leftists such as the veteran local MP, Ian Lavery. And a touch of self-transformation about Mr Driscoll matches his prescription for the region. He grew up in a poor area of Middlesbrough, witnessed the murder of a schoolgirl by her estranged father and left school at 16. Only later did he seek success, becoming a third dan in jiu-jitsu and studying engineering at university as a mature student.

Cynics are on stronger ground when they question how much Mr Driscoll’s approach owes to ideology. He repeatedly refers to ideas that were fashionable on the left when Corbynism was in its pomp, such as the entrepreneurial state (with government providing patient capital) and the circular economy (with local authorities buying from local companies to keep purchasing power in the region). The left regards his electoral success as a refutation of the belief held by Sir Keir Starmer, Mr Corbyn’s successor, that to reclaim the north, Labour needs to move rightward.

### Corbynism redux

In fact, Mr Driscoll’s success is a testament to the power of pragmatism over ideology. Had he gone into Parliament, he would be either plotting against Sir Keir or repeating Sir Keir’s talking points. As a regional mayor, he is working to solve practical problems: co-operating with businesses; building alliances with councillors from rival parties; sharing ideas with other mayors, including Tories such as Andy Street in the West Midlands; and cultivating connections with Downing Street. The most obvious reason to support devolution is to give people more say over their region; that it can convert a Corbynista into a pragmatic problem-solver is another. Executive authority has a way of maturing those who hold it. Parliamentary opposition, by contrast, tends to make them either impotent or infantile. ■



#### Sex and society

## The cost of oppressing women

BASRA AND TORORO

### Places that treat females badly are also poorer and less stable

**A** WOMAN WHO drives a car will be killed," says Sheikh Hazim Muhammad al-Manshad. He says it matter-of-factly, without raising his voice. The unwritten rules of his tribe, the al-Ghazi of southern Iraq, are clear. A woman who drives a car might meet a man. The very possibility is "a violation of her honour". So her male relatives will kill her, with a knife or a bullet, and bury the body in a sand dune.

The sheikh is a decorous host. He seats his guests on fine carpets, in a hall that offers shade from the desert sun. He bids his son serve them strong, bitter coffee from a shared cup. He wears a covid face-mask.

Yet the code he espouses is brutal. And one aim of that brutality is to enable men to control women's fertility. A daughter must accept the husband her father picks. If she dallies with another man, her male kin are honour-bound to kill them both.

Women mostly stay indoors. Your correspondent visited three Shia tribes in southern Iraq in June, and wandered through their villages. He did not see a single post-pubescent woman.

Oppressing women is not only bad for women; it hurts men, too. It makes societies poorer and less stable, argue Valerie Hudson of Texas A&M University and Donna Lee Bowen and Perpetua Lynne Nielsen of Brigham Young University.

Some Iraqi cities are quite liberal by Middle Eastern standards, but much of the rural hinterland is patriarchal in the strict sense of the word. The social order is built around male kinship groups. The leaders are all men. At home, women are expected to obey husbands, fathers or brothers. At tribal meetings, they are absent. "I'll be clear: according to tribal custom, a woman does not have freedom of expression," says Mr Manshad.

The male kinship group has been the basic unit of many, if not most, societies for much of history. It evolved as a self-defence mechanism. Men who were related to each other were more likely to unite against external enemies.

If they married outside the group, it was the women who moved to join their husbands. (This is called "patrilocal" marriage,

and is still common in most of Asia, Africa and the Middle East.) The bloodline was deemed to pass from father to son (this arrangement is called "patrilineal"). Property and leadership roles also passed down the male line. Daughters were valued for their ability to give birth to sons. Strict rules were devised to ensure women's chastity.

Such rules were designed for a world without modern states to keep order, or modern contraception. In rich, liberal countries, the idea of the male kinship group as the building block of society faded long ago. Elsewhere, it is surprisingly common. As a group that champions an extreme version of it has just seized power in Afghanistan, it is worth looking at how such societies work.

In "The First Political Order: How Sex Shapes Governance and National Security Worldwide", Ms Hudson, Ms Bowen and Ms Nielsen rank 176 countries on a scale of 0 to 16 for what they call the "patrilineal/fraternal syndrome". This is a composite of such things as unequal treatment of women in family law and property rights, early marriage for girls, patrilocal marriage, polygamy, bride price, son preference, violence against women and social attitudes towards it (for example, is rape seen as a property crime against men?).

Rich democracies do well; Australia, Sweden and Switzerland all manage the best-possible score of zero (see chart on the next page). Iraq scores a woeful 15, level with Nigeria, Yemen and (pre-Taliban) Af-

ghanistan. Only South Sudan does worse. Dismal scores are not limited to poor countries (Saudi Arabia and Qatar do terribly), nor to Muslim ones (India and most of sub-Saharan Africa do badly, too). Overall, the authors estimate that 120 countries are still to some degree swayed by this syndrome.

As a patriarch, Mr Manshad is expected to resolve problems his tribesmen bring to him. Many involve bloodshed. "Yesterday," he says, he had to sort out a land dispute. Men from another tribe were digging up sand to make cement on a patch of land that both they and Mr Manshad's tribe claim. Shooting broke out. A man was hit in the thigh. A truce was called to discuss compensation, mediated by a third tribe. In a separate incident five days ago, three men were killed in a quarrel over a truck. We have "many problems like this", sighs the sheikh.

The Iraqi police are reluctant to intervene in tribal murders. The culprit is probably armed. If he dies resisting arrest, his male relatives will feel a moral duty to kill the officer who fired the shot or, failing that, one of his colleagues. Few cops want to pick such a fight. It is far easier to let the tribes sort out their own disputes.

The upshot is that old codes of honour often trump Iraqi law (and also, whisper it, Islamic scripture, which is usually milder). Cycles of vengeance can spiral out of control. "Innocent bystanders are being killed," complains Muhammed al-Zadyn, who advises the governor of Basra, a southern city, on tribal affairs. "The last gun battle was the day before yesterday," he says. The previous month he had helped resolve a different quarrel, which dated back to a murder in 1995 and had involved tit-for-tat killings ever since. Mr Zadyn has two bullet wounds in his head, inflicted after he decried tribal shakedowns of oil firms.

His phone rings; another feud needs mediation. A woman was accused of having sex outside marriage. So far, seven peo-

ple have been killed over it, and five wounded in the past few days. Because two of the slain were elders, their kin say they must kill ten of the other tribe to make it even. Mr Zadyn has a busy night ahead.

Clan loyalties can cripple the state. When a clan member gets a job in the health ministry, he may feel a stronger duty to hire his unqualified cousins and steer contracts to his kin than to improve the nation's health. This helps explain why Iraqi ministries are so corrupt.

And when the state is seen as a source of loot, people fight over it. Iraq saw five coups between independence in 1932 and Saddam Hussein's takeover in 1979; since then it has invaded two neighbours, been invaded by the United States, seen jihadists set up a caliphate, Kurds in effect secede and Shia militias, some backed by Iran, become nearly as powerful as the government. Clearly, not all this can be blamed on patriarchal clans. But it cannot all be blamed on foreigners, either.

Ms Hudson and her co-authors tested the relationship between their patrilineal syndrome and violent political instability. They ran various regressions on their 176 countries, controlling for other things that might foster conflict, such as ethnic and religious strife, colonial history and broad cultural categories such as Muslim, Western and Hindu.

They did not prove that the syndrome caused instability—that would require either longitudinal data that have not yet been collected or natural experiments that are virtually impossible with whole countries. But they found a strong statistical link. The syndrome explained three-quarters of the variation in a country's score on the Fragile States index compiled by the Fund for Peace, a think-tank in Washington. It was thus a better predictor of violent instability than income, urbanisation or a World Bank measure of good governance.

The authors also found evidence that

patriarchy and poverty go hand in hand. The syndrome explained four-fifths of the variation in food security, and four-fifths of the variation in scores on the UN's Human Development Index, which measures such things as lifespan, health and education. "It seems as if the surest way to curse one's nation is to subordinate its women," they conclude.

### Sexism starts at home

The obstacles females face begin in the womb. Families that prefer sons may abort daughters. This has been especially common in China, India and the post-Soviet Caucasus region. Thanks to sex-selective abortion and the neglect of girl children, at least 130m girls are missing from the world's population, by one estimate.

That means many men are doomed to remain single; and frustrated single men can be dangerous. Lena Edlund of Columbia University and her co-authors found that in China, for every 1% rise in the ratio of men to women, violent and property crime rose by 3.7%. Parts of India with more surplus men also have more violence against women. The insurgency in Kashmir has political roots, but it cannot help that the state has one of most skewed sex ratios in India.

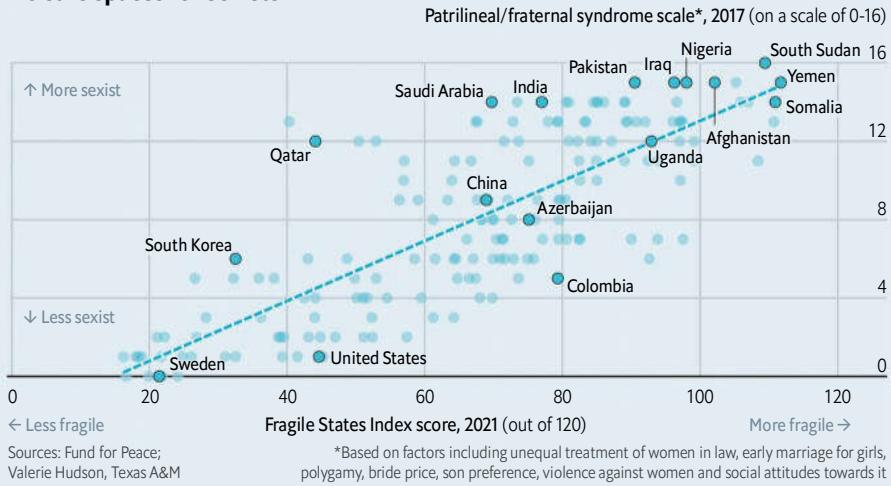
Family norms vary widely. Perhaps the most socially destabilising is polygamy (or, more precisely, polygyny, where a man marries more than one woman). Only about 2% of people live in polygamous households. But in the most unstable places it is rife. In war-racked Mali, Burkina Faso and South Sudan, the figure is more than a third. In the north-east of Nigeria, where the jihadists of Boko Haram control large swathes of territory, 44% of women aged 15-49 are in polygynous unions.

If the richest 10% of men have four wives each, the bottom 30% will have none. This gives them a powerful incentive to kill other men and steal their goods. They can either form groups of bandits with their cousins, as in north-western Nigeria, or join rebel armies, as in the Sahel. In Guinea, where soldiers carried out a coup on September 5th, 42% of married women aged 15-49 have co-wives.

Bride price, a more widespread practice, is also destabilising. In half of countries, marriage commonly entails money or goods changing hands. Most patrilineal cultures insist on it. Usually the resources pass from the groom's family to the bride's, though in South Asia it is typically the other way round (known as dowry).

The sums involved are often large. In Tororo district in Uganda, a groom is expected to pay his bride's family five cows, five goats and a bit of cash, which are shared out among her male relatives. As a consequence, "some men will say: 'you are my property, so I have the right to beat' ►

### No safe spaces for sexists



▶ you," says Mary Asili, who runs a local branch of Mifumi, a women's group.

Bride price encourages early marriage for girls, and later marriage for men. If a man's daughters marry at 15 and his sons at 25, he has on average ten years to milk and breed the cows he receives for his daughters before he must pay up for his sons' nuptials. In Uganda, 34% of women are married before the age of 18 and 7% before the age of 15. Early marriage means girls are more likely to drop out of school, and less able to stand up to an abusive husband.

A story from Tororo is typical. Nyadoi (not her real name) waited 32 years to leave her husband, though he once threatened to cut off her head with a hoe. He was "the kind of man who marries today, tomorrow and everyday." She was the first wife. When he added a third, her husband sold the iron sheets that Nyadoi had bought to make a new roof. Perhaps he needed the cash for his new wife.

Bride price can make marriage unaffordable for men. Mr Manshad in Iraq complains: "Many young men can't get married. It can cost \$10,000." Asked if his tribe's recent lethal disputes over sand and vehicles might have been motivated by the desire to raise such a sum, he shrugs: "It is a basic necessity in life to get married."

Insurgent groups exploit male frustration to recruit. Islamic State gave its fighters sex slaves. Boko Haram offers its troops the chance to kidnap girls. Some Taliban are reportedly knocking on doors and demanding that families surrender single women to "wed" them.

#### You don't own me

Patrilineality is sustained by property rules that favour men. To keep assets within the patriline, many societies make it hard for women to own or inherit property. Written laws are often fairer, but custom may trump them. In India, only 13% of land is held by women. Several studies have shown that women who own land have more bargaining power at home and are less likely to suffer domestic violence.

Nyadoi tried to build a small house on the land of her deceased parents, but her cousins told her she could not, because she was a woman. Only when staff from Mifumi interceded at a clan meeting and laid out her rights under Ugandan law did her relatives let her have a small patch of land. She now lives there, away from her husband. She sobs as she recalls "all the suffering for so many years...fighting, beatings, cuttings, being chased away."

Home matters. If boys see their fathers bully their mothers, they learn to bully their future wives. They may also internalise the idea that might makes right, and apply it in the public sphere. Ms Hudson argues that if women are subject to autocracy and terror in their homes, society is also



Ready to take on the world

more vulnerable to these ills.

Yet there are reasons for optimism. Globally, patrilineal culture is in retreat. The selective abortion of girls is declining. The male-to-female ratio at birth peaked in China and India and has fallen since. In South Korea, Georgia and Tunisia, which used to have highly skewed sex ratios, it has fallen back to roughly the natural rate.

Child marriage is falling, too. Since 2000 more than 50 countries have raised the legal minimum age of marriage to 18. Globally, 19% of women aged 20-24 were married by 18 and 5% by 15, according to Unicef, the UN's children's fund, but that is down from 31% and more than 10% in 2000. Polygyny is less common than it was, and often unpopular even where it is widespread, because of the harm it does to women and non-elite men. Women's groups have pushed for bans in countries such as India, Uganda, Egypt and Nigeria.

Even in rural Iraq, some sexist traditions are in retreat. Mr Manshad says it is no longer acceptable for men to pay blood debts by handing over a daughter. "It is *haram* [sinful]," he says, though local feminists say it still goes on.

Other trends that help include urbanisation and pensions. When women move to cities, they earn higher wages and increase their clout at home. Their clan ties tend to loosen, too, since they live surrounded by non-members.

When the state provides pensions, old people no longer depend so completely on their children to support them. This weakens the logic of patrilineality. If parents do not need a son to take care of them, they may not desire one so fervently, or insist so forcefully that he and his wife live with them. They may even feel sanguine about having a daughter.

That is what happened in South Korea, the country that in modern times has most rapidly dismantled a patrilineal system. In

1991 it equalised male and female inheritance rights, and ended a husband's automatic right to custody of the children after divorce. In 2005 the legal notion of a single (usually male) "head of household" was abolished. In 2009 a court found marital rape unconstitutional. Meanwhile, increased state pensions sharply reduced the share of old Koreans who lived with, and depended on, their sons. And among parents, one of the world's strongest preferences for male babies switched within a generation to a slight preference for girls.

The change was so fast that it prompted a backlash among bewildered men. By comparison, it took ages for patrilineal culture to wither in the West, though it started much earlier, when the Catholic church forbade polygamy, forced and cousin marriage and the disinheritance of widows in the seventh century.

Individual attitudes can evolve. In Uganda, which has seen five violent changes of government since independence and invaded most of its neighbours, 49% of women and 41% of men tell pollsters that it is sometimes acceptable for a man to beat his wife. But this rate is in decline.

In the northern district of Lira, which is still recovering from a long war against rebels of the Lord's Resistance Army, domestic violence is rampant, says Molly Alwedo, a social worker. But it is falling. She credits the REAL Fathers Initiative, a project designed by Save the Children, a charity, and the Institute for Reproductive Health at Georgetown University. It offers older male mentors to young fathers to improve their parenting and relationship skills.

Gary Barker of Promundo, an NGO that promotes such mentoring globally, says: "There's always a cohort of men who say, wait a minute, I don't believe in these [sexist] norms. [They see the] consequences for their mums and their sisters." It is local dissidents, rather than parachuting Westerners, who make the best messengers. Mentors do not tell young men their attitudes are toxic. They get them to talk; about what happens in their homes and whether it is fair. Peers swap tips on how to control their anger.

It doesn't work everywhere. But a randomised controlled trial with 1,200 Ugandan fathers found that such efforts resulted in a drop in domestic violence. Emmanuel Ekom, a REAL Fathers graduate, used to come home drunk and quarrel until morning, says his wife, Brenda Akong. Now he does jobs he once scorned as women's work, such as collecting firewood and water. One day she came home and discovered him cooking dinner. ■

**Correction** In last week's article "It's all connected, man" we said that Donald Trump claimed Ted Cruz was born abroad. In fact, Mr Trump had questioned whether the Canadian-born Mr Cruz was an American citizen at birth. Sorry.



Intel

## Gelsinger's opening gambit

SAN FRANCISCO

America's hermetic chipmaking giant opens up—and tries to shake up its industry in the process

WHEN SATYA NADELLA took over as boss of Microsoft in 2014 he started by opening Windows. Unlike his predecessors, who had kept the software giant's crown jewel hermetically sealed from the outside world, he exposed the operating system (os) to the breeze of competition. The firm's other programs, which used to run almost exclusively on Windows, could now operate on other os, including Linux, an "open-source" rival which Microsoft had previously called a "cancer". The manoeuvre both broadened the market for Microsoft's software and improved Windows by forcing it to compete with rival os on more equal terms. In the process, it shook up Microsoft's culture, helped it shed its reputation as a nasty monopolist and paved the way for a stunning revival that saw its market value soar above \$2trn.

Now the other half of the once almighty "Wintel" arrangement, whereby PCs would run on Windows software and chips made by Intel, wants to throw the windows open. The American semiconductor giant has long guarded its core chipmaking business as jealously as Microsoft did its os. After

years of product delays, misplaced technology bets and changing management, it is ready for some fresh air. "Our processes, our manufacturing, our intellectual property through our foundry services [producing processors for other chipmakers]: all will now be available to the world," professes Pat Gelsinger, Intel's newish boss.

If successful, Mr Gelsinger's strategy could reshape a \$600bn industry at the heart of the fast-digitising global economy for the better. Failure could, in the short run, compound the chip shortages that are making life difficult for manufacturers of everything from cars to data centres. In the

longer term, it could lead to further concentration of the already cosy chipmaking market, with Intel increasingly eclipsed by rivals. And it may cement Asia's dominance of the industry, creating all kinds of geopolitical complications.

Although Microsoft and Intel reside in different parts of the tech universe, they used to be structural twins. Just as Windows and Office, Microsoft's package of business applications, were designed to work best with each other, Intel has been designing its own microprocessors and making them in "fabs" optimised for the purpose. As the tech industry has grown bigger, more diverse and more networked this once-dominant "integrated device manufacturer" (idm) model has fallen out of favour (just as vertical integration became a drag for Microsoft as other tech "ecosystems" popped up). As with the Microsoft of old, Intel's arrogance and insularity discouraged other chipmakers from working with it, for instance by combining chip designs. Instead they ploughed their own furrows, focusing increasingly either on designing chips (for example, AMD, Arm, Nvidia and Qualcomm) or fabricating them (notably Taiwan Semiconductor Manufacturing Company, tsmc).

