



The Economist

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Politics this week

Print edition | The world this week Feb 3rd 2018



Donald Trump's first **State of the Union** speech to Congress conveyed his dark view of a hostile world, but one in which he would "make America great again for all Americans". The president touted his plan for **immigration** reform. This would introduce a decade-long path to citizenship for the "Dreamers", migrants who came to America illegally as young children, which could potentially help up to 1.8m people, in return for lower overall immigration and money to build a border wall. See [article](#) .

In a rare public statement the **FBI** criticised the drive by Republicans in Congress to publish a classified memo. Written by Republicans on the House Intelligence Committee, the memo purports to show that the agency acted improperly when it carried out a surveillance operation on a former aide to the Trump campaign. The FBI said it had "grave concerns about material omissions of fact" from the document. See [article](#) .

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A few days earlier, Andrew McCabe stepped down as deputy-director of the FBI. He had faced relentless criticism from Mr Trump, in part for the political **donations** that Mr McCabe's wife received from what the president has described as "Clinton puppets". See [article](#) .

Steve Wynn resigned as finance chairman of the **Republican Party** following a report that he had coerced female employees at his casino in Las Vegas into sex or to massage him. The allegations, which Mr Wynn called "preposterous", stretch back decades. Wynn Resorts is one of the world's largest casino companies. See [article](#) .

Negative connotations

Colombia's president, Juan Manuel Santos, suspended peace talks with the ELN, a guerrilla group that has been fighting the state for more than 50 years. He blamed the ELN for three bombings in which seven policemen were killed and 47 people injured. The group accepted responsibility for the bloodiest attack but not the others. Rodrigo Londoño, the leader of the FARC, a larger guerrilla group that made peace with the government in 2016, launched his candidacy for Colombia's presidency.

Honduras's president, Juan Orlando Hernández, was sworn in for a second term. Protesters who say the presidential election in November was rigged marched towards the stadium in which the ceremony was held. Security forces fired tear-gas at them.

Spirited opposition



Alexei Navalny, a Russian opposition leader, was briefly jailed in **Russia** to prevent him appearing at a rally at which he was to demand a boycott of the presidential election in March. Meanwhile, America's Treasury department released a list of politicians and oligarchs with ties to Vladimir Putin. Those who appear on the list (which seemed almost identical to a similar list reported in *Forbes*) are not necessarily subject to sanctions. See [article](#).

Defying the polls, the **Czech Republic's** Eurosceptic president, Milos Zeman, was re-elected in a tight second round of voting.

The Speaker of Catalonia's parliament postponed a session that had been expected to reinstate the separatist Carles Puigdemont as president of the region, prolonging a tense stand-off with the **Spanish** central government in Madrid.

The government of **Ireland** decided to hold a referendum before the end of May on whether to legalise abortion. Leo Varadkar, the prime minister, said he would campaign to repeal the Eighth Amendment of the constitution, which gives equal status to the life of a fetus and its mother.

As speculation swirled about her party plotting to depose her as prime minister, **Britain's** Theresa May visited China to beat the drum for closer post-Brexit trade relations. Mrs May is under pressure to contain the battle raging in the Conservative Party between "hard" and "soft" Brexiteers. See [article](#).

A princely sum

Saudi Arabia said that a crackdown on corruption had raked in \$107bn for the government. Prominent princes and businessmen had been detained at the Ritz-Carlton Hotel in Riyadh until they agreed to hand over a portion of their wealth.

Separatist forces in **Yemen** captured most of the port city of Aden from the government, splitting an alliance formed to fight Houthi rebels in the north who occupy the Yemeni capital, Sana'a. See [article](#).

White commercial farmers in **Zimbabwe** are to be allowed to rent their land on 99-year leases, instead of a maximum term of five years, as the government tries to revive investment. The policy marks a reversal from that of Robert Mugabe, who was deposed as president last year and who had forced thousands of white farmers off their land.

Officials at the **African Union** accused **China** of bugging its headquarters and hacking into its computer system. The AU's headquarters, and its computer systems, were a gift from China to the organisation, which is based in Addis Ababa, Ethiopia.

