

# The Economist

Opioids' unrelenting toll

Hatred in France

The sly appeal of private equity

How to stay sane on a trip to Mars

FEBRUARY 23RD - MARCH 1ST 2019

# Can pandas fly?

The struggle to reform China's economy





### Politics this week

Print edition | The world this week Feb 21st 2019

**Pakistan's** prime minister, Imran Khan, warned **India** not to attack his country in retaliation for a suicide-bombing in **Kashmir** that killed 40 Indian security personnel, the worst attack on security forces in the region in 30 years of conflict. A militant group based in Pakistan said it was responsible. As tensions mounted between the two arch-rivals, a gun battle between police and suspected militants killed nine people in a village in Kashmir. See [article](#).

Amid the hostilities **Saudi Arabia's** crown prince and de facto leader, Muhammad bin Salman, visited Pakistan and India, where he promised large investment deals. The Saudi foreign minister offered to help ease tensions between the two neighbours, underscoring the Saudis' new-found confidence on the world stage. See [article](#).

A fire broke out in the Chawkbazar district of Dhaka, **Bangladesh's** capital, killing scores of people. Poor safety regulations have led to hundreds of people being killed in building fires in recent years.

Fang Fenghui, a former chief of the joint staff in **China's** army, was found guilty of corruption and sentenced to life in prison. Mr Fang had been allied with Zhang Yang, who served on China's military commission before his arrest for corruption and subsequent suicide in 2017. President Xi Jinping has undertaken an unprecedented crackdown on graft, which some believe to be a cover for a purge of his opponents.

#### Polling errors

**Nigeria** delayed its presidential election by a week after officials said they had not managed to distribute ballot papers and other voting materials in time for the scheduled date of February 16th. The delay is expected to reduce voter turnout, as many people had to travel to their home districts in order to cast their ballots. See [article](#).

**South Africa's** government pledged 69bn rand (\$4.9bn) to prop up Eskom, a state-owned power utility that is close to bankruptcy. Power cuts caused by poor maintenance have slowed economic growth. See [article](#).

Hundreds of civilians were evacuated from the last enclave held by Islamic State in eastern **Syria**. Kurdish-led forces backed by America have pushed the jihadists to the brink of defeat. A Kurdish commander urged Donald Trump to halt his plans to pull American soldiers out of Syria and called for up to 1,500 international troops to remain.

**Poland** withdrew from a central European summit in Jerusalem after a dispute with **Israel** over how to characterise Poland's treatment of its Jewish community during the second world war. Israel's acting foreign minister said Poles "suckle anti-Semitism with their mother's milk".

#### Independents' day

In **Britain**, eight Labour MPs quit the party over Jeremy Corbyn's poor leadership, which has led to dithering over Brexit and failed to clamp down on a surge in anti-Semitism among party activists. The eight back a second referendum on Britain leaving the EU. Rather than form a new party they will for now sit in the House of Commons as the Independent Group. They called on centrist MPs from any party to join them. Three Conservative MPs duly did so. See [article](#).

Demonstrations were held across **France** to protest against the rise in attacks against Jewish people and symbols, which were up by 74% last year. This week 80 Jewish graves were daubed with swastikas, and Alain Finkielkraut, a prominent philosopher, was heckled with anti-Semitic abuse by *gilets jaunes* (yellow vest) protesters. See [article](#).

Pedro Sánchez, the prime minister of **Spain**, called a snap general election for April 28th. Mr Sánchez's socialist-led coalition had suffered a heavy defeat in parliament when parties from Catalonia that normally support the government joined conservatives in voting down the budget. The Catalans had tried to force Mr Sánchez into discussing independence for their region.

#### The ball's in your court

Donald Trump urged **Venezuela's** armed forces to back a political transition and said they should accept the offer of amnesty by Juan Guaidó, who has been recognised as the country's interim president by Venezuela's legislature and by some 50 countries. Mr Trump held open the possibility of military intervention to topple the repressive regime of Nicolás Maduro.