Intel has managed to stay closed for longer than Microsoft thanks to the boom in cloud computing, which boosted demand for pricey high-end processors that power servers in data centres where its so-called x86 architecture is now dominant. These contributed one-third of Intel's total ►►

### → Also in this section

- 61 Big oil in Baghdad
- 61 Why Europe loves cable
- 62 Germany's newest blue chips
- 62 Direct-to-consumer retail
- 64 Bartleby: New dress codes
- 66 Schumpeter: Genomics and antitrust

revenue of \$78bn in 2020, and much of its \$21bn in net profit. Now, though, the company is being overwhelmed by open systems like that of Arm, whose blueprints are used in most of the world's smartphones (a market which Intel missed) and are starting to appear in data centres—and which was last year acquired by Nvidia for \$40bn (though trustbusters may yet scupper the deal). At the same time, TSMC took advantage of Intel's technological and management missteps to pull ahead in both cutting-edge technology and production volume. Both TSMC and Nvidia are now worth more than twice as much as Intel (see chart), despite lower revenues and profits.

Enter Mr Gelsinger, who in February became Intel's third CEO in as many years. He was the firm's chief technology officer until 2009, when he was pushed out. This background—plus what he calls a decade-long “vacation from the chip industry” as the boss of VMware, a software-maker—allowed him to shake things up within weeks. Rather than split Intel into a foundry and a chip-designer, as some activist investors wanted, his “IDM 2.0” strategy doubles down on integration. Mr Gelsinger sees this as Intel's competitive advantage. And an independent foundry arm would struggle to compete with TSMC, argues Pierre Ferragu of New Street Research, who estimates that Intel's manufacturing costs are 70% higher than the Taiwanese firm's.

Instead, Intel is opting for a sort of virtual decoupling. It will make more use of outside foundries, including TSMC, to save costs but also to benefit from TSMC's leading-edge manufacturing processes. In July Mr Gelsinger said his company intends to catch up with TSMC and Samsung of South Korea in its ability to forge top-end chips. His ambitious plan is to launch at least one new high-end processor a year, each with smaller transistors and faster circuitry. By 2025 Intel aims again to be ahead of the pack with designs that are no longer measured in nanometres but in angstroms, the next-smallest metric unit of measurement, equal to one ten-billionth of a metre.

At the same time the company will offer this manufacturing magic to others by relaunching its own foundry business. In contrast to its earlier iteration, which was created in 2012 but never really took off, Intel Foundry Services (IFS) will have its own profit-and-loss statement and, soon, at least two brand-new fabs, which Intel will build in Arizona at a total cost of \$20bn.

Mr Gelsinger is now off on a global tour to explain and promote his new strategy, for instance at a trade show in Munich on September 7th, where he announced that Intel would build two new fabs in Europe. He will need all his enviable communication skills (another thing he shares with Mr Nadella) to convince investors. After a jump earlier this year, Intel's share price

has slumped back roughly to where it was before his appointment was announced. Mr Gelsinger seems undaunted. Investors are asking two questions, he says, both fair: can Intel execute this strategy successfully? And when will this show up in earnings? “I'm OK with that.”

The answers will depend in part on whether Intel can change its attitude. That means rekindling what Mr Gelsinger calls its “Grovian culture”, a reference to Andy Grove, the firm's legendary co-founder, who is best known for his mantra that “only the paranoid survive”. It also entails shedding its insularity. “My team needs to exercise a different set of muscles,” explains Ann Kelleher, Intel's chief technologist. Among other things, she says, it must learn how to work with external customers and use tools that are built elsewhere.

### Finding its old Grove

Above all, though, success will be contingent on flawless execution. Cutting-edge chipmaking involves around 700 processing steps and many nanoscopic layers printed and etched on top of each other. Adding to the complexity, Intel will at last fully embrace “extreme ultraviolet lithography” (which TSMC and others have already been using to great effect). The company's announcement in late June that it would postpone production of next-generation server processors for a few months hints at the trickiness of the task.

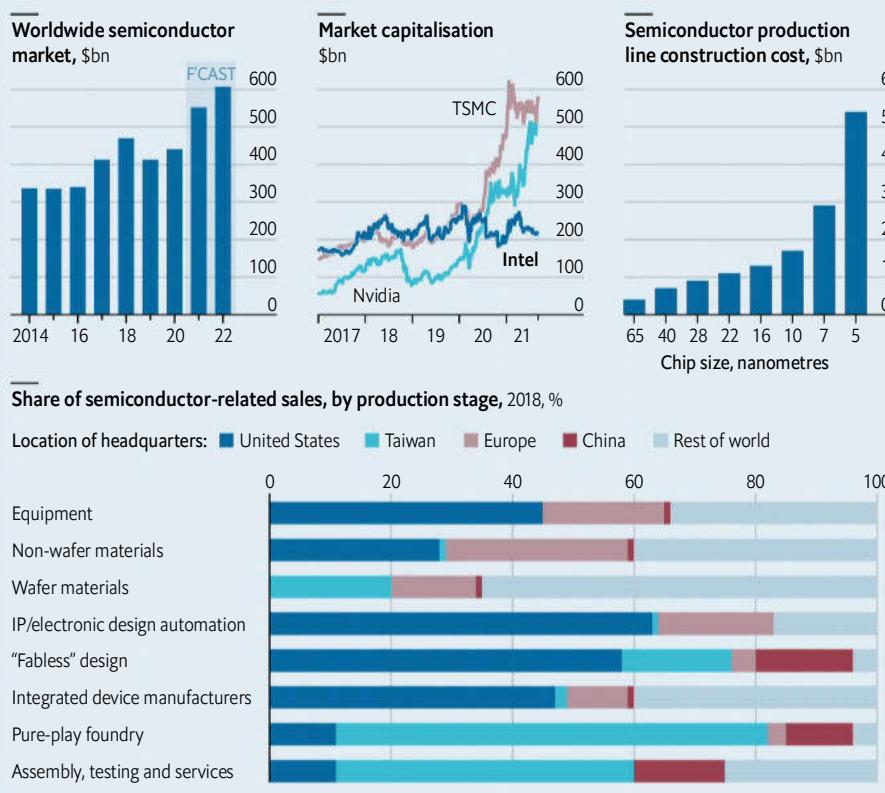
IFS, too, faces challenges. Most analysts agree with Mr Ferragu that the foundry business cannot really compete with TSMC. This is not only a matter of costs, size and a technological lag. Intel must also persuade customers that it can overcome a built-in conflict of interest in trying to be both an IDM and a foundry, points out Willy Shih of Harvard Business School. In a future semiconductor shortage, the company may need to decide whether to allocate capacity to its own processors or honour the contracts it has with foundry customers.

Intel nevertheless hopes it can carve out a big and lucrative niche for its foundry. It is said to be interested in beefing it up by buying GlobalFoundries, spun off from AMD in 2009 and now owned by an Emirati sovereign-wealth fund, for around \$25bn. Although the talks had stalled and GlobalFoundries failed to go public in August, they may be restarted once the smaller firm gauges other investors' interest—and thus its possible price tag.

With or without GlobalFoundries, Intel pledges a new spirit of openness. It will no longer force customers to use its proprietary tools when designing their chips. ►

 Sign up to our weekly newsletter, Money Talks, for more analysis of the biggest stories in economics, business and finance [www.economist.com/moneytalks](http://www.economist.com/moneytalks)

### Macro processing business



Sources: World Semiconductor Trade Statistics; Refinitiv Datastream; McKinsey

► More important, it will grant them access to its chip designs and the technology it has developed for “packaging” semiconductors into the chips that end up in electronic devices. Big cloud providers, such as Amazon Web Services (AWS), will be able to take the design of an Intel server processor, optimise it for their data centres and combine it with other designs on a single chip.

There seems to be growing interest in mixing and matching, says Linley Gwennap of the Linley Group, a consultancy. AWS and Qualcomm will be among IFS’s first clients. There is also interest in doing this domestically. American politicians point to the present pandemic-induced chip shortage and the potential threats from China, particularly to Taiwan, as reasons to worry that most chips are made in Asia. Congress is expected soon to approve a \$52bn subsidy package. The European Union has even more ambitious plans.

Building new fabs in Asia would be 30-40% cheaper, Mr Gelsinger concedes, “but the incentive dollars allow me to invest more and go faster” at home. That appeals to customers who are particularly sensitive about security. America’s Defence Department recently decided to use Intel’s American foundry. Indeed, attracting government money may be the foundry’s main *raison d’être*, notes Stacy Rasgon of Bernstein, a broker. But reliance on state support risks blunting the very competitive edge Mr Gelsinger hopes to sharpen. And as a mind-numbingly complex hardware business, Intel may find it more difficult to turn itself around than Microsoft, which benefited from the faster change that characterises the software industry.

The stakes are therefore high—and not just for Intel. If the company continues to lose its edge, the result will almost certainly be further consolidation. Today’s handful of big chipmakers could eventually be whittled down to a duopoly. Even if more survive, most fabs would probably all be based in Asia (though TSMC plans to build one in Arizona). Around 80% of the world’s semiconductor capacity is already there, Mr Gelsinger estimates; America accounts for 15% and Europe for the rest.

Western governments are not the only ones who ought to pay attention to the fate of Mr Gelsinger’s opening move. So, too, should today’s tech titans. Like Microsoft before it, Intel got into trouble largely because it was overprotective of its crown jewels. Others might decide that the best way to avoid such problems is to open up pre-emptively. Apple could be a less harsh steward of its App Store; Facebook could make its social network work better with those of rivals; and Google could give phonemakers more freedom to tinker with its Android mobile os. This could ease trustbusters’ worries—and make shareholders happier, too. ■

## Big oil in Iraq

# Baghdad pay dirt

PARIS

**TotalEnergies’ latest foray into a dicey place**

**B**EING AN OIL-INDUSTRY boss is an exercise in displeasing all sides. Pumping hydrocarbons out of the ground is lucrative, but angers environmentalists—including those sitting in boardrooms and governments. Renewables and other green projects are more palatable, but often fail to woo investors. TotalEnergies this week showed one way to straddle the divide.

On September 5th the French oil major signed an agreement with the government of Iraq to invest \$27bn there over 25 years. The money will go to projects from the virtuous (a big solar farm) to the carbon-spewing (expanding an existing oilfield). One scheme will capture natural gas burned off as a by-product of oil extraction and use it to make less grubby electricity.

The deal is a boon for Iraq. It has struggled to lure investors to its energy sector. Corruption and political instability have pushed many of Total’s rivals, such as BP, Shell and ExxonMobil, to exit Iraqi projects or consider doing so. The solar plant and rescued gas will reduce reliance on gas imports and electricity from Iran, an old foe, which has cut Iraq off before owing to unpaid bills. Regular blackouts in an oil-soaked country look awkward for politicians ahead of elections next month.

Total, for its part, has buttressed its reputation, tinging its carbon-belching operations with a green touch. A rebrand to TotalEnergies earlier this year is part of a push away from the black stuff and a commitment to “net zero” carbon emissions by 2050. The plan is backed by lots of climate-

friendlier spending pledges.

In seeking greener pastures the firm has waded into places others avoid. Patrick Pouyanne, Total’s pugnacious boss, has made clear that only old-fashioned oil profits can fund a shift to clean energy. He is avidly chasing the world’s most cheaply extractable hydrocarbons, often in the Middle East and Africa. While rivals have poured money into American shale, Total is investing in countries that grace the bottom rungs of ease-of-doing-business rankings (think Libya and Venezuela). If things go well, Total can expect a gusher of rewards—profits of \$95bn may flow to it over the life of the Iraqi contract.

Often they do not. Total’s big gas projects in Mozambique and Yemen have been disrupted by war and terrorism. This summer it lost \$1.4bn as it wrote off some assets in Venezuela. In Iraq, too, Total has its work cut out. It will have to sink perhaps \$5bn before seeing returns. It can at least expect help from high places as it seeks to manage political risk. The deal was signed in the wake of President Emmanuel Macron’s visit to the country in late August—his second in less than a year. ■

## Television

# Cable ties

**As Americans cut the cord, Europeans sign up for more pay-TV**

**T**HE BIGGEST television drama of the past decade has been the story of how people watch it. Ten years ago nearly nine out of ten American households subscribed to cable or satellite. Today little more than half do. The collapse of pay-TV, amid the advance of online streaming, has upended the television industry and forced Hollywood giants like Disney to rethink their business model. And the pace at which consumers are “cutting the cord” from cable providers is only increasing.

But not everywhere. On the other side of the Atlantic, cord-cutters are outnumbered by cord-knotters. As Americans tear up their contracts, Europeans are signing up for cable and satellite in greater numbers than ever. Pay-TV penetration in Britain will overtake that in America this year, according to Ampere Analysis, a research firm. In France and Germany it already has (see chart on next page).

Why has American media’s mega-trend missed Europe? One reason is price. America’s cable industry may look competitive: the largest player, Comcast, has only a quarter of the market. But it is highly regionalised, so most homes have few op-►



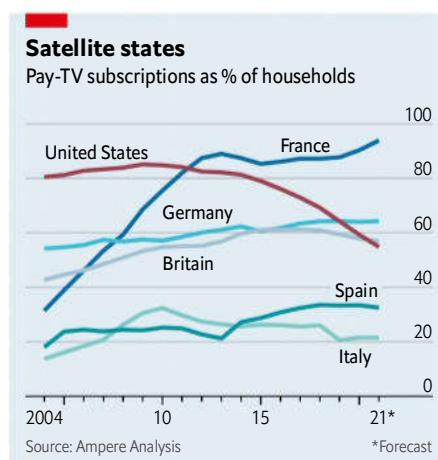
Eyeing the Tigris

tions, says Richard Broughton of Ampere. The result is an average monthly cable bill of nearly \$100. British homes pay less than half as much. Tax loopholes have made pay-TV an even better deal in parts of Europe. Take-up in France rocketed from 30% to 90% between 2004 and 2014, after the government imposed a lower rate of VAT on television services than on telecoms, unintentionally giving phone firms an incentive to throw in a cheap TV package and pay the lower rate of tax. The loophole has been closed, but subscriptions remain high.

A second factor is content. American cable TV is running out of shows as studios move their best ones to their own streaming platforms. In Europe, where some streamers have yet to launch, pay-TV firms retain the rights to many of the most popular titles. Britons seeking the third season of WarnerMedia's "Succession", for instance, must go to Sky, a Comcast-owned satellite firm, since Warner's HBO Max has yet to stream outside the Americas.

The last reason Europe still favours cable is that American streamers have forged partnerships with European pay-TV firms rather than competing with them. In the race for subscribers, the quickest way for streamers to bulk up in Europe has been to join forces with satellite and cable incumbents. They are the ones with access to consumers and the ability to handle local marketing and ad sales. In Spain, Vodafone offers bundled subscriptions to Netflix, Disney+ and others. Next year ViacomCBS's Paramount+ will launch in six European countries on Sky's platform.

Will cord-cutting eventually cross the



Atlantic? As long as Hollywood studios continue to license their programming to local players, consumers will have every reason to stick with pay-TV. For the studios themselves those deals are lucrative, points out Mr Broughton: "Doing a Disney and cancelling all those contracts, then replacing them with your direct-to-consumer service, leaves you with a bit of a gap in your financials."

In the long run, though, studios would rather bring viewers onto their own platforms, as in America. In that scenario, pay-TV firms may be left with little to offer but sport, alongside streaming bundles of the sort offered by France's Orange or Britain's Virgin Media. Warner plans a gradual European roll-out of HBO Max over the next few years. By the time the fourth season of "Succession" is out, audiences may be watching it online. ■

## Retailing

# The direct approach

NEW YORK

**A new breed of e-merchants tries to bring pizzazz to dull goods**

**F**EW FIRMS have spawned an industry. Warby Parker, a millennial-chic spectacles firm, has a decent claim to be one of them. A decade ago the startup pioneered selling products directly to shoppers online, using the internet to avoid the costs of bricks-and-mortar shops and chip away at clunky consumer-goods incumbents that relied on distributors and retailers. Thousands of direct-to-consumer (DTC) companies followed in its footsteps. Venture-capital (vc) firms threw money at them; Warby Parker's latest funding round gave it a valuation of \$3bn. On August 24th, in the biggest test yet of market appetite for the business model, it opted to go public—appropriately, selling shares directly to investors rather than through intermediaries as in a conventional initial public offering (IPO). A week later Allbirds, an online trainers-seller, said that it, too, will float its shares.

Such apparent successes stand out in a graveyard of casualties. Even the survivors struggle to make money. Warby Parker's net loss more than doubled from \$23m in 2018 to \$56m in 2020. Allbirds lost \$40m in the past two years. Casper, a mattress-maker, has yet to recover from a lacklustre IPO in 2020. Its market value of \$205m is a fifth of its pre-IPO private valuation. Away, which sells suitcases, and Outdoor Voices, a clothing company, have lost a string of bosses. For others, covid-fuelled shopping sprees—e-commerce grew by as much in the first quarter of 2020 as it did in the previous decade—will not last for ever.

The playbook used to be simple. At its inception Warby Parker faced few DTC rivals and enjoyed low costs and readily available capital. The rise of Shopify and Amazon enabled aspiring entrepreneurs to open shops with a few clicks and a few dollars. Operating digitally opened a treasure chest of data on customer behaviour and allowed precise targeting on platforms like Instagram and Facebook. Sans serif fonts, neat designs, millennial lingo and socially conscious mission statements still seemed novel. "It couldn't have been easier to start a DTC brand," says Len Schlesinger of Harvard Business School. "You didn't even need a good idea."