Some turbulence ahead

A dispute escalated between **China** and **Taiwan** over the opening of new civil-aviation routes by China in the Taiwan Strait, without asking Taiwan's government. Taiwan responded by refusing permission for two Chinese carriers, China Eastern and Xiamen Airlines, to lay on 176 extra round-trip flights across the strait in February during the lunar new-year holiday.

Officials in **Hong Kong** barred two people from standing in a by-election that is due to be held in March for having expressed support for the territory's self-determination.

A bomb placed in a fake ambulance killed more than 100 people in **Kabul**. Islamic militants also attacked an army base in the Afghan capital, killing 11 soldiers. See [article](#).

Malaysia's highest court ruled that the consent of both parents is needed before a child can convert from one religion to another, closing a legal loophole whereby a Muslim parent could win a custody battle with a non-Muslim spouse by having their children declared Muslim. The ruling is a rare instance of Malaysia's civil courts standing up to Islamic ones.

A trove of top-secret documents turned up in a consignment of second-hand furniture that had once belonged to the **Australian** government. Among the secrets revealed were several other instances when officials had been careless with important papers.

Business this week

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America's **health-care industry** got a shock as **Amazon**, **Berkshire Hathaway** and **JPMorgan Chase** announced that they would form a non-profit company to cover the health needs of their combined million-strong employees. There were few details, other than a focus on technological innovation, but Amazon's entry into the health market has long been expected, and feared, by conventional providers. Warren Buffett, Berkshire's boss, described the ballooning costs of health care as a "hungry tapeworm" devouring the economy. See [article](#).

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Janet Yellen presided over her last meeting as chairman of the rate-setting committee at the Federal Reserve, and kept it on course for another interest-rate rise in March. The central bank is going through a period of upheaval. Jerome Powell, who takes over as chairman, will soon have a new vice-chairman. A search is also under way for a replacement for the retiring head of the New York Fed. See [article](#).

A data-driven story

Blackstone, one of the world's biggest private-equity firms, struck a \$17bn deal to take a controlling stake in the financial-data business of **Thomson Reuters**. Thomson Reuters provides data analysis to traders around the world, competing with Bloomberg's terminals. The business will be split off into a privately held firm with Blackstone as the majority owner. That leaves Thomson Reuters with its news service. See [article](#).

JAB Holding, an investment group based in Luxembourg, expanded its portfolio in America by agreeing to buy **Dr Pepper Snapple** for \$18.7bn, the biggest acquisition of a soft-drinks company to date. Dr Pepper Snapple owns several brands, including 7UP and Schweppes, which traces its roots to 1783, when it created the world's first carbonated mineral water in Geneva. See [article](#).

Fujifilm unveiled a deal through which it will take a 50.1% stake in **Xerox**, ending the independence of an American corporate giant of the 20th century. The pair already operate a long-standing joint venture selling photocopiers in Asia; their agreement in effect broadens that venture to encompass all Xerox business.

Europe shining



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America, Britain and the euro zone released preliminary estimates of their **economic growth** rates for 2017. The euro zone's GDP rose by 2.5% over the year, its best performance since 2007. America's rate also improved, to 2.3%. Britain's economy expanded by 1.8%, the slowest pace since 2012. See [article](#).

The number of **cars** made in Britain fell by 3% last year according to the Society of Motor Manufacturers and Traders. Output for the domestic market slumped by nearly 10%, though exports dipped only slightly. British carmaking is heavily dependent on exports, with four out of every five cars heading abroad. As EU countries drive half of that demand, Brexit will only make things more difficult for the industry in the coming years.

In a surprise turn of events, America's International Trade Commission overturned the Trump administration's recommendation that **Bombardier's** C-series aircraft should be subjected to punitive tariffs, finding that the Canadian planemaker's small passenger jets "do not injure" American industry. **Boeing** maintains that the C-series has benefited from state aid; it is "disappointed" with the ruling.

Facebook said that the amount of time users spend on its network had dropped by 50m hours a day in the fourth quarter of 2017. That was before it announced changes to its news feed, which it acknowledges will lead to less engagement with its site. In its latest earnings release, Facebook stressed it was now focused on what's "good for people's well-being and for society" by "encouraging meaningful connections".