Jair Bolsonaro, **Brazil's** president, presented an ambitious plan to reform the country's publicly funded pension schemes. His proposal, which requires amendments to the constitution, would establish a minimum retirement age of 65 for men and 62 for women and would limit the scope for pensioners to collect more than one benefit. See [article](#).

Gerald Butts, the principal private secretary of **Canada's** prime minister, Justin Trudeau, resigned. He denied allegations that he or anyone else in the prime minister's office had put pressure on Jody Wilson-Raybould, then justice minister, to settle a criminal case against an engineering company based in Montreal. Mr Trudeau has also denied that he put pressure on Ms Wilson-Raybould to intervene. See [article](#).

**Ecuador** reached an agreement with the IMF to borrow \$4.2bn to help it cope with a large external debt and budget deficit. It will also borrow \$6bn from other multilateral lenders, including the World Bank. The government will reduce fuel subsidies and employment at state-owned enterprises.

### **Constitutional showdown**

The first lawsuits were launched against Donald Trump's declaration of a **national emergency** on the Mexican border, which allows him to sequester funding for his border wall. Sixteen states, including California, filed a court motion arguing that Mr Trump's edict would divert money from law enforcement. See [article](#) .

**Bernie Sanders** announced that he is to run again for president as a Democrat in 2020. The 77-year-old senator from Vermont was describing himself as a socialist years before today's crop of young pretenders in the party was even born. He raised nearly \$6m in the 24 hours following his campaign launch, outstripping his rivals. See [article](#) .

## Business this week

Print edition | The world this week Feb 23rd 2019

It is shaping up to be a bad year for Britain's car industry. In the latest blow, **Honda** decided to close its plant in Swindon in 2021, putting 3,500 jobs at risk. It is the first time the Japanese carmaker has closed one of its factories (it is also stopping production of one of its models at a facility in Turkey). Honda said it was accelerating its commitment to electric cars, and stressed that Brexit was not a factor in its calculation to shut up shop. Many observers think otherwise. See [article](#).

**Flybmi** was less shy about blaming Brexit for its troubles. The British regional airline called in the administrators amid rising fuel and carbon prices, but was explicit about the uncertainty surrounding Brexit, which caused it difficulties securing valuable flying contracts in Europe.

The European Union threatened to react in a "swift and adequate manner" if America imposes additional tariffs on **European car imports**. America's Commerce Department recently submitted a document to Donald Trump that reportedly recommends levying duties on European cars on the ground that damage to America's car industry is a threat to national security. The president has 90 days to decide whether to act.

The decision by **India's** central bank to increase the interim dividend it pays to the government raised more questions about its political independence. The payment will help the government meet its fiscal targets ahead of the forthcoming election.

**Anil Ambani**, one of India's most prominent businessmen, was found guilty of contempt of court by the country's supreme court for not paying Ericsson, a Swedish network-equipment company, for work it carried out at Reliance Communications. Mr Ambani founded Reliance, which recently filed for bankruptcy. The court said Mr Ambani would be sent to prison if he didn't pay, prompting Reliance to promise to comply.

The nosedive in financial markets towards the end of last year led HSBC to report a lower annual profit than had been expected. The bank announced net income of \$12.6bn. That was below analysts' forecasts of \$13.7bn, which John Flint, the chief executive, ascribed to being "very much a fourth-quarter problem".

### Has he annoyed the Kremlin?

International investors reacted with shock to the arrest of **Michael Calvey** in Moscow. Mr Calvey, an American, runs Baring Vostok, a big private-equity firm in Russia. He has been accused, along with other executives, of defrauding a bank that is owned by Baring Vostok and will remain in custody ahead of a trial in April. Mr Calvey denies the accusations, which he says are rooted in a dispute involving two shareholders. See [article](#).