Life is now harder. Casper faces over 175 online competitors. The cost of an ad on Instagram and Facebook more than doubled between 2018 and 2020. Large retailers have responded by buying or launching their own lines designed to appeal to youn-

## Forty is the new thirty

Stockmarket indices, total returns  
January 1st 2016=100, € terms



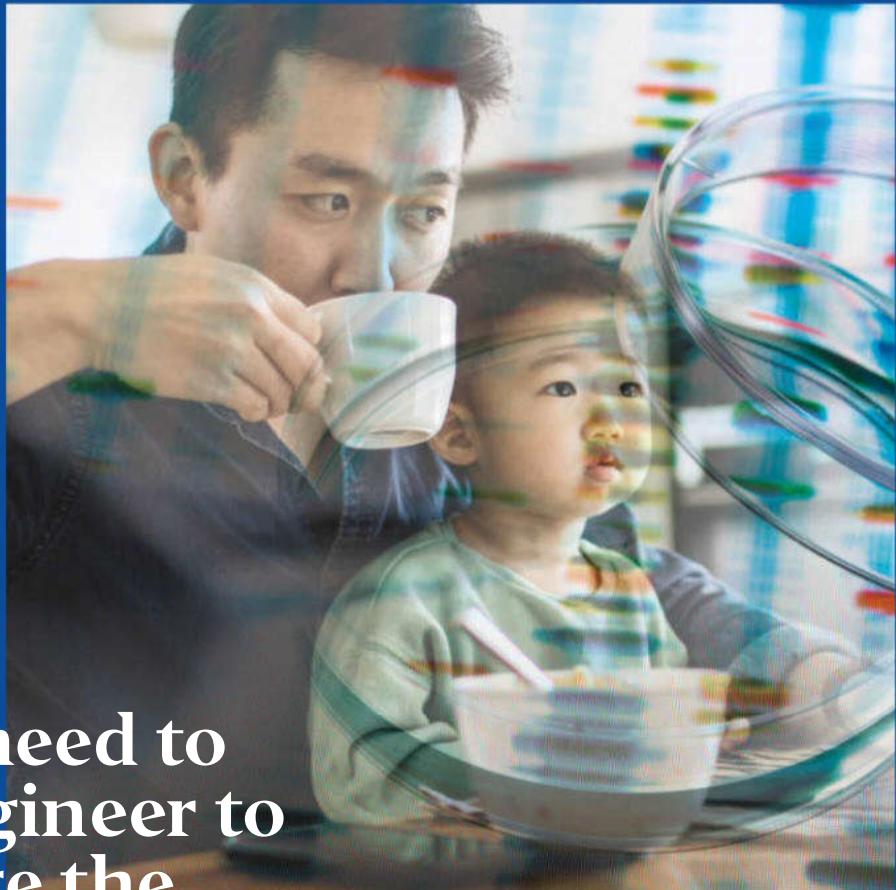
Sources: Refinitiv Datastream; Bloomberg

Market capitalisation  
€trn



## DAX redux

The stockmarket index of Germany's bluest chips is getting a makeover. Any week now the DAX will gain ten new members, bringing the total to 40. The newcomers will be the most valuable German firms not already in the index (so long as they can show two years of positive earnings before interest, taxes, depreciation and amortisation). The new DAX could reach €2trn (\$2.4trn) in market value, from €1.6trn today. A few faster-growing members may boost the index's mediocre returns. But probably not by much.



You don't need to  
be a bioengineer to  
help change the  
shape of humanity.

Help power your portfolio with  
the innovators of the Nasdaq-100.

 **Invesco QQQ**

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

There are risks involved with investing in ETFs, including possible loss of money. ETFs are subject to risks similar to those of stocks. Investments focused in a particular sector, such as technology, are subject to greater risk, and are more greatly impacted by market volatility, than more diversified investments.

The Nasdaq-100 Index comprises the 100 largest non-financial companies traded on the Nasdaq. An investment cannot be made directly into an index.

***Before investing, consider the Fund's investment objectives, risks, charges and expenses. Visit [invesco.com/fundprospectus](http://invesco.com/fundprospectus) for a prospectus containing this information. Read it carefully before investing.***

Invesco Distributors, Inc.

►ger customers. Unilever is said to have acquired 29 DTC firms between 2015 and 2019. Even with plenty of funding, the number of deals has begun to plateau. "It's now less about innovation and more about execution," notes Kirsten Green of Forerunner Ventures, a vc firm. Lerer Hippeau, another vc firm, which invested early in Warby Parker, Allbirds and Casper, says its priorities have shifted from growth and fancy logos to profitability from the first purchase.

This has benefited a new set of DTC firms trying to brand the unbranded pockets of consumers' lives. FIGS, valued at

\$7bn, built its business by selling snazzy medical scrubs that, it says, "empower" a dedicated following of 1.5m health-care workers. Selling cheap goods at luxury prices is lucrative: FIGS boasts gross operating margins of 27%, compared with 7% for Warby Parker.

Other humdrum products and services are ripe for "decommoditisation", thinks Trina Spears, co-founder of FIGS. Many such niches are, as Lerer Hippeau puts it, "sleepy total addressable markets" without ruthless competitors. Backdrop offers house paints in cool millennial-friendly

colours. Sunday sells pest control packaged in monthly subscriptions for the aspiring classes. Tend sweetens a visit to the dentist with Netflix and aromatherapy. Thrasio has been snapping up hundreds of dull-looking DTC brands among third-party sellers on Amazon with the aim of turning them into "profit-doubling machines". It has helped a firm that makes a pet-odour eliminator increase sales eightfold in two years by improving marketing and distribution. It claims to be the fastest company in America ever to reach a valuation of \$1bn—while also making a profit. ■

## Bartleby Suits v sweatpants

*The pandemic has refashioned corporate dress codes*

**I**N AN INTERNAL memo to staff in 2016 JPMorgan Chase relaxed its dress code. The American bank's 240,000 employees could hang up their suits and don business-casual attire—once reserved for casual Fridays—all working week. Some garments remained beyond the pale (t-shirts, flip-flops, tank tops, yoga pants). But many—polo shirts, skirts (of appropriate length), dress sandals—became fair game.

JPMorgan was, sartorially speaking, ahead of its time among stuffy corporate giants (turtlenecks and hoodies have long been the fashion choice of Silicon Valley titans). Others followed suit, as it were. Men's corporate uniform—and the female power suit designed to mirror it—increasingly came to be seen as a vestige of the male-dominated offices of yore and no longer fit for purpose in a world of greater (though still imperfect) workplace equality. As more and more people ran or cycled to work, they found that changing into a full suit was impractical, since jackets folded into rucksacks tend to lose their crispness.

These days ties are no longer de rigueur in client meetings even for pinstriped investment bankers at Goldman Sachs. Purveyors of formal wear have fallen on hard times. Last year Brooks Brothers, which had been sewing button-down shirts since 1818, filed for bankruptcy. Last month Marks & Spencer, a British retailer, announced it would no longer sell men's suits in more than half of its bigger stores.

As the pandemic completely decoupled work and presence in the office, employees at many companies switched into something even less starchy. Unlike JPMorgan, however, most have not put any guidelines in place as to what is and isn't appropriate. Although the Delta

variant is forcing companies to delay a return to the office, that day will come. When workers are back at their desks, at least some of the time, new sartorial rules may be required.

Much has been written about what people wore on Zoom calls during lockdowns (and what they did not wear: some retailers report that tops significantly outsold trousers in the past year and a half). Fashion designers like Giles Deacon in Britain have launched "work from anywhere" fashion collections, aiming for slightly looser-cut clothing that nevertheless looks smart. Two Japanese companies, Aoki and Whatever Inc, created pyjama suits—a hybrid of a suit and soft, comfy loungewear—perfect for the video conference attended from home. Aoki uses the same fabric as pyjamas but with a suit-like cut. Whatever Inc's WFH Jammies are "business on the top, loungewear on the bottom".

That is not to say that business-casual Fridays have given way to athleisure work weeks. Indeed, some workplaces are already experiencing a backlash against

informality. In 2017 Britain's House of Commons decided that male MPs were no longer required to wear ties when attending debates; previously they could go tieless only on hot summer days. But at the beginning of September this year Sir Lindsay Hoyle, the Speaker, announced that he expected all parliamentarians to smarten up. Jeans, chinos and sleeveless tops are out.

Looked at in the aggregate, individuals' clothes speak to more than just personal preferences. People's sartorial choices add up to a zeitgeist. It is no accident that the cheerful glitz of the 1920s came right after the despondency of the first world war and the Spanish flu. Today's tailoring brands hope that when the pandemic recedes at last male and female professionals will feel a renewed desire to dress up.

So does Bartleby. Like Sir Lindsay, she would recommend that employees maintain a degree of formal presentation. Yes, some people can pull off a dishevelled look—but not everyone. Dressing with taste and elegance does not have to involve designer clothes or expensive watches. It signals commitment and seriousness. A freshly laundered, crisp shirt announces to the world that you have made an effort; a tracksuit does not.

And if going to the office is a ritual, styling an outfit can be a pleasure, not a chore. The way one dresses is part of his or her self-expression. It also separates the public and the private. Peeling off formal office clothes and slipping into something cosy marks a daily transition from work to non-work. That line was blurred during lockdowns and could do with some sharpening. A man in a suit and tie is a man loosening his tie at the end of the day.





13-14  
Oct. 2021  
Expo 2020  
Dubai, UAE

# RESET. RESTORE. RENEW.

Join 1,000+ top government officials and business leaders to determine the future of bilateral trade between Dubai and Africa



**Phyllis Wakiaga**  
Chief Executive Officer  
**Kenya Association of  
Manufacturers (KAM)**



**Ifeyinwa Ugochukwu**  
Chief Executive Officer  
**Tony Elumelu Foundation**



**Paul Kavuma**  
Chief Executive Officer  
**Catalyst  
Principal Partners**



**Fred Swaniker**  
Founder  
**African  
Leadership Group**



[globalbusinessforum.com/africa](http://globalbusinessforum.com/africa)



@DcgbForums



[gbfafrica@economist.com](mailto:gbfafrica@economist.com)

Brought to you by



In association with



## Schumpeter | Illumina and the holy GRAIL

*The “Google of genomics” meets the techbashers of antitrust*



**I**N 2013 MEREDITH HALKS MILLER, a laboratory director at Illumina, the world's biggest gene-sequencing firm, spotted something odd as she examined the blood of expectant mothers, looking for abnormalities in the fetuses they carried. In some cases, the DNA of the unborn children was normal, but that of the mothers was not. Suspecting the women had cancer, she went to her superiors, only to be met with scepticism. She pushed nonetheless. “I was determined to bring this to light. As a doctor, I really wanted to help these women,” she says. Her intuition proved right. “Sure enough, every person I predicted had cancer had cancer.”

Her hunch led to the foundation of GRAIL, a pioneering company focused on detecting cancers using blood tests even before any symptoms have emerged. Illumina spun it out in 2016 (tech tycoons such as Jeff Bezos and Bill Gates were early backers), only to repurchase it again in a \$7bn deal last month, shortly after GRAIL released a test in America that screens for up to 50 cancers from a sample of blood. And yet until a recent blog post by her daughter, noting how infrequently female scientists get credit for their work, Dr Halks Miller’s role was mostly airbrushed out of GRAIL’s story. When contacted by your columnist, she says she received no extra bonus or promotion for her efforts. Even today, Francis deSouza, Illumina’s CEO, refers to her simply as Meredith, and when asked about her says only that she has retired.

Nonetheless, her brainchild is now firmly in the spotlight. GRAIL’s return to Illumina is intriguing for three reasons. First, in acquiring it, Illumina, described by its biggest investor, Baillie Gifford, a Scottish asset manager, as the “Google of genomics”, hopes to become a colossus of cancer care. In short, it wants to make screening the new search. Second, like Google, Illumina faces a showdown with trustbusters in America and Europe, irked by how similar early-stage acquisitions gave rise to today’s tech giants. Third, Illumina has defiantly gone ahead with the transaction before regulators have given it the green light. The battle pits an acquisitive company on the technological frontier against trustbusters keen to rewrite the rules of tech competition.

There is no question that Illumina, worth \$73bn, rules the world of gene-sequencing. Its machines control 90% of the market in America. Its vast global share is reflected in the fact that Chi-

nese scientists used it for the first sequencing of the SARS-CoV-2 genome at the start of the covid-19 pandemic. Using technology acquired with the purchase in 2007 of Solexa, a British company, it provides gene-sequencing tools to genomics companies, including those developing liquid biopsies or blood tests for cancer. Mr deSouza reckons that the global market for cancer gene-sequencing could be worth \$75bn by 2035. That looks promising for a gene-sequencing provider. Even more so if GRAIL can change the efficacy and economics of cancer care. Mr deSouza argues that Illumina’s global heft and ability to convince insurers to cover the cost of genomic testing will help GRAIL do that. Far from stifling competition, the takeover will stimulate it, he says. Money is pouring into startups trying to catch up with GRAIL.

The trustbusters see things differently. Last year the Federal Trade Commission (FTC), America’s antitrust agency, blocked Illumina’s acquisition of another sequencer, Pacific Biosciences, on the grounds that it would be anticompetitive. Now the FTC says that Illumina’s takeover of GRAIL will harm innovation in the nascent market for early detection of cancer. The European Commission (EC) has launched a parallel investigation, alleging Illumina could restrict GRAIL’s rivals from accessing its gene-sequencing technology. On August 18th Illumina defied the Europeans, saying that because an EC decision was not expected until after the deal expires, it would complete the transaction anyway—albeit holding GRAIL separately. It is challenging the EC in a Luxembourg court, claiming that the EU’s executive arm does not have jurisdiction over the merger. Moreover, the commission has contested the deal using an untested and controversial mechanism called Article 22. Illumina’s strategy is a bold one—some would say reckless. Its share price has slumped since the closing of the deal partly because investors fear it may stir up a regulatory hornets’ nest.

The antitrust concerns can be viewed narrowly or broadly. From a narrow perspective, customers of Illumina who hope to compete with GRAIL in testing may worry that Illumina will charge them higher prices for sequencers. That could give GRAIL, if it has lower sequencing costs, an edge. Illumina counters that it has no incentive to harm its clients, because it makes much more money selling sequencers than it does selling tests. It has also pledged to supply sequencers to them on the same terms as it does to GRAIL. More broadly, even if Illumina continues to lower the cost of gene-sequencing, the regulators’ focus on non-cost factors such as innovation may reflect a new approach to antitrust that goes beyond the duty to protect consumers’ pocketbooks. In a case of bad timing, or bad luck, Illumina has thrown down the gauntlet to the trustbusters just as they are determined to show they will not be doormats. It will be up to the courts to decide the outcome.

### Stick to your guns

Regulators are not the only concerned parties. According to Doug Schenkel of Cowen, an investment bank, some Illumina shareholders say that uncertainty about the outlook for the GRAIL acquisition and the implication that there could be increased risk to the company’s position as an “arms dealer” to the genomics industry are weighing on shares. So are concerns about whether Illumina is the best option for bringing GRAIL’s blood-based diagnostics to market. Some fear it could be the latest example of a hardware firm that bungles the move into software and services. That said, it is a long-term bet and Dr Halks Miller, for one, is excited. She says GRAIL’s new test is “incredibly powerful”. She relishes its success and has no regrets—even if she reaps few of the rewards. ■

 ATHENA ADVISERS

EQTY



# A GOLDEN WINDOW

## The fast track to EU citizenship via property investment in Portugal

There is still time to apply for Portugal's Golden Visa programme and join the 26,000+ people on the path to EU citizenship through property and fund investment.

Minimum Golden Visa investments of €350,000.



Get in touch for more information about Golden Visa investments in Portugal

+44 (0) 20 7471 4500

[athenaadvisers.com/invest-ec](http://athenaadvisers.com/invest-ec)



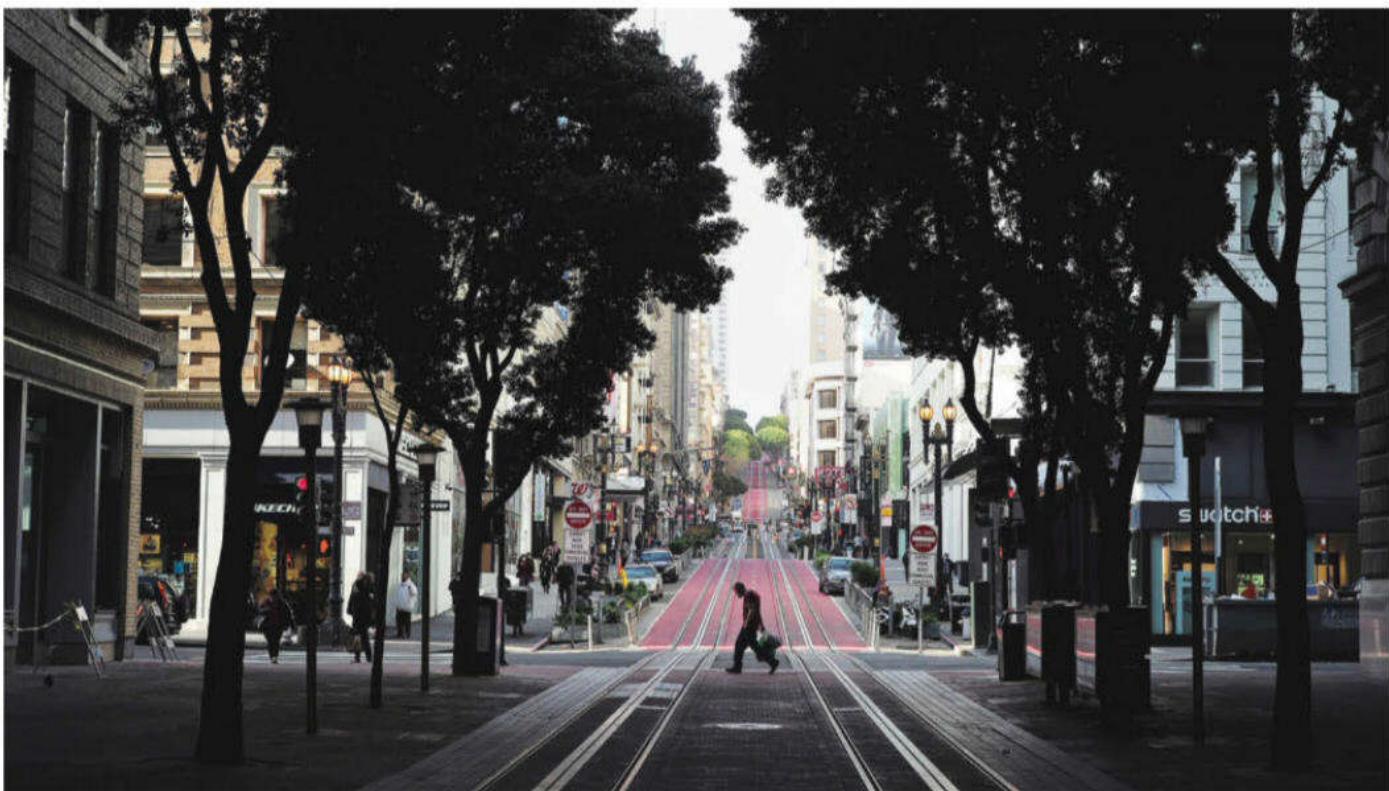
**PORTONOVİ**  
MONTENEGRO

## INVEST IN THE NEW RIVIERA

Invest in one of the world's fastest-growing luxury destinations Portonovi, an idyllic Mediterranean-style village on Montenegro's spectacular Boka Bay. With a range of luxurious waterfront residences offering high rental yields, access to a world-class D-Marin Portonovi marina, and the very first One&Only resort in Europe, there's never been a better time to invest in the Adriatic's New Riviera.

Find your new Riviera investment at

**PORTONOVİ.COM**



### Covid-19 and cities

## The cracked egg

LONDON AND SAN FRANCISCO

**As economies in the rich world reopen, activity is spreading outward from city centres**

THE ECONOMIC recovery from the covid-19 pandemic is lopsided in many ways. Vaccinations have allowed some countries to bounce back rapidly, even as others struggle. Demand is surging in some sectors but still looks weak in others. Another big source of unevenness is slowly becoming clear. As national economies come back to life, cities are lagging seriously behind.

Before the pandemic cities seemed invincible, with economic and cultural power becoming ever more concentrated in tiny geographical areas. In 2000 the total daily salary bill for everyone working in inner London was twice what it was in the outer boroughs; by 2019 it was three times as high. Over the same period job growth in Sydney's inner districts was 40% faster than elsewhere in its metropolitan area. "Triumph of the City", a book published in 2011 by Edward Glaeser of Harvard University, summed up the urban-centric mood.