Capita, an outsourcing company that runs some big public services in Britain, such as London's congestion charge, warned that its profit will fall far below expectations. With the bankruptcy of Carillion, another government contractor, still rippling through Whitehall, investors took fright, sending Capita's share price down by 48%. See [article](#) .

A few days before formally stepping down as chief executive of Hewlett Packard Enterprise, **Meg Whitman** accepted a new job as CEO of **NewTV**, a startup that will make short Hollywood-style videos purely for mobile devices. Ms Whitman describes it as "one of the most disruptive" ideas she has ever come across.

He chunked out your chintz

Ingvar Kamprad, who founded IKEA, died at the age of 91. He was by some measures one of the world's richest men. Mr Kamprad's flat-pack revolution spread from Sweden to 37 countries, bringing cheap-but-stylish furniture to the masses. Despite his wealth, he once said that "IKEA people do not drive flashy cars or stay at luxury hotels".

KAL's cartoon

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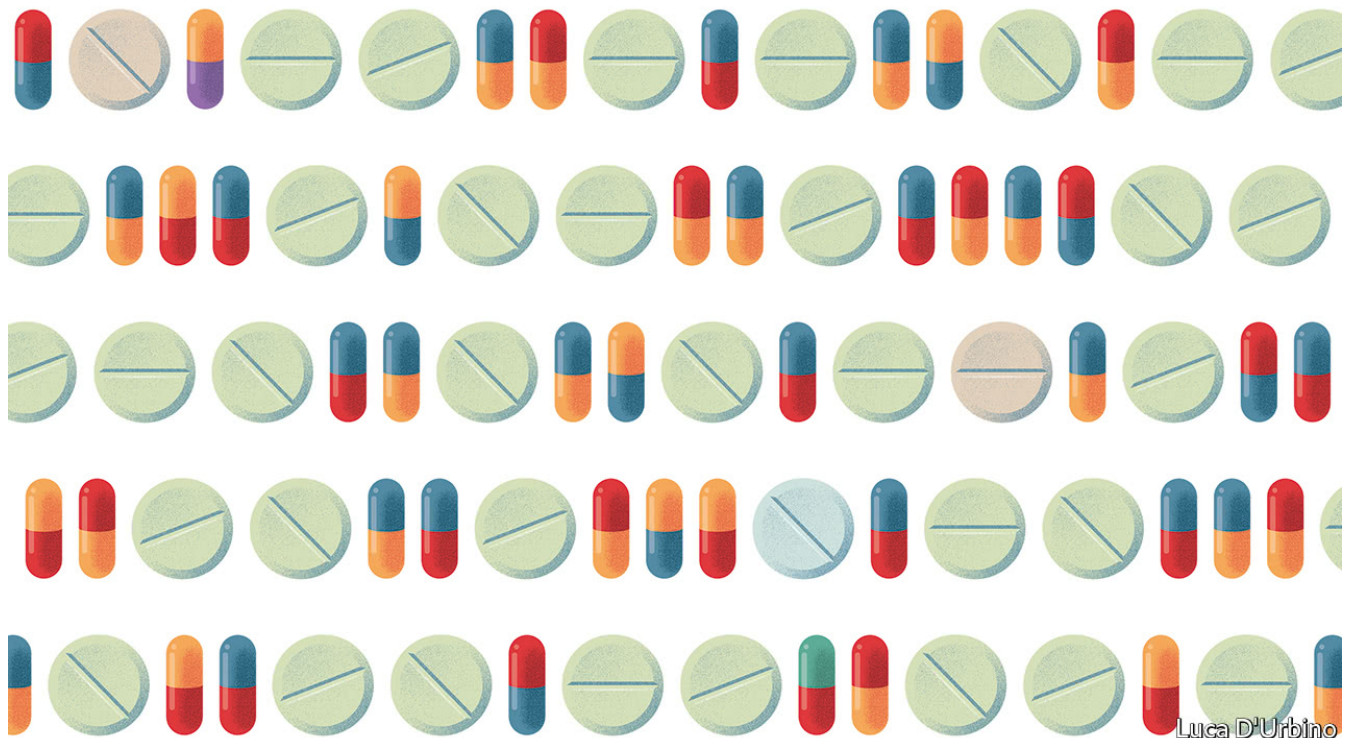
Kal