The fact that Mr Glaeser has chosen to call his latest book (written with David Cutler) "Survival of the City" shows how much has changed. The exodus from urban areas

at the start of the pandemic, which was motivated by fear of catching the virus and which many assumed would be temporary, now looks more permanent and indicative of a deeper shift in preferences. The big question is whether this is something to worry about.

One way to take the pulse of global cities is to use real-time mobility indicators. *The Economist* has constructed an "exodus index" using Google data on visits to sites of retail and recreation, public transport and workplaces. This compares mobility in large cities with that in their respective countries. In America, Britain, France and

Japan activity remains substantially lower in cities than it does nationally (see chart on next page). According to OpenTable, a booking platform, restaurant reservations in cities are low compared with elsewhere. Bookings in Canada are 8% above their pre-pandemic level but 9% lower in Toronto. Only a fifth of San Franciscan office workers are in the building, suggest data from Kastle Systems, a technology firm. Some parts of San Francisco feel more like an abandoned rustbelt city than a tech hub.

Rural areas are not the prime beneficiaries of this shakeout. In the early part of this year sparsely populated American counties were a lot busier than dense ones, compared with their pre-pandemic levels. But in most places their advantage has faded (though activity in Japan may still be shifting slightly into the most sparsely populated areas).

The data point more clearly to a different sort of reallocation. Like an egg broken onto a pan, economic activity is gradually seeping outward from the centre. What were once the liveliest urban areas are becoming less so. The less glamorous ones are taking more of the spoils.

Our mobility index hints at this trend. Central Paris is still much less lively than the rest of Île-de-France, for instance. In America rents in the 300 densest postcodes have fallen by 5% since the pandemic began, but are unchanged in the 300 next-densest areas.

Large companies report similar trends. "Suburban-type stores have done better" ➤

### → Also in this section

- 69 Aluminium's red-hot rally
- 70 Beijing's new stock exchange
- 71 Betting on private equity
- 71 Global economic policy tightens
- 72 Buttonwood: Physical assets
- 73 Free exchange: Can the YIMBYs win?

than the urban stores," said Peter Nordstrom, the president of his family's department-store chain, on an earnings call; Starbucks' chief executive said that "transactions in the current environment have migrated from dense metro centres to suburbs and from cafés to drive-throughs".

Opinion is divided on whether the spreading out of economic activity is welcome. Certainly if you own commercial property downtown you might be facing losses. But economists have two longer-term concerns. The first relates to employment. As a new paper by Lukas Althoff of Princeton University and colleagues describes, emptier offices and fewer tourists in cities could mean less employment for low-wage workers such as baristas and taxi drivers. The second worry is productivity. A core insight of urban economists is that cities, by cramming lots of different people into a small space, help foster new ideas and technologies. Messrs Glaeser and Cutler worry that a world of remote work, and thus of less vibrant cities, could be one in which people find it harder to make personal bonds and soak up knowledge from others. That would hit living standards.

Are the concerns valid? On employment, there is reason for optimism. It is certainly true, as Mr Althoff and colleagues show, that low-skilled service workers in cities bore much of the brunt of the downturn, as well-paid folk retreated to their home offices. In January this year lower-skilled workers in America's densest commuting zones, making up 40% of all workers in them, accounted for almost 60% of working hours lost since the start of 2020.

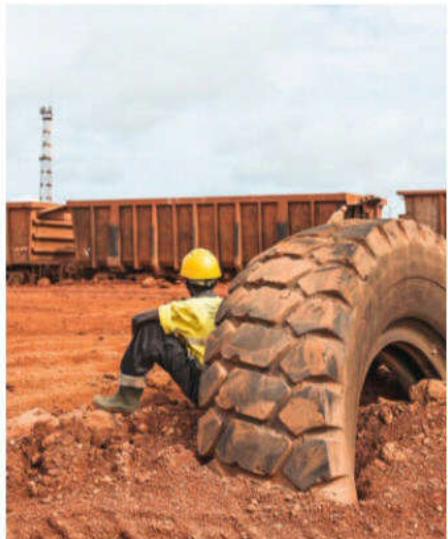
Yet economies have been extraordinarily quick to reallocate jobs away from struggling city centres to places with more demand, raising overall employment. On a recent earnings call the CEO of Shake Shack, a purveyor of sugar and fat, said that its focus in the coming year would be "predominantly suburban Shacks". The nearest Pret A Manger to *The Economist's* office in London has closed; but one is opening next to the Underground station near your cor-

respondent's house a few miles out. Employment in Britain's suburbs is up by 2% compared with a year ago, even as nationwide employment is down. In America, too, labour demand is shifting away from big cities. There is, however, less evidence of egg-cracking in Australia, which until recently had largely escaped the ravages of covid-19. Employment in Sydney continues to be concentrated in dense areas.

It is harder to know whether the shift from city centres will harm productivity. Were people stuck at home all the time, making new connections and discovering new ideas would be difficult. However, even spending just 30% of working time at the office—the current average across American cities—might not hit innovation all that much. At home white-collar workers can complete taxing tasks in peace, giving them time to collaborate when in the office. That is the message from recent research by Humu, a software firm, which analysed call-centre employees at a large company before the pandemic. One or two work-from-home days a week may make people more productive on both their at-home and in-office days. By contrast with past recessions, productivity growth in America has speeded up during the pandemic, instead of slowing down.

Cities could yet snap back to their pre-pandemic state: tourism could recover and bosses could insist that people return to the office. But even if that does not happen, cities will not be finished.

Mayors are shifting their focus from attracting firms to attracting residents, and thus the property and consumption taxes they bring, by improving quality of life. Edinburgh's George Street and London's Oxford Circus are likely soon to be pedestrianised; San Francisco plans to make it permanently easier to set up outdoor dining. Some California state senators also want to help turn underused retail property into the badly needed residential sort, part of a wider push to boost housing supply (see Free exchange). The pandemic will not destroy cities—but it will change them. ■



## Commodities

# Higher still

## A coup in Guinea adds fuel to aluminium's red-hot rally

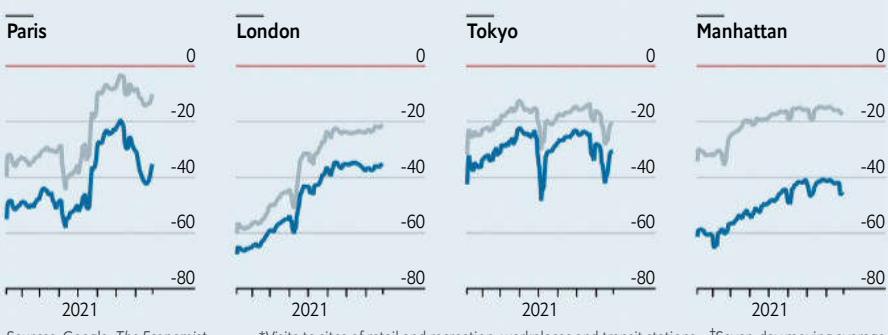
**F**EW MIGHT have guessed that Guinea, a west African country of 13m people, played a big role in global commodity markets. In recent years the country has ramped up its production of bauxite, a dirty-red ore that is processed to make aluminium, thanks to hefty investment from China. In 2020 Guinea produced around 90m tonnes of the stuff, about a quarter of the global total, up from 21m in 2015. It now supplies more than half the bauxite used in Chinese refineries. And those refineries, in turn, produce more than half the world's aluminium.

Small wonder then that the military coup that threw Guinea into turmoil on September 5th was felt in commodity markets. Events in the country helped push the price of aluminium, already on a tear, to its highest level in ten years. (Guinea is also home to Simandou, one of the world's richest untapped deposits of iron ore. Share prices in China Hongqiao and Rio Tinto, two investors in Simandou, briefly dipped when news of the coup broke.)

Guinea is only the latest factor behind the surging aluminium price. So far this year it has shot up by around 40% (see chart on next page), faster than that of any other highly traded metal. One reason for the rally is growing demand. Locked-down

## Down and out of Paris and London

Mobility index\*, % change from pre-pandemic baseline†



**We're hiring** We are looking for an economics writer. Journalistic experience is not necessary. The ability to write clearly and entertainingly is, as is a thorough understanding of economics. At first the writer will cover Europe. For more details, visit [economist.com/economics-job](http://economist.com/economics-job).

► consumers drank more at home, boosting demand for aluminium cans. As economies have recovered from the deep covid-induced downturns of 2020, demand for aluminium for construction has picked up; plans to spend generously on infrastructure in America, China and Europe should further bolster that demand. And sales of electric vehicles, which tend to contain a bit more aluminium than conventional cars, have pushed up demand for the metal, too.

Supply constraints, however, have been more important. In August a fire put a large refinery in Jamaica out of action. Rio Tinto is trying to resolve a workers' strike at a smelter in Canada. Other disruptions stem from China. Making aluminium uses a huge amount of energy (some traders refer to the metal as "congealed electricity"). New energy-consumption targets have led some provincial authorities, such as those in Inner Mongolia and Xinjiang, to scale back production. A drought in Yunnan, meanwhile, has hit the supply of hydro-power. Together these could lower Chinese annualised aluminium output by about 5%, estimates Gregory Shearer of JPMorgan Chase, a bank.

Whether the coup in Guinea will limit supply further is unclear. So far, mines in the country are still running, ships are still being loaded with bauxite and warehouses in Chinese ports are well stocked. But some analysts worry that other countries will impose sanctions on the new government, or that the new regime itself will tax miners. Either would disrupt the flow of bauxite out of Guinea.

Even then, however, bauxite is abundant enough for Chinese refineries to have other options. This suggests that a bigger concern for the aluminium market is where Chinese regulations go next. Authorities are already worried about soaring metals prices hurting Chinese manufacturers. They have released some aluminium, along with other metals, from their strategic reserves to try to curb inflation.

This objective bumps up against others.



One is the energy-consumption targets. Another is a limit on China's aluminium output, set in 2017, when authorities thought the country was producing too much. If Chinese refineries start to restrict production as they approach the threshold, prices may rise until new capacity is built elsewhere.

One possibility is that China starts to move aluminium production abroad, to places where labour is cheap—Indonesia, for instance. Some nickel production has already shifted to the country and China Hongqiao, which is also the world's largest aluminium producer, recently said it would expand its refinery operations there. Guinea's new rulers may end up selling their bauxite to Indonesian firms—with China's help, of course. ■

### Capital markets in China

## Home comforts

HONG KONG

**With listing abroad now harder, China tries to make domestic IPOs easier**

CHINA'S ECONOMIC planners want more home-made semiconductors, but they are not satisfied with more chips simply being produced at home. They want to bring the entire supply chain—from raw materials and chip grinders to labour and capital—onshore. Tens of thousands of companies have established microchip businesses over the past year. Now the state is rushing to ensure such cash-hungry firms can raise capital at home, too.

On September 2nd Xi Jinping, China's president, announced that a new stock exchange will be launched in Beijing, joining existing markets in Shanghai and Shenzhen. It is hoped that the bourse, a revamp of an over-the-counter exchange called the New Third Board, will channel capital from professional investors to fast-growing small and mid-sized firms.

This is not the first time Mr Xi has backed a new stock exchange aimed at innovative companies: Shanghai's STAR market opened in 2019, advertising relaxed rules that help accelerate fundraising for smaller firms. Domestic listings appear to be thriving. Shanghai will bag two of the world's largest initial public offerings (IPOS) of the year, those of China Telecom, a state-owned communications company, and Syngenta, a state agrochemical giant. Funds raised through such offerings in the city are set to reach their highest level in a decade this year, according to Bloomberg.

The emphasis on domestic fundraising fits snugly into China's strategy of "dual circulation", the cornerstone of the coun-

try's latest five-year plan, which aims to bolster domestic markets and reduce reliance on foreign ones, often on national-security grounds. It also offsets the worsening environment for overseas listings. New domestic regulations make it harder for Chinese firms to list abroad: internet companies with more than 1m users, for example, must now apply to the cyberspace regulator for permission. In America, the securities watchdog has halted Chinese IPOS following several disastrous listings. Congress plans to force many Chinese groups to delist if they do not share certain auditing documents—ones that the Chinese state forbids them to reveal.

On the face of it, the roles of offshore and onshore IPOS seem to have reversed. An IPO in Hong Kong or New York was once seen as further removed from Beijing's reach and less sensitive to policy surprises. The latest policy and geopolitical turmoil, however, has rocked overseas listings while making Chinese-traded securities "a route to counter geopolitical risks stemming from US sanctions", say analysts at Natixis, a bank.

Neither Hong Kong nor New York can offer such a defence. The Hang Seng Tech Index and Nasdaq Golden Dragon Index, both of which track some of China's biggest listed tech groups, tumbled by 28% and 33%, respectively, between the end of June and late August, according to Natixis. By contrast, the STAR 50 index rose by 1.4% over the same period.

Channelling capital at the snap of a finger might be harder than regulators think, however. Many tech groups raise funds privately through offshore structures not recognised by China's regulators. Part of the reason why Chinese tech companies listed abroad in the first place was because the foreign investments they took on made cashing out through an onshore IPO a regulatory minefield.

Mr Xi might launch all the new exchanges he wants, but he has neglected deeper reforms to their governance. The STAR market uses a "registration system" for IPOS whereby, in theory, companies need only meet a number of clear requirements to go public. In practice, however, the China Securities Regulatory Commission (CSRC) retains control over who goes public and when. A number of listings have been put on hold this year. The CSRC has a "civil-servant mentality" towards keeping markets orderly and avoiding unwanted social disturbances, says a manager at a global investment group. Regulators will be reluctant to shed that mindset, be they in Shenzhen, Shanghai or Beijing. ■

 Sign up to our weekly newsletter, Money Talks, for more analysis of the biggest stories in economics, business and finance [www.economist.com/moneytalks](http://www.economist.com/moneytalks)

## Private equity

# Raiding the stakes

### Investing in private equity goes meta

**T**HE PAST decade has not been especially kind to investors in private equity. Since 2010 they have poured \$8trn into buy-out funds. Yet the returns, net of fees, that these vehicles have delivered to their “limited partners” (typically pension schemes, endowments and other institutions) have been similar to America’s comparable stock index—with vastly more risk.

Hence the boom in a more rewarding way to bet on private equity: investing in the asset managers themselves, rather than their products. On September 6th Goldman Sachs said it would float a new investment vehicle, called Petershill Partners, which will hold 19 minority stakes in private-equity groups and hedge-fund managers that together oversee \$187bn. The listing, set to take place in about a month, could value Petershill at more than \$5bn, making it the largest alternative-asset business listed in London. Until now its assets have been managed by Goldman’s Petershill arm, through private funds. The bank will continue to make investments on investors’ behalf after the listing, in return for fees.

The attraction of the strategy is clear. The profits distributed to limited partners by typical private funds are subject to the vagaries of the economic cycle, but the management fees levied by buy-out firms themselves—generally 1.5-2% of the capital committed by limited partners—are locked in as soon as funds are raised. And institutional investors, hungry for returns amid low interest rates, are piling into such funds. Assets managed by the 19 firms that Petershill part-owns have swollen by 91% in aggregate since the stakes were bought. That, plus fresh acquisitions, explains why the earnings Petershill distributes yearly to its own investors have more than doubled, to \$310m, since 2018.

Yet until recently these investors could not easily cash out; Petershill’s private funds, like most others, have long durations. That lack of liquidity probably kept some investors away. Existing ones may have also been prevented from committing themselves to new funds. The listing partly solves that problem by letting existing investors sell down 25% of their stake in Petershill. It also lets the investment vehicle market its shares to retail investors, rather than just a rich coterie of Goldman clients. The unit also plans to sell \$750m-worth of new shares, providing it with more capital

with which to fund acquisitions at a time when private markets are especially lively.

Investors are ravenous for a slice of private-equity action. Shares in Bridgepoint, a British buy-out firm that listed in July, are 43% up on their debut price. The five biggest listed private-equity firms have more than tripled in combined value since March 2020. Antin Infrastructure Partners, a buy-out firm based in France, has unveiled plans to raise €350m (\$413m) through an initial public offering in Paris.

Listing Petershill reflects Goldman’s desire to move away from volatile activities, including bond and equity trading, and focus instead on businesses that earn regular fees, such as asset and wealth management. Last month it agreed to buy the asset-management arm of NN Group, a Dutch insurer, for €1.6bn. Petershill’s suggested price of \$5bn, at 22 times estimated net income in the year to June, looks cheap compared with other listed private-equity stocks: Bridgepoint, for instance, trades at more than 30 times earnings. All the better for the bank, however, if it helps peddle private equity to the masses. ■

### The global policy cycle

## High-wire act

WASHINGTON, DC

### Economic policy is tightening in much of the world. Can the recovery bear it?

**I**NFLATION, IT IS often said, is a matter of too much money chasing too few goods. In many places that has been 2021 in a nutshell. Resurgent demand collided with insufficient supply, yielding inflation of 3% in the euro area, more than 4% in America and over 9% in Brazil. Such price pressures, together with early signs that economies would take off as lockdowns ended and more people were jabbed, led policymakers to set the course for scaling back

emergency stimulus. In many places fiscal support is being withdrawn and central banks are either tightening policy or considering doing so. But fortunes can change quickly in the pandemic. As the Delta variant of the coronavirus spreads, the risk now is that policy normalises just as economic growth loses momentum.

Governments are pulling away the generous support they provided earlier in the pandemic. A turn towards austerity is not on the cards; indeed, in the European Union spending out of the €750bn (\$886bn) recovery fund agreed in 2020 is only now beginning. Yet fiscal policy is becoming much less accommodative. Across the G20 group of economies, fiscal deficits, net of interest payments and adjusted for business-cycle conditions, are expected to shrink in half next year compared with 2021 (see chart, left-hand panel).

In America, emergency unemployment benefits lapsed on September 6th. A measure of the government’s contribution to GDP growth produced by the Brookings Institution, a think-tank, showed a staggering 7.8 percentage-point boost to the annualised growth rate in the first quarter of 2021, but a drag of 2.1 percentage points in the third. Britain’s costly furlough scheme, meanwhile, is due to end later this month. Although governments in both countries plan to increase spending, they intend to fund this by raising taxes, neutralising the boost to demand (see Britain section).

Monetary policy is pulling in the same direction. That is most evident in some emerging markets, such as Brazil and Russia, where central banks have raised interest rates several times this year as food and energy costs have soared. Richer countries are joining their ranks. On August 25th South Korea put interest rates up for the first time since 2018. Norway is likely to follow suit. The Reserve Bank of New Zealand had been expected to raise rates in August, but delayed because of a covid-19 outbreak in the country. Nonetheless, analysts expect it to increase rates twice before the year ends. ■

### Reining it in

#### General-government budget deficit\*

% of potential GDP



Sources: IHS Markit; IMF

#### Composite purchasing-managers' index†

Compared with previous month



\*Cyclically adjusted primary balance  
†Based on surveys of purchasing managers in manufacturing and services

Interest-rate increases in large advanced economies are not on the cards until late next year at the earliest. But the flow of asset purchases is slowly being turned off. The Reserve Bank of Australia began tapering its monthly asset purchases after its meeting on September 7th, and the Bank of England will soon reach its bond-purchase target of £875bn (\$1.2trn).

Some economists were expecting the European Central Bank to announce a reduction in bond-buying under its emergency asset-purchase scheme as soon as its meeting on September 9th, after *The Econo-*

*mist* went to press. In America, surprisingly weak jobs figures for August may put off a tapering announcement by the Federal Reserve later in September, but only for a couple of months at most. Although central bankers often insist that a slower pace of asset purchases does not amount to policy tightening, markets are already pushing bond yields higher.

Earlier in the year an economic rebound seemed baked in. But growth concerns are now multiplying as the Delta variant spreads. South-East Asia has suffered a brutal summer, and the idling of factories

there has interrupted the flow of components to other countries, depressing activity more widely. America's economy, too, looks wobbly given a wave of covid-19 infections. Forecasts for GDP growth in the third quarter have sunk from an annualised rate of more than 6% to below 4%.

With luck and a reprieve from Delta's spread, the turn towards tightening will bring a gentle decline in inflation and continued recovery in output. The alternative is that the global economy must deal with the Delta variant and the withdrawal of stimulus at the same time. ■

## Buttonwood Habitat destruction

*Do physical assets offer investors refuge from inflation?*

LIKE PENGUINS and the melting ice cap, investors' natural habitat is changing. Inflation is typically bad news for mainstream assets such as stocks and bonds, because it reduces the present value of future earnings and coupons. Yet this is where, after a decade of slow growth and sluggish inflation, investors have parked much of their trillions. As consumer prices rise uncomfortably fast in much of the world, they are scrambling to protect their portfolios from the changing economic climate.

A growing cohort is placing its faith in "real" assets—the physical sort, including property, infrastructure and farmland. Could these prove a haven in times of change? Investors certainly have good reasons to deem them safe places to perch. Inflation often coincides with rises in the prices of these assets. An economic expansion tends to fuel consumer-price growth as well as demand for floor space and transport or energy infrastructure.

Moreover, these assets produce cash flows that usually track inflation. Many property leases are adjusted annually and linked to price indices. Some—those of hotels or storage space, say—are revised even more often. The revenue streams of infrastructure assets are typically tied to inflation, too, through regulation, concession agreements or long-term contracts. Meanwhile, the rising maintenance or energy costs associated with these assets are often either passed through to tenants (for property) or fixed for long periods (for infrastructure). And debt raised against them—often fixed-rate, and in copious amounts—becomes cheaper to repay.

As a result, real assets have done well during inflationary periods. A recent report by BlackRock, an asset manager,



suggests that the total returns of privately held property and infrastructure assets globally have beaten those of main stock and bond indices when inflation has exceeded 2.5%. David Lebovitz of JPMorgan Asset Management reckons that a typical pension fund should start off by allocating 5-10% of its assets to them, with the share rising to 15-20% over time. Some big funds are in fact bolder: Ontario Teachers' Pension Plan, which manages C\$228bn (\$182bn), wants to lift its allocation from 21% to 30%.

That might all sound very alluring, but it should come with health warnings. For one, performance has become harder to predict: think of retail space and office blocks (under threat from e-commerce and remote work), airports and power plants (exposed to decarbonisation) and even farmland (vulnerable to climate change). The asset class may require a greater appetite for risk and more homework than its backers are used to.

Another difficulty is that real assets are hard to access. They are typically private, meaning that only the most sophisticated

investors have the resources and patience to find gems on their own. The rest might gain exposure in public markets, through real-estate investment trusts, infrastructure stocks or exchange-traded funds. But these tend to be closely correlated with equities, defeating the point of investing in them. Institutional investors also have access to private funds, but these tend to deploy capital only slowly and come at a cost, as their managers typically charge high fees.

In any case, real assets cannot insulate an investor's entire portfolio against inflation. Their merit is that they preserve their own value when inflation is high. But to protect all of their capital investors must seek assets that do not just tread water, but gain value more quickly during inflationary bursts than their other holdings depreciate. And there is not a lot of consensus over which ones fit the bill. Gold, commodities, inflation-linked bonds, derivatives: each has champions and detractors.

Perhaps the biggest danger, though, is that real assets fall victim to their success. Many investors already turned to them over the past decade as they hunted for stable yields and sought diversification. Between 2010 and 2020 private real assets under management more than doubled, to \$1.8trn. Finding things to buy is getting harder. Some \$583bn raised by funds since 2013 remains unspent. A bubble is possible, says David Jones of Bank of America Merrill Lynch. The definition of a real asset may become stretched. Already some argue for it to include exotic fare such as non-fungible tokens—digital media recorded on a blockchain. Rather like penguins that huddle ever closer on a shrinking bit of ice, some investors might find themselves falling into treacherous waters.

## Free exchange | How the YIMBYs can win

*The rich world needs more houses. But how to get them?*



ECONOMISTS DO NOT agree on much, but they do almost all think that a shortage of housing is a big drag on the economy. Zoning laws and conservation rules have proliferated since the 1960s, with diktats on everything from the number of car-parking spaces to how pitched a roof must be. These have made it harder to get projects off the ground: house-building in the rich world, relative to population, has fallen by 50% since 1964. Low housing supply means higher prices, constraining cities' growth and reducing productivity. One estimate suggests that restrictions lowered American output growth by a third between the 1960s and 2009.

Although most housing experts want more building, few spend much time thinking about how to make this happen. Some pin their hopes on the "YIMBY" movement—enthusiastic nerds who turn up to planning meetings and shout "yes" not "no" to having more houses "in my back yard". But YIMBYs are few and their power limited. More encouragingly, politicians are waking up to the damage caused by distorted housing markets. In Britain the Conservative government talks a good game on boosting house-building. On September 1st America's White House decried "exclusionary zoning laws and practices" and promised to raise the supply of affordable housing. Yet its talk of "relaunching partnerships" and "leveraging existing federal funds" hardly inspires confidence. Better solutions are needed.

One option is for the state to build houses itself. Singapore has taken this route since the 1960s. The government nationalised most land supply and built vast numbers of flats. Today 80% of Singaporeans live in these buildings and housing costs are low. In Russia the state has played a more Singaporean role in housing since 2000. Annual construction of new homes has tripled.

But is more public housing enough? Few people, including well-off Singaporeans, dream of living in a government-built house. The post-war push in the West to build huge housing projects, meanwhile, ended in failure—when money was tight it was always easy to slash maintenance budgets. The bigger question, then, is what needs to happen to boost private housebuilding.

Happily, there are precedents. In the decade to 2013, for instance, Tokyo boosted its overall housing stock by over 1m, more than double the increase in the 1980s. Sydney has boosted annual

completions by 50% since the early 2000s. Such reforms can quickly have positive effects. A new paper on São Paulo, which enacted zoning reforms in 2016, finds that the policy boosted housing supply by 1.4%, leading to a 0.4-1% reduction in prices.

Reforms are sometimes the outcome of crisis. In normal times homeowners fiercely resist new developments because they worry that property prices will fall. This was less of a concern for Tokyoites after Japan's property bubble burst in 1992. In other cities the housing market is so dysfunctional that even NIMBYs recognise something must be done. In San Francisco, where the average house price is 2.4 times New York's and rough sleeping is rife, there is talk of a more pro-development approach.

Yet waiting until a city is at risk of turning into San Francisco is hardly a viable strategy. A more durable one involves recognising that the housing shortage is the result of skewed incentives, and then correcting them. That in turn means focusing on two groups: planners and homeowners.

Take planners first. In many countries local governments assume this responsibility. They must deal with the downsides of extra houses—the need to provide more school places, for instance. Yet they do not often reap the gains in the form of a bigger tax base, since the majority of taxes in rich countries accrue at the national level. In England, councils that raise extra revenue often see it vanish into the central-government pot. This creates large disincentives to allow housing development.

One solution is to take power from local bureaucrats. This was what São Paulo did. Another involves incentivising local authorities to become more development-friendly. Switzerland has gone furthest. The cantonal system means that a high share of taxes raised locally stays there, so for local governments more houses means more tax revenues. Switzerland builds three times as many homes per person as Britain, and construction continues to rise.

Tweaking the incentives facing individuals may prove even more powerful. The main reason for the long-run decline in housebuilding relates to rising homeownership. More people on the property ladder means more voters with an interest in rising prices and so a political system that becomes hostile to development. Yet it is possible to find solutions that allow homeowners to behave selfishly while still encouraging more building—relying on the same instinct that drives NIMBYism, but for YIMBY ends.

### Building a coalition

One intriguing idea floated in a recent paper by Policy Exchange, a British think-tank, involves existing residents sharing the benefits of more building. A street would vote to put extra floors on its houses or even rebuild with more homes, and would keep the lion's share of the profits accruing from the value of existing houses rising or from the sale of the new properties. A similar scheme already exists in Israel, where homeowners are granted development rights on their house, which they can then sell to builders. The programme has "played a huge role in supplying additional housing in recent years, especially in high-demand areas", says Tal Alster of the Hebrew University of Jerusalem.

More creative ideas could be considered. William Fischel of Dartmouth College has suggested that homeowners could take out "home-equity insurance", which would pay out in the event of falling house prices. Others simply want to compensate NIMBYs in exchange for more building. What is clear, though, is that no one needs any more papers showing that stringent zoning regulations raise housing costs. It is time for solutions. ■

The  
Economist

# Gamechangers



**Our new podcast series looks at the people and stories behind world-changing ideas.**

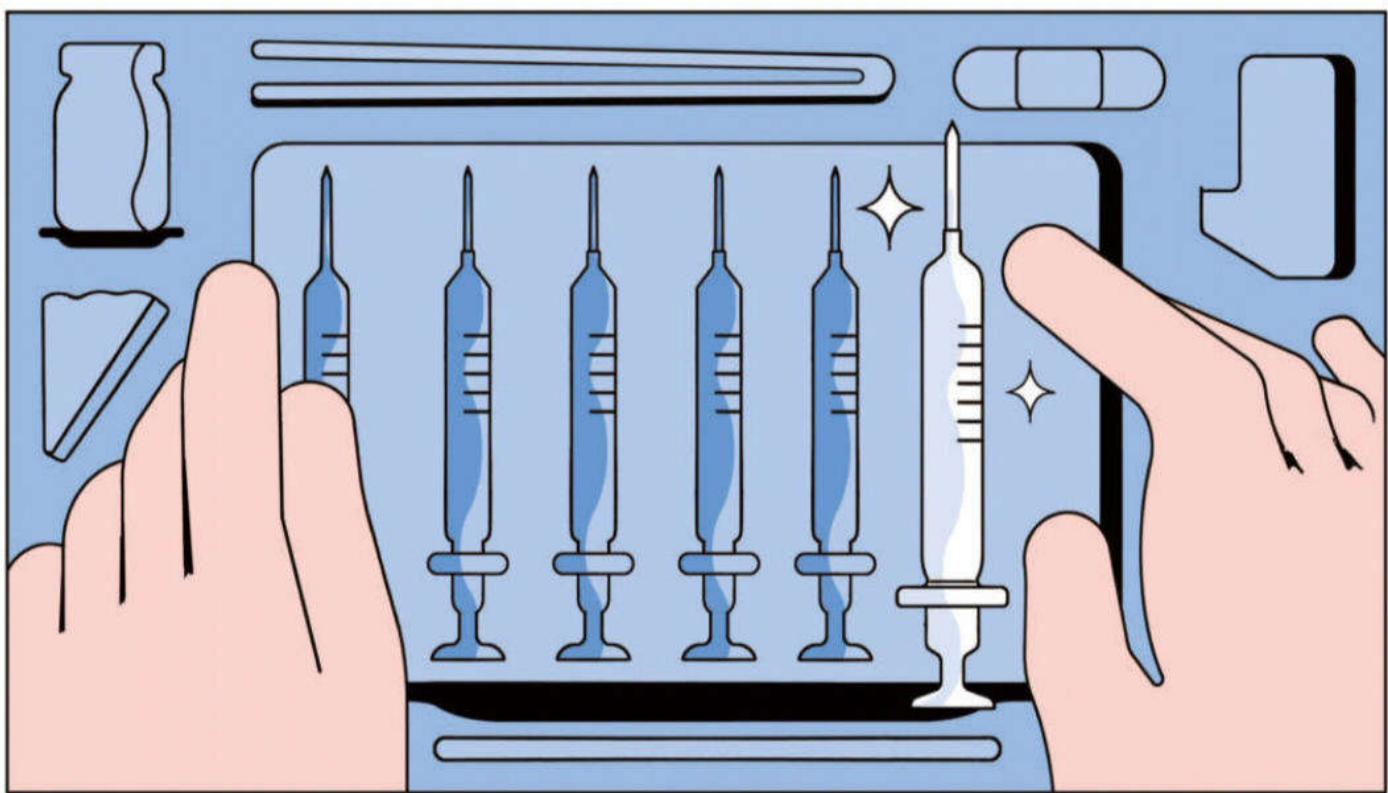
Each month we consider a different topic to illuminate how innovation really works in practice. Hosted by Tom Standage and featuring experts and guests from around the world.

Listen now



Sponsored by

Morgan Stanley



The other pandemic

## A new hope

### A new AIDS vaccine uses the same mRNA technology as some covid jabs

ONE SILVER lining to the covid-19 pandemic has been the speed with which effective vaccines have been developed. Victims of other pandemics have not been so lucky. Three decades of attempts to create a vaccine against HIV, the virus that causes AIDS, have proved fruitless. The latest setback came on August 31st, when an experimental vaccine produced by Johnson & Johnson, an American pharmaceutical firm, flunked a clinical trial. One obstacle is HIV's genetic slipperiness. The virus has a high mutation rate, which helps it adapt to evade both natural immune systems and artificial vaccines.

Undaunted, Moderna, a firm based in Massachusetts that has recently found fame by quickly coming up with a viable covid-19 jab, is planning to start human trials of a novel vaccine against HIV. Its researchers hope that the mRNA technology used to produce its covid-19 jab will succeed against HIV too, by creating a vaccine which the virus cannot easily dodge.

Moderna's approach is based in part on work by the International AIDS Vaccine Initiative (IAVI), a charity, and Scripps Re-

search, a not-for-profit institute in San Diego. A joint study published in February showed, for the first time in humans, that it is possible to stimulate activity in immune cells called germline B-cells, which can produce things called broadly neutralising antibodies (bnAbs) against HIV.

Antibodies are proteins produced by the immune system in response to infection. Through a process of quick-fire trial and error in response to particular pathogen molecules, known as antigens, the body creates specialised molecules designed either to gum up the workings of pathogens, or to flag them for destruction by other parts of the immune system. But most antibodies turned out in response to HIV fail to stem the infection for the same rea-

son vaccines do—the virus's rapid mutation rate allows it to evolve to avoid them.

As their name suggests, bnAbs are less susceptible to such countermeasures. In the case of HIV, the antigen they recognise is part of a viral protein called gp120. This is the means by which HIV particles "dock" with their target cells prior to infecting them. The part of the protein that does the docking is so well tailored that almost any mutation will make it less effective. Since gp120 is trapped in an evolutionary corner, it is a desirable target for a vaccine.

Germline B-cells are diverse but rare. Each carries the blueprint of an antibody, and stands ready to do two things when alerted to the presence of a pathogen. The first is a process called somatic hypermutation, which generates daughter cells capable of producing many slightly different versions of that antibody. The second is clonal expansion, in which cells carrying the most successful of these variants multiply to deal with the infection.

The study conducted by IAVI and Scripps used a small engineered protein called eod-GT8 6omer as an antigen. This protein resembles the cell-docking part of gp120. Crucially, empirical work in both mice and humans has shown that it also stimulates somatic hypermutation in germline B-cells carrying a broadly neutralising antibody called VRCo1. That makes it a promising basis for a vaccine.

The problem with this approach is that eod-GT8 6omer is slow and expensive to make. Which is where Moderna's technol- ►

#### → Also in this section

**76 Covid-19 trials on humans**

**77 Climate change and animal bodies**

**77 The luck of the kakapo**

**78 Hybrid ocean reefs**

ogy comes in. mRNA is the messenger molecule that carries, from a cell's chromosomes, instructions which tell that cell how to make particular proteins. Instead of carrying eod-GT8 6omer itself, Moderna's vaccine contains the mRNA instructions on how to make it, and leaves the job of production to the body's own cells. Once the molecule enters the bloodstream, it should stimulate the VRC01-carrying germ-line B-cells to do their stuff. After that, booster shots employing mRNAs for other small antigenic proteins will be used to guide the process of hypermutation in the right direction.

The trial is an early one, designed to test safety and prove the principle. It is testing two approaches. One uses only the mRNA for eod-GT8 6omer. The other adds mRNA for one of the small, guiding antigens to the shot. It will begin in America later this month, with 56 people. Trials in Rwanda and South Africa should follow shortly after. (UNAIDS, the body charged by the United Nations with combating HIV, estimates that two-thirds of the 38m people infected with the virus by the end of 2020 were in Africa.)

The results from the American trial are expected in 2023. Beyond that, the timeline is less clear. Mark Feinberg, IAVI's boss, citing how difficult HIV vaccine development still is, does not want people thinking that "just because the covid vaccines were developed using RNA technology in less than a year we're going to have an HIV vaccine in less than a year". After three decades of waiting, though, a little more patience is not too much to ask. ■

#### Covid-19 experiments

## A calculated risk

### Results are due from the first trials to deliberately infect people with covid-19

**I**F YOU ARE going to catch covid-19, jokes Jacob Hopkins, a university student, the safest place to do it is in a hospital. So in March Mr Hopkins lay down on a bed in the Royal Free Hospital in London while doctors placed droplets of liquid carrying the SARS-CoV-2 virus into his nose. Mr Hopkins was one of 36 participants in the first "human challenge trial" (HCT) for covid-19.

Human trials are a valuable part of medical research. Studying sick people in the controlled environment of a lab allows scientists to collect valuable information about how diseases work much more quickly than relying on messy and uncertain data from the real world. Since the second world war, around 40,000 volunteers

have allowed themselves to be infected with everything from malaria and typhoid to dengue fever and cholera.

But although the idea of doing HCTs for covid-19 has been discussed since the early days of the pandemic, it has proved controversial enough that only Britain has allowed them to go ahead. (A second HCT is under way at Oxford University.) The results from the Royal Free trial, conducted with help from Imperial College London and a firm called hvivo, which specialises in HCTs, are expected in the coming weeks. They will include details on the natural course of infection of covid-19, how well different tests do in detecting infections, how much exposure to SARS-CoV-2 is necessary to infect someone, and how useful masks are in preventing transmission.

Despite the safety worries, the trials have proceeded without incident, says Andrew Catchpole, hvivo's chief scientific officer. Volunteers in the trials had only mild symptoms. And the data generated look like being very useful. Dr Catchpole says he and his team were "stunned" by how consistent the course of the disease was in different volunteers. The shedding of viral particles, for instance—which can then go on to infect others—usually starts within a few days of infection, typically up to day four, after which it increases very quickly.

Another strand of the trial aims to nail down just how long it takes, after an individual is infected, for covid-19 to be detected, both by cheap, widely used lateral-flow tests, and by more expensive, more accurate PCR ones. During the trial, researchers conducted frequent swabs of the rooms that volunteers were confined to. That allowed them to figure out exactly when infectious viral particles—as opposed to just passive blobs of genetic material—were present in the room. There will also be more to say on covid-19's neurological symptoms, and on the immune response of infected individuals.

Despite this promised bounty of data, HCTs for covid-19 remain controversial. Opponents point out that covid-19 is a potentially dangerous disease that is not well-understood or always treatable. "Long covid", a mysterious condition in which symptoms persist for months, is a possibility, as is death. Jan Helge Solbak, head of research at the Centre for Medical Ethics in Oslo, says there is no longer any good argument in favour of HCTs now that vaccines have been developed and tested.