Data and medicine

A revolution in health care is coming

Welcome to Doctor You

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NO WONDER they are called “patients”. When people enter the health-care systems of rich countries today, they know what they will get: prodding doctors, endless tests, baffling jargon, rising costs and, above all, long waits. Some stoicism will always be needed, because health care is complex and diligence matters. But frustration is boiling over. This week three of the biggest names in American business—Amazon, Berkshire Hathaway and JPMorgan Chase—announced a new venture to provide better, cheaper health care for their employees. A fundamental problem with today’s system is that patients lack knowledge and control. Access to data can bestow both.

The internet already enables patients to seek online consultations when and where it suits them. You can take over-the-counter tests to analyse your blood, sequence your genome and check on the bacteria in your gut. Yet radical change demands a shift in emphasis, from providers to patients and from doctors to data. That shift is happening. Technologies such as the smartphone allow people to monitor their own health. The possibilities multiply when you add the crucial missing ingredients—access to your own medical records and the ability easily to share information with those you trust. That allows you to reduce inefficiencies in your own treatment and also to provide data to help train medical algorithms. You can enhance your own care and everyone else’s, too.

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The doctor will be you now

Medical data may not seem like the type of kindling to spark a revolution. But the flow of information is likely to bear fruit in several ways. One is better diagnosis. Someone worried about their heart can now buy a watch strap containing a medical-grade monitor that will detect arrhythmias. Apps are vying to see if they can diagnose everything from skin cancer and concussion to Parkinson’s disease. Research is under way to see whether sweat can be analysed for molecular biomarkers without the need for an invasive blood test. Some think that changes in how quickly a person swipes a phone’s touchscreen might signal the onset of cognitive problems.

A second benefit lies in the management of complex diseases. Diabetes apps can change the way patients cope, by monitoring blood-glucose levels and food intake, potentially reducing long-run harm such as blindness and gangrene. Akili Interactive, a startup, plans to seek regulatory approval for a video game designed to stimulate an area of the brain implicated in attention-deficit hyperactivity disorder (see [article](#)).

Patients can also improve the efficiency of their care. Although health records are increasingly electronic, they are often still trapped in silos. Many contain data that machines cannot read. This can lead to delays in treatment, or worse. Many of the 250,000 deaths in America attributable to medical error each year can be traced to poorly co-ordinated care. With data at their fingertips, common standards to enable sharing and a strong incentive to get things right, patients are more likely to spot errors. On January 24th Apple laid out its plans to ask organisations to let patients use their smartphones to download their own medical records (see [article](#)).

A final benefit of putting patients in charge stems from the generation and aggregation of their data. Artificial intelligence (AI) is already being trained by a unit of Alphabet, Google's parent company, to identify cancerous tissues and retinal damage. As patients' data stream from smartphones and "wearables", they will teach AIs to do ever more. Future AIs could, for instance, provide automated medical diagnosis from a description of your symptoms, spot behavioural traits that suggest you are depressed or identify if you are at special risk of cardiac disease. The aggregation of data will also make it easier for you to find other people with similar diseases and to see how they responded to various treatments.

An Apple a day

As with all new technologies, pitfalls accompany the promise. Hucksters will launch apps that do not work. But with regulators demanding oversight of apps that present risks to patients, users will harm only their wallets. Not everyone will want to take active control of their own health care; plenty will want the professionals to manage everything. Fine. Data can be pored over by those who are interested, while those who are not can opt to share data automatically with trusted providers.

The benefits of new technologies often flow disproportionately to the rich. Those fears are mitigated by the incentives that employers, governments and insurers have to invest in cost-efficient preventive care for all. Alphabet has recently launched a firm called Cityblock Health, for example, which plans to trawl through patients' data to provide better care for low-income city dwellers, many of them covered by Medicaid, an insurance programme for poorer Americans.