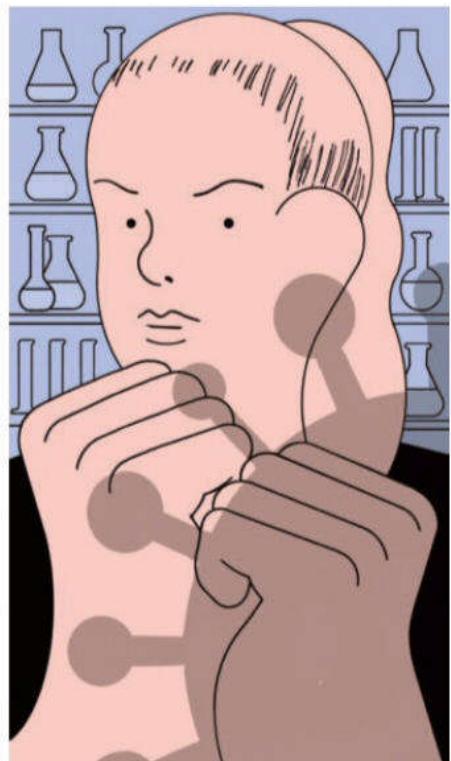
Proponents counter that the safety record of previous HCTs is "outstanding", and that risks can be minimised by giving young and healthy volunteers the smallest possible dose of the virus. Arthur Caplan, a professor of medical ethics at the Grossman School of Medicine at New York University, points out that drug trials also involve the risk of injury or death, yet are un-

controversial. He says opponents of HCTs are not focusing on the research that is still needed, including into new vaccines, or the time it will take to obtain such data without HCTs. He accuses them of "fuzzy moral thinking".

The trial has infected participants with the original strain of SARS-CoV-2 that first emerged in China in 2019. That means not all the data will be generalisable to the Delta variant of the virus, which has become dominant in many countries. But Dr Catchpole says he expects at least some consistency in results concerning the minimum dose needed for infection.

And having conducted one set of HCTs safely, it should be easier to undertake more in future. Further trials could allow quicker tests of vaccines against new variants of SARS-CoV-2, for instance, or tightly controlled comparisons of different jabs to see which is the most effective. (Such questions could take years to answer with real-world data.) They could also help obtain swift answers on how well new or existing drugs work against covid-19.

Adrian Hill, the director of the Jenner Institute, a vaccine-research body based in Oxford, says the risks of conducting HCTs have been reduced by the availability of new treatments for covid-19, such as monoclonal antibodies. Yet even in gung-ho Britain, arguments about safety delayed the start of the trials by months. Covid-19 is unlikely to be the last novel disease the world faces, says Dr Hill. To help save lives in future, he would like to see the ethical questions around HCTs settled before the next pandemic arrives. ■



## Climate change and evolution

# My, what a big beak you have

## A warmer planet is changing how animals look

**F**OR HUMANS, adapting to climate change will mostly be a matter of technology. More air conditioning, better-designed houses and bigger flood defences may help ameliorate the effects of a warmer world. Animals will have to rely on changing their bodies or their behaviour. In a paper published in *Trends in Ecology & Evolution*, a team led by Sara Ryding, a PhD candidate at Deakin University, in Australia, shows that is already happening. Climate change is already altering the bodies of many animal species, giving them bigger beaks, limbs and ears.

In some species of Australian parrot, for instance, beak size has increased by between 4% and 10% since 1871. Another study, this time in North American dark-eyed juncos, another bird, found the same pattern. Similar trends are seen in mammals, with species of mice, shrews and bats evolving bigger ears, tails, legs and wings.

All that dovetails nicely with evolutionary theory. "Allen's rule", named for Joel Asaph Allen, who suggested it in 1877, holds that warm-blooded animals in hot places tend to have larger appendages than those in temperate regions. Such adaptations boost an animal's surface area relative to its body volume, helping it to shed excess heat. Being richly endowed with blood vessels, and not covered by insulating feathers, beaks make an ideal place for birds to dispose of heat. Fennec foxes, meanwhile, which are native to the Sahara desert, have strikingly large ears, especially compared with their Arctic cousins.

Ms Ryding examined museum specimens, comparing their bodies to those of their modern counterparts. She is not the first researcher to take that approach. But it is hard, when dealing with individual species, to prove that climate change was the cause of an anatomical alteration. All sorts of other factors, from changes in prey to the evolving reproductive preferences of males or females, might conceivably have been driving the changes.

Looking at the bigger picture makes the pattern clearer, says Ms Ryding. Her team combined data from different species in different places. Since they have little in common apart from living on a warming planet, she says, climate change is the most plausible explanation.

For now, at least, the increase is small, never much more than 10%. That may change as warming accelerates. Since any

## Genetics and extinction

# Two close shaves

## A previous brush with extinction may be protecting today's kakapos

**I**SLAND-DWELLING flightless birds suffer when they meet humans. After arriving on New Zealand around 700 years ago, the Maori quickly discovered that the kakapo—a type of flightless parrot—was delicious and easy to catch. Things got worse once Europeans came. By 1995 there was just one kakapo left on the mainland, and 50 on Stewart Island, off New Zealand's South Island.

But things may be looking up. Conservation efforts have seen numbers rise to 204. And a paper in *Cell Genomics*, by a team led by Nicolas Dussex at the Centre for Palaeogenetics in Stockholm, suggests the kakapo may have dodged a "mutational meltdown", a genetic phenomenon that can doom species with small populations.

Mutations—unintended changes to an animal's genetic code—are common. But since animals are already well-tuned by evolution, most are harmful. In a large population natural selection can weed out bad mutations while spreading the useful few. In a small species, the effects

of random chance on survival and reproduction matter more, and that process breaks down. Harmful mutations accumulate, the population falls and the process accelerates towards extinction.

Dr Dussex wondered why this seems not to have happened to the kakapo. He and his collaborators collected DNA from birds both living (via blood samples) and dead (from museum specimens). They found that the birds on Stewart Island have around half as many harmful mutations as those that lived on the mainland over a hundred years ago. That is good news, for it leaves them less vulnerable to a meltdown. But it is also puzzling. Since mainland birds had been part of a much larger population than those on Stewart Island until quite recently, the team had expected to see the islanders carrying a greater mutational load.

Love Dalén, one of Dr Dussex's colleagues, thinks the island birds may have been toughened up by a previous brush with extinction, when Stewart Island split from the mainland around 10,000 years ago. The relatively small number of birds left stranded would have been at risk of a mutational meltdown then, too.

But small populations are not always doomed. Depending on their exact size, they can benefit from a countervailing process called "purifying selection," in which harmful mutations are removed rapidly from the gene pool, aided by the inbreeding that is inevitable when few individuals remain. If the island population was big enough for purifying selection to dominate, the result may have been a set of kakapos with very few harmful mutations left to cause trouble.

Whether a population melts down or is purified depends on the particular situation of a given species. But if the kakapo has already dodged one genetic bullet, that may have left it better positioned to dodge a second one, too.



Tougher than he looks

evolutionary adaptation comes with trade-offs, it is unclear how far the process might go. Bigger beaks might interfere with feeding, for instance. Larger wings are heavier, and bigger legs cost more energy to grow.

And there are other ways to adapt, too. Researchers have already seen changes in the geographical range of many species, from insects to fish. Another evolutionary rule-of-thumb, Bergmann's rule, holds that animals in hotter places tend to have smaller bodies, another way to boost the

ratio between surface area and volume. Other animals may alter their behaviour as well as their bodies, such as by seeking shelter at hot times of the day.

Studying a broader range of animals will help firm up exactly what is happening. Much of Ms Ryding's data concern birds, with less information available for other taxa. But it seems clear that the world of the future is not just going to be hotter than humans are used to. The animals living in it will look different, too. ■

## Ocean reefs

## Hybrid vigour

### A new form of sea defence is part natural, part artificial

**I**F THE CORAL reef pictured below looks odd, that's because it is. It is artificial, but co-opts the local ecology to help out. Fully grown, it will be a defence against erosion and wave damage—and a tourist attraction for divers. Such "hybrid" reefs have been around for a while. But they are now being deployed by commercial developers, and gaining military attention.

Rather than blocking waves, as a sea wall does, a reef slows them, dissipating their energy before they reach land. One estimate, from the University of California, Santa Cruz and the Pacific Coastal and Marine Science Centre, suggests natural reefs prevent \$1.8bn a year of flood damage in America alone. Rising sea levels and increased risk of storm surges will require better sea defences in the future. But while natural reefs take centuries to grow, hybrid versions can be conjured up in months.

The idea began with Wolf Hilbertz, an architect with an interest in marine biology. In the 1970s Hilbertz developed a technique that uses submerged electrodes to run electrical currents through seawater. This precipitates calcium carbonate and magnesium hydroxide out of the seawater, forming limestone similar to that of natural reefs. The artificial reef can become the substrate upon which a natural coral ecosystem develops.

Hilbertz's original idea was to stop at the limestone stage, growing structures underwater, some of which would be used *in situ* as things like port facilities, while others would be hoisted ashore as buildings. It looked like a simple, low-cost alternative to making things out of concrete. Later work with Thomas Goreau, a marine biologist, produced both a catchy name—"Biorock"—and the idea of using the stuff as the basis of coral reefs, and, in particular, for repairing damaged reefs.

In 1996 the Global Coral Reef Alliance, a charity, began using Biorock for reef repairs by growing a six-metre structure in the Maldives. Other repairs have followed in Indonesia, Jamaica and Mexico. The Perumatan Coral Reef Restoration Project, in Bali, is more than 300 metres long and includes dozens of "nurseries" in which Biorock acts as nuclei for the natural extension of the reef.

These are all charitable or public-sector efforts. But some think there is money to be made. One is William Bateman, founder of a British firm called CCell. Mr Bateman

believes reefs are better than breakwaters and far better than "beach nourishment", a multibillion-dollar industry that involves adding sand repeatedly to beaches to combat erosion. CCell's first big contract is for a reef at Telchac Puerto, a Mexican resort. This summer the firm's operatives laid a 110-metre section of artificial reef using lightweight two-metre sections put into place without heavy machinery.

While some adjacent beaches have carried in thousands of tonnes of rock to build breakwaters, Telchac Puerto's new reef draws most of its building material from the seawater. This means less environmental disruption, less labour and lower costs. Mr Bateman says locals claim the beach has already been improved, but another few months will be needed to confirm the reef's effectiveness. Success will pave the way for the roll-out of commercial hybrid reefs elsewhere.

DARPA, a research agency run by America's Department of Defence, also sees hybrid reefs as a means of coastal defence—in this case protecting the country's seaside military installations. Lori Adornato, head of DARPA's "Reefense" project, says the goal is a hybrid reef-type system which will be maintenance-free and self-repairing. Reefense therefore involves not only creating reefs and measuring their effectiveness, but also attracting and fostering appropriate organisms to sustain the reefs' health, ensuring they can survive even when natural reefs are suffering.

Though coral reefs thrive in warmer wa-

ters, oyster beds are likely to form the best basis for reefs in cooler areas, reckons Dr Adornato. Oyster reefs form when layers of old oyster shells fuse together under the weight of their successors above, producing large, solid structures. Such reefs were abundant in the waters off north-east America until overfishing and environmental degradation destroyed them. But they can be built on the same artificial foundations as hybrid coral reefs, and should provide similar protection.

Whichever reef-building organism is involved, though, a thriving hybrid reef needs to attract the right additional inhabitants. Dr Adornato says algae can compete for space with the reef-building anthozoans, and that some types of fish will nibble at the reef itself. But other fish eat algae and drive off predators. She says that a variety of techniques might be employed to attract beneficial species. Researchers at the University of Exeter, in Britain, among others, have shown that broadcasting sounds recorded on healthy reefs can attract fish. CCell is working with Cornell University to use such acoustic cues.

Perhaps the biggest challenge is to ensure that hybrid reefs survive climate change, which is making seawater both warmer and more acidic. Both trends can damage corals. In practice, that could mean working out in advance which mixture of coral species will be most robust for future rather than current conditions, and then seeding a reef with these varieties.

DARPA is currently assessing proposals from contractors interested in Reefense. The plan is to make awards and move into the next phase of the project by the end of the year. The aim, says Dr Adornato, is to be able to create hybrid reefs cheaply, wherever needed, and that once in place they will maintain themselves with no further costs. In a warming world with rising sea levels, this type of defence is likely to have widespread appeal. ■



The wave of the future?



America in the 21st century

## The home front

Two books grapple with the impact of the September 11th attacks on America

“ON TUESDAY MORNING, September 11th, from my window in lower Manhattan, I watched the 21st century begin,” wrote Tony Judt, who until his death in 2010 was the English-speaking world’s pre-eminent historian of post-war Europe. Judt taught at New York University; from that window he could have seen two hijacked commercial planes, loaded with passengers, flying into the World Trade Centre’s twin towers. Later that morning another plane crashed into the Pentagon; a fourth, probably intended for either the Capitol or the White House, went down in a field in Pennsylvania after a fight between passengers and hijackers. Nearly 3,000 people died in that day’s atrocities. Another 6,000 were injured.

As Judt predicted, the attacks, and their aftermath, defined the new century’s geopolitics. “Every nation in every region now has a decision to make,” President George W. Bush declared. “Either you are with us or you are with the terrorists.” Soon his administration embarked on the war in

### Wildland: The Making of American Fury.

By Evan Osnos. *Farrar, Straus and Giroux*; 480 pages; \$30. *Bloomsbury*; £20

### Reign of Terror.

By Spencer Ackerman. *Viking*; 448 pages; \$30

Afghanistan, America’s longest, which began with jihadis killing Americans in New York and ended, almost 20 years later, with the same thing happening in Kabul, and the Taliban back in power. The intervening decades have changed America as well as the world, as two new books try to explain.

Evan Osnos, a journalist at the *New Yorker*, calls the September 11th attacks an assault “on the country’s sense of itself”,

which, in the words of his subtitle, inaugurated a period of “American fury”. After living in China for some of that period, he returned home to find “fear...reaching into our political life”. In “Wildland” Mr Osnos investigates the causes and manifestations of such fears, as embodied in three cities he knows well.

In swanky Greenwich, Connecticut, where he grew up, he focuses on a white-collar criminal. In struggling Clarksburg, West Virginia, where he landed his first job in journalism, he spotlights an embattled newspaper editor and an array of environmental activists. In Chicago, where he subsequently worked, he evokes an ex-convict and a teacher, both African-American, dealing with poverty and the isolation of their neighbourhoods from the rest of the city. At its best, “Wildland” has an appealing shaggy-dog quality, as Mr Osnos listens to people tell stories of their lives in the two decades since the cataclysm.

But as chapter after chapter derides typical liberal bogeymen—guns, money in politics, fossil fuels—it becomes predictable. He contends that between September 11th 2001 and January 6th 2021, when enraged supporters of Donald Trump stormed the Capitol, “Americans lost their vision for the common good, the capacity to see the union as larger than the sum of its parts”. These oracular, more-in-sorrow-than-anger pronouncements about the country’s fall from grace say more about Mr ►

#### → Also in this section

80 Josiah Wedgwood’s revolution

81 Antiquities in court

82 Sally Rooney’s new novel

► Osnos's views and perspective than about America's trajectory in the 21st century.

Did African-Americans living under Jim Crow, for instance, believe that America then acted on an inclusive "vision for the common good"? America's nature and purpose have been contested since its founding; lamenting that things would be great if only they went back to how they were before, when citizens cared for each other, is a form of misty-eyed left-wing Trumpism. Those who already agree with Mr Osnos will find confirmation for their beliefs in his book. But, character sketches aside, it will tell most readers very little that they did not already know.

#### Collateral damage

"Reign of Terror", by contrast, will make readers see the past 20 years differently. A longtime national-security correspondent, Spencer Ackerman was once a drummer for punk bands, and it shows: his book has a percussive drive that makes it a bracing, infuriating read. His central thesis is simple but counterintuitive. Even though Mr Trump ran against "forever wars" and America's national-security establishment, they—that is, the country's response to the September 11th attacks—paved his path to power.

In Mr Ackerman's telling, three things shaped that response. The first was xenophobia. The "war on terror", he writes, was "a civilisational counterjihad"; the enemy were "definitely, exclusively, Muslims", even if "not all Muslims" were included. Military and law-enforcement trainees were told, falsely, that violence was inherent in Islam and that America would need to wage "total war" against a "barbaric ideology"—even though, over the past 25 years, right-wing extremists have been responsible for most terrorist attacks and plots on American soil.

The second defining feature was a legalistic sort of norm-destruction, in which slick political appointees provided meretricious justifications for policies such as torture, detention without trial and surveillance on a previously unimaginable scale. Mr Bush's administration began such practices, but Barack Obama's continued many of them.

For example, Mr Obama shut down a registry of Muslim travellers created by John Ashcroft, Mr Bush's first attorney-general. But rather than being purged, the data were transferred to other systems within the Department of Homeland Security—itself a post-September 11th creation, which put immigration policy in the hands of a bureaucracy devoted to counterterrorism. Mr Obama was conciliatory where Mr Bush's rhetoric had been Manichean, yet, as the author notes, "the machinery he retained was targeted at Muslims, something elected officials reflexively treated as the

responsible thing to do."

The third factor was America's conspicuous failure in both Afghanistan and Iraq, which made the "experts" look incompetent. By the time Mr Trump began his presidential campaign, America had been fighting for 14 years. The war's human cost was borne by a tiny sliver of the population, but the humiliation of defeat—or at least of not winning—was felt more broadly. Mr Trump's insight, argues Mr Ackerman, "was that the jingoistic politics of the war on terror did not have to be tied to the war on terror itself".

His campaign revealed "a disgust at waging the war...along with an enthusiasm for voicing its civilisational subtext". He embodied a determination that "brutality would be defeated by greater brutality". Mr Trump packed his government with anti-Muslim bigots and presided over rallies at which crowds chanted "Send her back!" at Ilhan Omar, a Muslim congresswoman. He pardoned soldiers convicted of battlefield abuses and sought to use the war on terror's armoury against his domestic enemies. After George Floyd's murder in 2020, the Department of Homeland Security created "baseball card" intelligence reports on Black Lives Matter activists in Portland, Oregon—modelled on the set that depicted Saddam Hussein's henchmen in 2003.

None of these things would have been imaginable, contends Mr Ackerman, without the resentments and ebbing of faith in government that followed September 11th. That reaction was not solely responsible for Mr Trump's election victory; complex events rarely have single causes. Not least, advances in racial equality, of the sort that Mr Obama's election represented, have often produced a backlash in America. But Mr Trump skilfully exploited the fear, vulnerability, nativism and sense of humiliation that the war on terror fomented. Hillary Clinton, his opponent in 2016, epitomised the threadbare and easily mockable expert consensus.

#### Another world

In retrospect the attacks of September 11th can be seen as America's last unifying moment. Mr Bush's approval ratings spiked to 90% as the world rallied in sympathy. It is facile to say that the country squandered that moment; after all, emotive responses of this kind never last. But those who were in New York in the days after the horror, and remember the sweet, acrid smell that hung in the air for weeks, and the home-made posters tragically seeking information on the missing; who remember standing on pavements and applauding, teary-eyed, as haggard firemen passed in their trucks; who remember, most of all, the feeling that Americans were all in this together—they remember a different country, in a long-gone century. ■



#### Industrious revolutionaries

## Tectonic plates

**The Radical Potter: Josiah Wedgwood and the Transformation of Britain.** By Tristram Hunt. Metropolitan Books; 352 pages; \$29.99. Allen Lane; £25

ONE HALF of the world, wrote Jane Austen, cannot understand the pleasures of the other. That may be especially true when the other half is inexplicably devoted to pottery. Yet many people, including Austen herself, used to enjoy pottery enormously. Vases, ewers and urns; statues, busts and bas-reliefs; cameos and intaglios—the drawing rooms of 18th-century England were filled with fiddly little thises and charming little thats, with jasperware trinkets and basalt-ware baubles. And those made by Josiah Wedgwood were particularly coveted.

Wedgwood wanted to "astonish the world...for I hate piddling". And for a time his pottery did. Austen admired it; Edward Gibbon collected it; Empress Catherine II of Russia ordered a job lot of it. Then, suddenly, it fell out of fashion, coming to be seen as piddling, not astonishing. Wedgwood's own grandson, Charles Darwin, evinced an "insensibility to Wedgwood ware". When the author J.B. Priestley set out on a round-England trip in the 1930s, he sniffed at the Wedgwood factory in Stoke-on-Trent: so industrial, he considered, and so soulless.

Today, Wedgwood is cherished by the very elderly and the very ironic; an ancient aunt or an east London hipster are likeliest to wear a cameo brooch now. So though it ►►

► might not seem odd that Tristram Hunt, director of the Victoria and Albert Museum, has written a biography of Wedgwood (the V&A has lots of his stuff), its title may be a surprise. "The Radical Potter": fancy pottery today feels about as radical as a doily.

That only proves Mr Hunt's case. The most remarkable revolutions change the world so completely that no one remarks on them any more. And, in a way, Wedgwood did change the world. When he started out in the 1740s, pottery was such a small-scale, racketty industry that some potters got the clay they needed by digging it out of holes in the road—"potholes".

Ambitious, obsessive and empirical, Wedgwood raged at his "dilatory, drunken, idle, worthless workmen", then set about reforming them. Before the Industrial Revolution came the "industrious revolution" in household productivity. Wedgwood wrote that he wanted "to make such *Machines of the Men as cannot Err*". He trained and chivvied, tweaked and experimented, building new factories for his pots and a model village for his workers. Vases in their thousands, then in their tens of thousands, began to emerge from the Wedgwood production line.

The history of pots matters because they do. Pick one up and in its lines you can trace trade routes and chronicle empires. The rise and fall of Rome can be charted in the words of its historians, but it is observed more accurately in the rise and fall of the Roman pot trade. At its imperial peak Roman ceramics—cheap, trademarked, perfect—were shipped everywhere from Africa to Iona; after Rome fell it would take centuries for European pottery to recover such excellence. Examine a cup made under China's Han dynasty, meanwhile, and you will see not just fine design but an advanced bureaucracy. A single piece can be inscribed not just by the six craftsmen who made it, but by the seven officials who inspected it. Pots contain worlds.

In his lifetime some of Wedgwood's most popular products were his medallions: little ceramic circles embossed with profiles of famous figures, such as Aristotle, John Locke and Voltaire. Peer at a piece of Wedgwood, and you can still be astonished by the brilliance of the individual engravings—by the curl lying on this king's neck, or the realistic line of that philosopher's nose. Yet as Mr Hunt's elegant biography shows, to focus on these exquisite details is slightly to miss the point.

Wedgwood's genius lay not in the creation of individuality, but in the erasing of it. He wanted to make machines of men, and he did. And then his machine-men churned out umpteen more manufactured men in their turn, Voltaires and Aristotles rolling off the production line in their hundreds, thousands, tens of thousands, until the world was astonished no more. ■

## Antiquities and the law

# Unburied treasure

ROME

## A case in Germany has profound implications for collectors of antiquities

**W**HEN MEMBERS of the semi-militarised Civil Guard raided the home of Ricardo Granada in Illueca, a village in north-eastern Spain, in 2013, they found coins minted by a Celtiberian tribe that once inhabited the area, stored by Granada in chocolate boxes. Pellets for ancient slings were strewn on top of a television set. There were brooches, ceramics and breastplates—around 4,000 antiquities in total, kept in haphazard fashion. But, remarked the prosecutors who ordered the raid, there was no sign of weapons or helmets which, they wrote, "may already have been sold to third parties".

Indeed. By then at least 18 bronze Celtiberian helmets in uniquely good condition—and of incalculable historical value—had reached the antiquities market. Seven went to Christian Levett, a British collector. At his Museum of Classical Art in Mougins in southern France, treasures from antiquity are displayed alongside works by modern and contemporary artists including Picasso, Matisse and Damien Hirst.

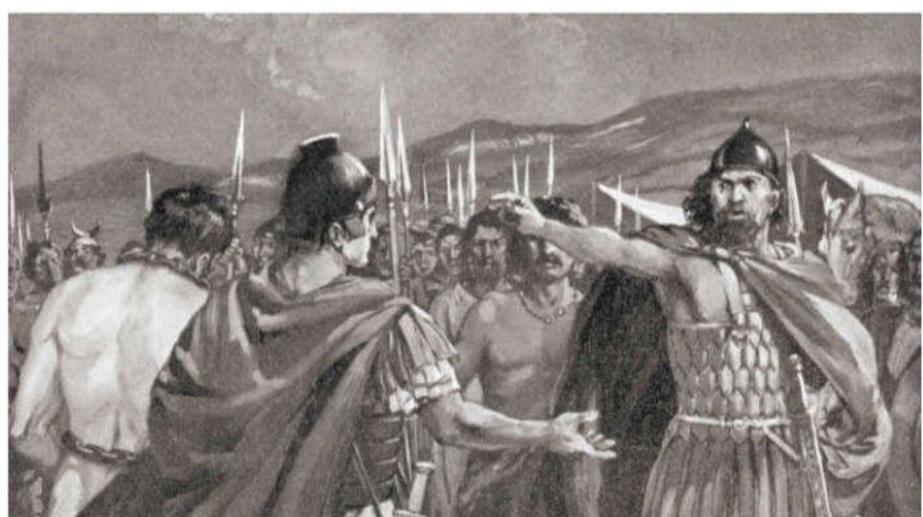
On September 14th these helmets will be the focus of a court hearing in Munich with far-reaching implications for the often murky trade in antiquities. Debate in the art world has hitherto concentrated on objects seized by colonial and other raiders and held in big museums, some of which are now returning them to their countries of origin. Items originating in Europe, and bought by private collectors like Mr Levett, have received much less attention.

In his case, after he discovered the helmets were looted, he decided to do what few if any individuals had done before: he gave them back to the Spanish authorities without demanding compensation or mounting a legal battle to keep them. "Culturally, ethically and legally," Mr Levett says, "I didn't feel that I had any choice but to give them back to the Spanish people."

Instead, the former hedge-fund manager vowed to recover his money from the sellers. The Spanish government arranged for the helmets to be returned at a ceremony in Paris, at the offices of its mission to UNESCO, the UN's cultural agency, before being flown to Spain in an air-force jet.

In June last year Spain's Supreme Court upheld a lower tribunal's findings that Granada had dug up the helmets between 1989 and 1990. For more than 30 years, the judges wrote, he had "devoted himself systematically and exclusively" to plundering the necropolis of the Celtiberian settlement of Aratis or Arátkos, which was destroyed by the Romans in the first century BC. Only once, when he brought in a mechanical excavator, did the local authorities interrupt his labours. Granada was sentenced to three years in jail. Not that it mattered—he had died four months earlier. An accomplice got 21 months.

Following Mr Levett's example, two Spanish collectors have since returned the helmets that they bought to the state. Those purchased by Mr Levett went on show to the public in Zaragoza in July. But he is still badly out of pocket. ►



See you in court

► He bought six of the helmets between 2008 and 2009 from a German auction house, Hermann Historica, which was acting for heirs of a noted collector, Axel Guttman. At the hearing in Munich next week, Mr Levett will be seeking the return of the €236,136 (\$280,000) sale price, including commission and shipping. "Hermann Historica have sold me objects that have been proven in a Spanish court to have been stolen," he argues. Two experts in the field, he notes, have averred "that these helmets could only have come from the particular site where the looters were operating".

The auction house protests that it acted in as much good faith as Mr Levett. The helmets came from "one of the best-known and extensively published collections in Europe", says Stefan Schreyer, Hermann Historica's managing director. "The results of [court proceedings] conducted ten years later could understand-

dably not be taken into account."

Much could depend on who knew what and when. The provenance of the helmets was questioned as early as 1990 when they were offered to the Römisch-Germanisches Zentralmuseum in Mainz. When the artefacts reappeared in Hermann Historica's catalogue in 2008, one of that museum's archaeologists succeeded in getting prosecutors in Munich to delay the sale. The German authorities notified the Spanish government, which asked the police to recover the helmets. But a court in Madrid blocked the operation.

"None of the claims raised at the time could be substantiated, the auction was conducted properly [and] the winning bidders, including the plaintiff, became rightful owners based on German law," says Mr Schreyer. Many dealers and collectors—and their lawyers—will be extremely keen to see if the court in Munich agrees. ■

ochism crop up frequently). Relationships meander in a state of quantum irresolution, the parties likely to have different perceptions of whether they are off or on.

In "Normal People" especially, Ms Rooney (who is still only 30) combined simplicity with sparkle. But her new book pushes her devotion to ordinariness to its logical extreme. She favours bland adjectives, such as "little", "clear" and "thin". When Alice and Felix visit Rome, which may well contain the most impressive collection of *objets d'art* in the world, the reader is told peremptorily that "Felix spent the morning wandering around the city looking at things". Intellectually as well as stylistically, the tone is flat. Much of the book is given over to long, discursive email exchanges between Alice and Eileen, in which they observe that market capitalism is at odds with traditional conservatism, that plastic tat is ugly, and that the fall of the Soviet Union was momentous.

Ms Rooney, an avowed Marxist, has implied in interviews that these views reflect her own. The problem is not that the ideas are right or wrong, but that they are predictable. The exchanges lack dialectical fizz as Alice and Eileen generally agree with one another. That may be because both are projections of paths Ms Rooney herself has followed, or might have: Alice, a bestselling novelist who is struggling with the ambush of early, unexpected fame; Eileen, the thwarted writer too timorous to put pen to paper.

The novel's most interesting feature is its handling of the church. Typically, fiction uses the clash between religious belief and the secular world to torment its characters. Here Ms Rooney presents religion as a possible solution. Simon sees no conflict between his Catholicism and his vigorous and varied sex life. Alice and Eileen, non-believers both, are drawn to the consolations of Christianity. Remembering the first occasion she slept with Simon, Eileen thinks that "it would have been a nice life for me if he had done the Christian thing and asked me to marry him." Alice admires the "consistency" of Catholic doctrine, in which "beauty, truth and goodness" inhere in God.

More than in her previous books, in "Beautiful World, Where Are You" Ms Rooney's political preoccupations have interfered with her craft. But a religious instinct seems also to loom behind her restrained prose, her aversion to vividness, her tendency to blur feelings and perceptions with qualifiers ("vaguely" is one of her favourite words), and a marked new reluctance to enter her characters' minds. The mix of asceticism and mysticism suggests an author who thinks the real action is happening in another realm. Whether her devoted readers are happy to live with the consequences may be a matter of faith. ■

#### Irish fiction

## The trouble with normality

Sally Rooney's new novel pushes her technique to its logical extreme

### **Beautiful World, Where Are You.**

By Sally Rooney. *Farrar, Straus and Giroux*; 368 pages; \$28. *Faber*; £16.99

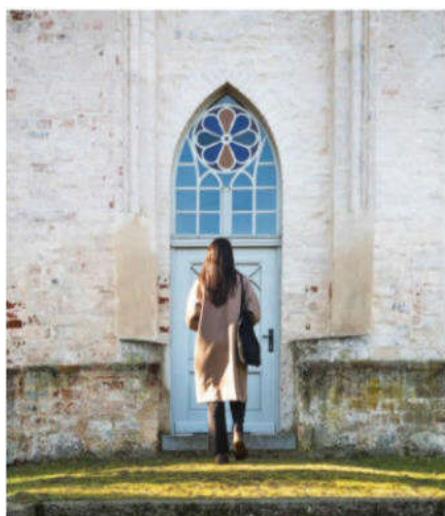
“NOTHING ODD will do long,” said Samuel Johnson of Laurence Sterne’s digressive novel “Tristram Shandy”. This verdict was misguided on two counts. “Tristram Shandy” is now regarded as one of the great achievements of 18th-century literature; meanwhile the novel, then in its infancy, developed into a form that teems with oddity. It is a repository of peculiar characters, settings and situations, flights of idiosyncratic language and jags of startling perception.

By contrast, as their titles suggest, “Conversations with Friends” and “Normal People”, Sally Rooney’s first two books, focused on everyday aspects of life—friendship, romance, growing up—which they chronicled in limpid but unflashy prose. Both were acclaimed by critics, became bestsellers and have been adapted for television. In Ms Rooney’s stories, normality is not merely her subject matter. It is also a virtue to be cultivated, perhaps even the key to happiness. “He’s quite normal,” says one character of another’s religious faith in the Irish author’s third novel; “he won’t try to convert you or anything.”

The outline of “Beautiful World, Where Are You” will seem familiar to readers of its predecessors. Alice, a successful but troubled novelist, has moved to the Irish coast

where she meets Felix, a warehouse worker. Her best friend Eileen, dismally house-sharing in Dublin, is tortured by her infatuation with Simon, whom she has known since childhood.

The story vibrates to their romantic hawering. But compared with the work of Jane Austen—which Ms Rooney admires, and in which courtship drives the plot and the climax is marriage—her tales of messy modern love follow improvised patterns. Sex, which she describes unsqueamishly and arrestingly, is a beginning not a destination, and tends to lead to an enervating stasis (male domination and female mas-



Help thou mine unbelief



## Prepare for an ever-changing and uncertain future with Saïd Business School

It has never been more important to understand and respond to the issues shaping the future. Recognising the increasing complexity of our global landscape and often inevitable choices for sectors which operate within competitive environments.

If you would like to discuss our online programmes further, please get in touch with our team.

**OnlineExecEd@sbs.ox.ac.uk**

Or call +44 (0)7701 305954

## Online programmes



The Warwick MBA enables you to apply the latest leadership thinking to a changing and uncertain world. Available in a full-time format at Warwick, and executive or distance learning formats in Warwick or London.

**w** [wbs.ac.uk/go/wbsmba20](http://wbs.ac.uk/go/wbsmba20)

**E** [warwickmba@wbs.ac.uk](mailto:warwickmba@wbs.ac.uk)

## Announcements

### CALL FOR NOMINATIONS

### Nemmers Prize in Economics \$200,000



**Northwestern University** invites nominations for the Erwin Plein Nemmers Prize in Economics, to be awarded during the 2021–22 academic year. The prize pays the recipient \$200,000.

Candidacy for the Nemmers Prize is open to those with careers of outstanding achievement in their disciplines as demonstrated by major contributions to new knowledge or the development of significant new modes of analysis. Individuals of all nationalities and institutional affiliations are eligible except current or recent members of the Northwestern University faculty and recipients of the Nobel Prize.

The 2022 Nemmers Prize recipient will deliver a public lecture and participate in other scholarly activities at Northwestern University for up to 10 weeks during the 2022–23 academic year.

Nominations will be accepted until December 31, 2021. The online submission form at [nemmers.northwestern.edu](http://nemmers.northwestern.edu) requires the nominee's CV and one nominating letter of no more than 1,000 words. Nominations from experts in the field are preferred to institutional nominations; self-nominations will not be accepted. Please email questions to [nemmers@northwestern.edu](mailto:nemmers@northwestern.edu).

*The Nemmers Prizes are made possible by a generous gift to Northwestern University by the late Erwin Esser Nemmers and the late Frederic Esser Nemmers.*

## Northwestern

Nemmers Prizes • Office of the Provost Northwestern University • Evanston, Illinois 60208

[www.nemmers.northwestern.edu](http://www.nemmers.northwestern.edu)

*Northwestern University is an equal opportunity, affirmative action educator and employer.*