Other risks are harder to deal with. Greater transparency may encourage the hale and hearty not to take out health insurance. They may even make it harder for the unwell to find cover. Regulations can slow that process—by requiring insurers to ignore genetic data, for example—but not stop it. Security is another worry. The more patient data are analysed in the cloud or shared with different firms, the greater the potential threat of hacking or misuse. Almost a quarter of all data breaches in America happen in health care. Health firms should face stringent penalties if they are slapdash about security, but it is naive to expect that breaches will never happen.

Will the benefits of making data more widely available outweigh such risks? The signs are that they will. Plenty of countries are now opening up their medical records, but few have gone as far as Sweden. It aims to give all its citizens electronic access to their medical records by 2020; over a third of Swedes have already set up accounts. Studies show that patients with such access have a better understanding of their illnesses, and that their treatment is more successful. Trials in America and Canada have produced not just happier patients but lower costs, as clinicians fielded fewer inquiries. That should be no surprise. No one has a greater interest in your health than you do. Trust in Doctor You.

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Situations vacant
Change is afoot at the top of central banks

The growing powers of central banks will give rise to a different type of boss

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WHEN George H.W. Bush lost his presidency after four years in office, he blamed Alan Greenspan for not cutting interest rates fast enough in an election year. “I reappointed him, and he disappointed me,” said Mr Bush of the Federal Reserve chairman. Janet Yellen cannot now be a let-down to President Donald Trump. She chaired her last meeting of the Fed’s rate-setting committee this week; her successor, Jerome Powell, will serve beyond the next presidential election. On both counts—the change at the top and the type of replacement—America is setting a lead that others are likely to follow.

The guard may be about to change at other central banks, too. Haruhiko Kuroda, boss of the Bank of Japan, must be reappointed or replaced by April. Zhou Xiaochuan is expected to step down as governor of the People’s Bank of China after 15 years (see [article](#)). Big changes are coming at the European Central Bank (ECB). The eight-year term of its vice-president, Vitor Constancio, expires in May. His is one of four jobs on the ECB’s six-strong executive board, including the top post held by Mario Draghi, which are up for grabs in the next two years. The signs are that central bankers of Ms Yellen’s kind (nurtured in academia, immersed in economic models, aloof from politics) are out of favour. The new central-bank bosses will probably, like Mr Powell, be generalists versed in the ways of government and masters of a brief rather than a theory. They are set, in short, to be more agreeable to politicians.

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It is natural for politicians to want to hug central bankers closer. The bankers’ powers have grown since the financial crisis of 2007-08 in part because governments have themselves been unable or unwilling to act. Central banks kept credit markets working, bailed out banks and gave confidence to shaky bond markets. They have since been given, or been given back, powers to regulate banks and to preserve financial stability.

The politicians’ instinct to appoint one of their own will be amplified in Europe by the usual horse-trading among euro-zone members. Spain believes it is high time it got a top ECB job, and is claiming the vice-presidency. Were a Spaniard to be appointed, it might imply Mr Draghi’s job will go to a northern European (though perhaps not to a German) to preserve balance between the euro zone’s core and periphery. France will lose one post, so must gain another. And so on. It is unlikely that someone with the qualities of Ms Yellen or Mr Draghi will emerge from such a messy process.

The decline of the pointy-headed central-bank governor need not be calamitous. Mr Zhou has been influential on a broad range of economic reforms even though—or, perhaps, because—the People’s Bank of China does not have autonomy over monetary policy. Independence can sometimes be a trap. Until Mr Kuroda was appointed in 2013 as its boss, with the express

backing of Shinzo Abe, the prime minister, the Bank of Japan was loth to fight deflation aggressively in part because it feared it would compromise its independence.

All over bar the Yellen

Yet there is also good reason to worry. An independent central bank can be better trusted to act swiftly to curb inflation. That trust also gives it freedom to cut interest rates when the economy turns down. The kinds of problems set by a booming world economy and elevated asset prices (see [article](#)) are best tackled by experts at some distance from politics. What central banks need is not the appointment of officials who are less inclined to disappoint their political masters. It is new thinking about how to make overmighty central banks more accountable to electorates, while at the same time shielding them from day-to-day political pressure.

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