## Economic data

	Gross domestic product % change on year ago latest quarter* 2021†			Consumer prices % change on year ago latest 2021†		Unemployment rate %	Current-account balance % of GDP, 2021†	Budget balance % of GDP, 2021†	Interest rates 10-yr govt bonds latest, %	change on year ago, bp	Currency units per \$ Sep 8th	% change on year ago			
United States	12.2	Q2	6.6	6.0	5.4	Jul	3.6	5.2	Aug	-3.0	-12.6	1.4	66.0	-	
China	7.9	Q2	5.3	8.5	0.8	Aug	1.3	5.1	Jul‡§	2.8	-4.9	2.7	55	5.7	
Japan	7.6	Q2	1.9	2.3	-0.3	Jul	-0.1	2.8	Jul	3.4	-8.9	nil	-8.0	110	-4.0
Britain	22.2	Q2	20.7	5.8	2.0	Jul	2.9	4.7	May††	-4.5	-10.9	0.7	38.0	0.73	5.5
Canada	12.7	Q2	-1.1	5.4	3.7	Jul	3.0	7.5	Jul	-1.7	-8.9	1.2	64.0	1.27	3.9
Euro area	14.3	Q2	9.2	4.6	3.0	Aug	1.9	7.6	Jul	3.3	-7.2	-0.3	16.0	0.85	nil
Austria	12.0	Q2	21.1	3.8	3.2	Aug	2.4	6.2	Jul	2.8	-7.9	-0.1	22.0	0.85	nil
Belgium	14.9	Q2	7.0	4.8	2.7	Aug	2.2	5.9	Jul	-0.7	-7.5	nil	19.0	0.85	nil
France	18.7	Q2	4.5	5.5	1.9	Aug	1.6	7.9	Jul	-1.4	-8.7	nil	15.0	0.85	nil
Germany	9.4	Q2	6.7	2.9	3.9	Aug	2.5	3.6	Jul	7.1	-5.7	-0.3	16.0	0.85	nil
Greece	16.4	Q2	14.5	5.4	1.4	Jul	0.1	14.6	Jul	-3.8	-5.7	0.9	-32.0	0.85	nil
Italy	17.3	Q2	11.2	6.0	2.1	Aug	1.3	9.3	Jul	3.8	-11.5	0.8	-34.0	0.85	nil
Netherlands	9.7	Q2	13.1	3.8	2.4	Aug	2.1	3.1	Jul	9.5	-1.7	-0.4	6.0	0.85	nil
Spain	19.8	Q2	11.5	6.1	3.3	Aug	2.0	14.3	Jul	0.9	-8.6	0.3	-3.0	0.85	nil
Czech Republic	8.9	Q2	4.2	3.5	3.4	Jul	2.7	2.8	Jul‡	3.2	-8.5	1.9	76.0	21.5	4.6
Denmark	8.7	Q2	9.3	2.8	1.6	Jul	1.4	3.8	Jul	7.8	-0.5	nil	34.0	6.30	0.2
Norway	6.1	Q2	4.4	2.6	3.0	Jul	2.9	4.8	Jun‡‡	2.5	-1.0	1.4	76.0	8.72	4.2
Poland	11.2	Q2	8.7	4.5	5.4	Aug	4.1	5.8	Aug§	2.4	-6.9	2.0	64.0	3.82	-1.1
Russia	10.3	Q2	na	3.8	6.7	Aug	5.8	4.5	Jul§	4.5	-1.8	7.1	70.0	73.4	4.2
Sweden	9.5	Q2	3.6	3.9	1.4	Jul	1.9	8.0	Jul§	4.8	-2.2	0.2	30.0	8.63	2.1
Switzerland	7.7	Q2	7.4	3.4	0.9	Aug	0.3	2.9	Aug	7.0	-3.8	-0.2	20.0	0.92	nil
Turkey	21.7	Q2	na	6.1	19.3	Aug	17.1	10.4	Jun§	-3.1	-2.6	16.6	310	8.47	-11.6
Australia	9.6	Q2	2.7	4.3	3.8	Q2	2.5	4.6	Jul	1.9	-6.1	1.3	29.0	1.36	1.5
Hong Kong	7.6	Q2	-3.7	5.4	3.8	Jul	1.6	5.0	Jul‡‡	2.5	-4.2	1.1	61.0	7.78	-0.4
India	20.1	Q2	-41.2	10.4	5.6	Jul	5.4	8.3	Aug	-1.0	-7.2	6.2	13.0	73.6	nil
Indonesia	7.1	Q2	na	3.0	1.6	Aug	2.0	6.3	Q1§	0.3	-6.0	6.2	-70.0	14,252	3.6
Malaysia	16.1	Q2	na	4.4	2.2	Jul	2.4	4.8	Jun§	3.1	-5.9	3.2	57.0	4.15	0.5
Pakistan	4.7	2021**	na	3.8	8.4	Aug	9.2	5.8	2018	-3.3	-7.2	9.8	†††	28.0	-0.6
Philippines	11.8	Q2	-5.1	4.3	4.9	Aug	4.1	6.9	Q3§	-0.9	-7.5	4.2	128	50.1	-3.1
Singapore	14.7	Q2	-7.2	5.4	2.5	Jul	1.8	2.7	Q2	17.3	-4.4	1.4	48.0	1.35	1.5
South Korea	6.0	Q2	3.1	3.9	2.6	Aug	2.2	3.2	Jul§	4.9	-4.4	2.0	46.0	1,167	1.7
Taiwan	7.4	Q2	-4.2	5.7	2.4	Aug	1.8	4.4	Jul	15.5	-0.8	0.4	-1.0	27.7	5.5
Thailand	7.5	Q2	1.5	1.5	nil	Aug	1.3	1.5	Dec§	3.0	-6.5	1.5	27.0	32.8	-4.1
Argentina	2.5	Q1	11.0	7.8	51.8	Jul	47.5	10.2	Q1§	1.3	-5.5	na	na	98.0	-23.8
Brazil	12.4	Q2	-0.2	5.5	9.0	Jul	7.5	14.1	Jun§‡‡	0.1	-5.9	11.1	428	5.28	1.5
Chile	18.1	Q2	4.2	9.3	4.8	Aug	3.8	8.9	Jul§‡‡	-0.6	-6.7	5.1	261	791	-1.9
Colombia	17.0	Q2	-9.2	7.8	4.4	Aug	3.1	14.3	Jul§	-3.4	-8.5	7.0	202	3,816	-1.4
Mexico	19.6	Q2	6.0	6.4	5.8	Jul	5.2	4.1	Jul	1.6	-2.8	7.0	123	19.9	8.9
Peru	41.9	Q2	3.5	10.8	5.0	Aug	3.5	9.7	Jul§	-0.5	-5.7	6.2	285	4.09	-13.2
Egypt	2.9	Q1	na	2.8	5.5	Jul	5.8	7.3	Q2§	-4.4	-8.0	na	na	15.7	0.5
Israel	17.0	Q2	15.4	5.0	1.9	Jul	1.7	5.0	Jul	3.8	-7.0	1.0	36.0	3.21	5.6
Saudi Arabia	-4.1	2020	na	2.2	0.4	Jul	3.2	6.5	Q1	4.5	-2.0	na	na	3.75	nil
South Africa	19.3	Q2	4.7	3.0	4.7	Jul	4.0	34.4	Q2§	1.8	-9.4	8.8	-44.0	14.3	18.6

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	% change on:			index Sep 8th	one week	Dec 31st 2020	% change on:	index Sep 8th	one week	Dec 31st 2020
	Index	Sep 8th	one week							
United States S&P 500	4,514.1	-0.2	20.2							
United States NAScomp	15,286.6	-0.1	18.6							
China Shanghai Comp	3,675.2	3.0	5.8							
China Shenzhen Comp	2,492.6	3.1	7.0							
Japan Nikkei 225	30,181.2	6.1	10.0							
Japan Topix	2,079.6	5.0	15.2							
Britain FTSE 100	7,095.5	-0.8	9.8							
Canada S&P TSX	20,741.8	0.3	19.0							
Euro area EURO STOXX 50	4,177.2	-1.2	17.6							
France CAC 40	6,668.9	-1.3	20.1							
Germany DAX*	15,610.3	-1.4	13.8							
Italy FTSE/MIB	25,876.9	-1.2	16.4							
Netherlands AEX	789.0	-0.1	26.3							
Spain IBEX 35	8,838.7	-1.7	9.5							
Poland WIG	70,970.4	nil	24.5							
Russia RTS, \$ terms	1,726.5	0.7	24.4							
Switzerland SMI	12,215.1	-1.8	14.1							
Turkey BIST	1,433.9	-2.7	-2.9							
Australia All Ord.	7,807.5	-0.1	14.0							
Hong Kong Hang Seng	26,320.9	1.1	-3.3							
India BSE	58,250.3	1.6	22.0							
Indonesia IDX	6,026.0	-1.1	0.8							
Malaysia KLSE	1,597.6	0.7	-1.8							

US corporate bonds, spread over Treasuries										
Basis points			latest			2020			Dec 31st	
Investment grade			117			136				
High-yield			333			429				
Sources: Refinitiv Datastream; Standard & Poor's Global Fixed Income Research. *Total return index.										

## Commodities

The Economist commodity-price index	2015=100	Aug 31st	Sep 7th*	% change on month	% change on year
Dollar Index	All Items	164.2	157.4	-5.5	22.0
	Food	129.9	126.6	-3.0	27.8
Industrials	All	196.2	186.1	-7.0	18.5
	Non-food agriculturals	140.5	137.7	-3.6	23.6
	Metals	212.8	200.5	-7.7	17.6
Sterling Index	All items	182.1	174.2	-5.1	15.3
Euro Index	All items	154.3	147.3	-6.5	21.4
Gold	\$ per oz	1,806.3	1,793.3	3.8	-6.9
Brent	\$ per barrel	73.0	71.9	1.5	80.3

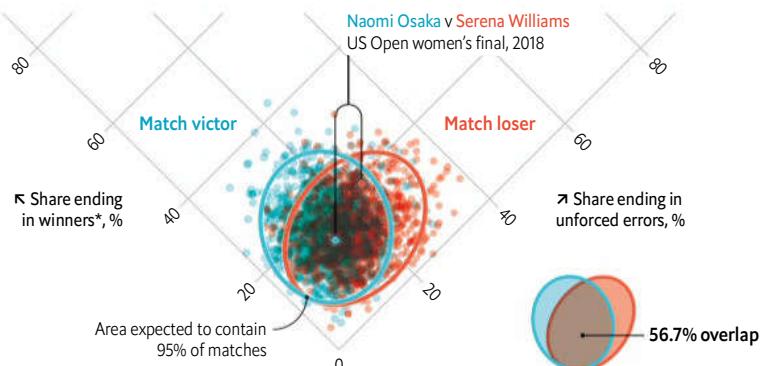
Sources: Bloomberg; CME Group; Cotlook; Refinitiv Datastream; Fastmarkets; FT; ICCO; ICOM; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Urner Barry; WSJ. \*Provisional.

For more countries and additional data, visit [Economist.com/indicators](http://Economist.com/indicators)

## → After making a mistake, winning tennis players temporarily play more like their losing opponents

Grand Slam tennis matches, 2016-19

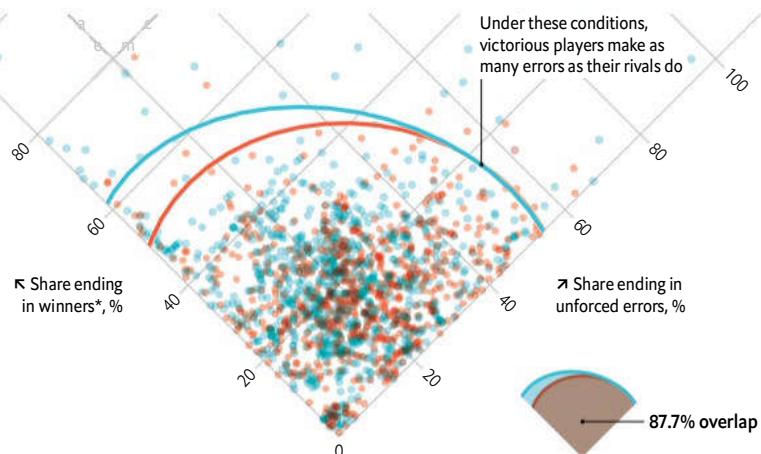
All points in match



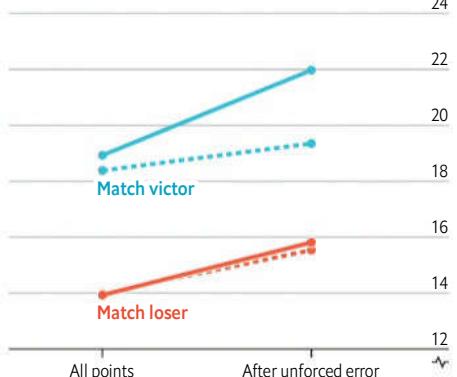
Share of points ending in unforced errors, %



High-pressure points immediately after unforced errors



Share of points ending in winners\*, %



\*Shots within the court that the opposing player does not touch  
Source: "Psychological pressure and compounded errors during elite-level tennis", by D.J. Harris et al., *Psychology of Sport & Exercise*

## All too human

**Pressure-driven meltdowns are surprisingly common in elite tennis**

**N**AOMI OSAKA was cruising to a third-round victory in her title defence at the US Open tennis tournament on September 4th. After winning her first set against Leylah Fernandez, ranked 73rd in the world, she broke serve to go up 6-5 in the second set, leaving her one game short of advancing. But she blew an easy shot, botched the next point as well, hurled her racquet twice during a tiebreaker and lost the match.

Ms Osaka's collapse, which followed a defeat at the Olympics in her native Japan, set off a round of naysaying about her resilience. Yet the way her fortunes turned at the US Open, with one mistake begetting another, turns out to be common. A recent paper by David Harris, Samuel Vine and Mark Wilson of the University of Exeter and Michael Eysenck of Royal Holloway

University of London finds that top-tier tennis players are surprisingly prone to mistakes caused by situation-driven anxiety—implying that this tendency may be too fundamental for coaching to cure it.

The taxonomy of shots in tennis helps to isolate the impacts of consistency and risk appetite. When a player misses a routine shot and loses a point, it is scored as an “unforced error” (UE). Conversely, shots that bounce within the court without being touched by an opponent are “winners”.

The study analysed the rates of both UEs and winners among nearly 400,000 points from tennis’s four leading events in 2016-19. In high-pressure contexts such as break and set points, UEs were 15% more common than under less stressful conditions. Similarly, during points following UEs, the chances of a repeat blunder rose sharply. These effects reinforced each other, so that UEs were even more common during high-pressure points following a prior UE than you would otherwise expect.

Moreover, UEs’ habit of bunching together narrowed the performance gap between players. Logically, players who went on to win matches had a lower UE rate than

their rivals did. But this disparity shrank from three percentage points overall to two following UEs. Under high pressure after UEs, it dwindled from seven points to four.

The rate of winners was unchanged by pressure. It did rise after UEs, implying that players may try to make up for mistakes by putting away the next point decisively. Nonetheless, the gap in winner-to-UE ratios between matches’ eventual victors and losers was smaller on points after UEs than in other contexts. The authors argue that UEs raise awareness of the risk of failure. This could expose players who go on to win matches to the mental state felt more often by losers, causing hiccups in their play.

The paper bolsters a growing body of research on athletes’ psychological vulnerabilities. Other studies have found that basketball players’ free-throw percentage dips in the final minutes of close games, and that golfers are more likely to miss putts that have an unusually large impact on prize money. Athletes are often hailed as exemplars of mental toughness. But for everyone else who occasionally succumbs to anxiety, it may be reassuring to know that you are in good company. ■



## Hearing the voices

Jean "Binta" Breeze, the first female dub poet, died on August 4th, aged 65

IT HAPPENED SHORTLY after her first attack of schizophrenia, when Jean Breeze, as she then was, was listening to the radio. The radio was one of many voices in her head that told her what to do, sometimes fiercely, sometimes kindly. This voice was swaying and alluring, Otis Redding singing "Sittin' on the Dock of the Bay". So she did what he said. She took the bus from Patty Hill, her village in north-west Jamaica, to the only bay she knew, Montego Bay, and sat by the seaside scribbling as if to save her life.

She seldom found meaning in these orders from the voices, but this time a Rasta man walked up to her. His hair was tangled long like hers, and he asked: "Daughter, you is a poet?" When she said yes, he asked her to recite a poem in a show. The guest artist was Mutabaruka, then one of the slickest men in Jamaica at putting lines of poetry over a reggae beat—dub poetry, of which she became the first and one of the few female performers in the world.

What she carried in her head from then on was the cacophony of the whole island, from the rowdy streets of Kingston, where she went to drama school, to the humid, ferny, itchy bush and the cascading rivers, from the blackbird singing of home in the mango tree, to shouts of "Whore!" in a fight at a rum bar. She held her mother's voice, reciting poems to her as they rested on her bed in the sun-trap afternoons. She channelled the preacher announcing the day of tribulation, the chained slave on the Middle Passage "squeezed into a deep well of darkness", the young blood swaggering down the road ("a litre in mi pocket/an a whistle in mi teet") and her grandmother, who largely brought her up on her farm in the hills, recommending "de simple tings of life, mi dear":

ah hoe mi corn/an de backache gone  
plant mi peas/arthritis ease

One by one she wrote them down and spoke them out, hectoring or wistful or wild, hungry to make music from those words.

The poem that brought her to people's attention, "Riddim Ravings" in 1988, was written out of her schizophrenia, as she begged the doctors in the hospital to "tek de radio outa mi head" while also wanting to push it up into her belly and let her unborn child listen. In "Red Rebel Song" she admitted to "raw fire madness". Yet this madness also spread to the voice of the field slave, forced to lie down on "Massa bed", and to the resulting half-breed, a brown-skin rebel like herself, fed up with "de black white question" and emphatic that "I nah/tek no abuse fram eida direction". She found her own voice also in the wind, the Trades that blew ancestral echoes and slave cries from Africa, and she kept the name Breeze, only altering the spelling, even after that first marriage ended. "Binta" she adopted, in the Rasta years of her early 20s, as a west African name meaning "daughter of". Daughter of the wind. That was where she belonged after death, not with roots and worms.

From 1985 she divided her life between England, world-touring, and Jamaica, between *patwa* (just Jamaican, as she thought of it) and the standardised English she had spoken in her middle-class family. Yet English voices rarely came through, only those of home, and the women of home. It felt like an obligation to record them, as the lone female in a strikingly macho world. At first she toned her femininity down, wearing military khakis to perform, but not for long. Dub was going to have to adjust to her, not vice versa. She loved that fierce, funky reggae beat, along with Rastafarian chanting and African drums—adored Bob Marley, and all he had meant for Jamaican self-confidence and independence—but women's lives were too subtle and complex for all that masculine swagger. Reggae could feel as rigid as iambic pentameter, so she mixed in rhythms from jazz and mento, Jamaican folk music, and, for quieter offerings, took blues out of her sleeve.

Thus she spoke out for all the working-class women inhabiting her head. The housekeeper, her apron "all de greases from...cooking plenty greens", who smells it before rolling it up for the laundry; the wife on an "ordinary mawning" who, having sent the children off to school ("wish me never did breed but Lawd/mi love dem"), and pondered what to cook for dinner, suddenly bursts out bawling at the sight of her own frock pinned on the line; the general lament over men who pass through, but not to stay. The voices spread further, until the whole female third world clamoured in her too. One of her collections, "Third World Girl", had on its cover a defiant black teenager showing her new young breasts. In the title poem this girl watched through the bushes as the rich-world tourist bronzed on his fenced-off beach, reminding him that he did not know her, that he had no right to assume he could touch her, and that "the rape's been done".

Life was burdensome to these women, as it often was to her. She had six or seven breakdowns, during which she would put herself into hospital and consign the child care to her mother. Yet in good times she could hardly have been happier, full of pealing laughter, sitting blissfully on her verandah and going with the neighbours to drink beer. The women of her poems, too, had compensations. The housewife in "Spring Cleaning", for example, soothed by the 23rd Psalm:

surely goodness and mercy/shall follow me  
she pick up de broom/an she sweeping  
all de days of my life/an she sweeping...

As for her Caribbean sisters in general, she saw them walking proudly, "shaping mountain/wid we foot", swaying their hips, carrying on their heads what looked like a burden but was freedom water, life-giving and life-saving. "Chile, don't yuh ever forget de vision", her grandmother had told her: a vision that brightened her eye and washed her through like cooling springs. She would not forget. She might be mad, but she wasn't going to stay like Bertha Mason in "Jane Eyre", sitting in the attic, "my song lock up tight/eena mi troat", until she set the place on fire. She was going to sing long, loud and now, her voices. Her song. ■

FISHER INVESTMENTS®

# 99 RETIREMENT TIPS TO FAST TRACK YOUR COMFORTABLE RETIREMENT



..... 99 .....  
**RETIREMENT  
TIPS**

FISHER INVESTMENTS®

Learn 99 essential retirement tips—including ways to minimize taxes, maximize Social Security benefits and help your nest egg outpace inflation—to help you stay on track to reaching your retirement goals.

Request your **FREE\*** GUIDE today!

For investors with \$500,000+

**Call 888-432-1799**

Or text\*\* “Comfort” to 68658 or visit  
**FisherFreeGuide.com/Comfort** for your guide.

\*No cost and no obligation beyond completing a short request form and brief survey.

\*\*Terms and Conditions at [fisherinvestments.com/en-us/text-terms-and-conditions](https://fisherinvestments.com/en-us/text-terms-and-conditions). Message and data rates may apply.

Please see our Privacy Policy at [fisherinvestments.com/en-us/privacy](https://fisherinvestments.com/en-us/privacy).

©2021 Fisher Investments. 5525 NW Fisher Creek Drive, Camas, WA 98607. Investments in securities involve the risk of loss.

Past performance is no guarantee of future returns.

**I expect you to save our planet.**

Expecting generation one.



We are all Expecting Generation One - the first generation to benefit from our efforts against climate change.  
We care for all species living today and the many generations to come.  
Hyundai is in progress to achieve carbon neutrality by 2045.

[www.hyundai.com/worldwide](http://www.hyundai.com/worldwide)

 HYUNDAI