A French court found **ubs** guilty of helping people evade tax and fined it €3.7bn (\$4.2bn). It also ordered the Swiss bank to pay €800m to the French state in damages. UBS is to appeal against the verdict, arguing that it was based on "unfounded allegations". It said the court had failed to establish that any offence had been committed in France, and therefore it had applied French law to Switzerland, posing "significant questions of territoriality". See [article](#).

Estonia's financial-services regulator ordered **Danske** to close its sole Estonian branch, which is at the centre of a €200bn (\$227bn) money-laundering scandal. Meanwhile **Swedbank**, which is based in Stockholm, saw its share price plunge after a TV programme aired accusations that it was involved in the scandal.

New York's mayor, Bill de Blasio, criticised **Amazon's** decision to cancel its plan to build one of its two new headquarters in Queens. The online retailer pulled out in the face of growing opposition from newly emboldened left-wing Democrats, who questioned the subsidies it would receive. Mr de Blasio said Amazon had been offered a "fair deal".

**Walmart** reported solid growth in sales for the quarter covering the Christmas period. Online sales in America surged by 43% as the retailer ramped up its grocery delivery and pick-up services. Meanwhile, Britain's competition regulator said it might block the planned merger of **J. Sainsbury** with **Asda**, a subsidiary of Walmart. The merger would create Britain's biggest supermarket company. A furious J. Sainsbury criticised the Competition and Markets Authority, saying it had "moved the goalposts" in its analysis.

### Not so half-baked after all

Greggs, a cheap but cheerful purveyor of sandwiches and bakery food in Britain, reported an "exceptionally strong start" to 2019, which it attributed to the roll out of its **vegan sausage roll**. Derided by some (Piers Morgan pilloried Greggs for being "PC-ravaged clowns") the company said the publicity had boosted sales of its other "iconic sausage rolls" and food. Some predict this will be the year of the vegan.

## **KAL's cartoon**

**Print edition | The world this week** Feb 23rd 2019

### China's economy

Can pandas fly?

Pandas can fly

## The struggle to reform China's economy

*How Xi Jinping could both calm the trade war and make China richer*

Print edition | Leaders Feb 21st 2019

FOR THE past two weeks Chinese and American negotiators have been locked in talks in Beijing and Washington to end their trade conflict before the deadline of March 1st, when America will ratchet up tariffs on Chinese goods or, perhaps, let the talks stretch into extra time. Don't be distracted by mind-numbing details on soyabean imports and car joint-ventures. At stake is one of the 21st century's most consequential issues: the trajectory of China's \$14trn economy.

Although President Donald Trump started the trade war, pretty much all sides in America agree that China's steroidal state capitalism makes it a bad actor in the global trading system and poses a threat to security. Many countries in Europe and Asia agree. At the heart of these complaints is the role of China's government, which funnels cheap capital towards state firms, bullies private companies and breaches the rights of foreign ones. As a result, China grossly distorts markets at home and abroad.

The backlash is happening just as China's model of debt, heavy investment and state direction is yielding diminishing returns. Growth this quarter may fall to 6%, the worst in nearly three decades. Many suspect that the true figure is lower still. By opening the economy and curbing the state, Xi Jinping, China's autocratic leader, could boost performance within China's borders and win a less hostile reception beyond them. He is loth to limit the power of the government and the party, or to accept American demands. But China's path leads to long-term instability.

Its leaders are entitled to feel smug. The party has presided over one of history's great successes. Since 1980 the economy has grown at a 10% compound annual rate as nearly 800m people have lifted themselves out of poverty. A country that struggled to feed itself is now the world's biggest manufacturer. Its trains and digital-payments systems are superior to those of Uncle Sam, and its elite universities are catching up in the sciences. Although inequality and pollution have soared, so have living standards.

Yet as [our essay](#) this week explains, since Mr Xi took power in 2013, China has in some ways gone backwards. Two decades ago it was possible, even sensible, to imagine that China would gradually free markets and entrepreneurs to play a bigger role. Instead, since 2013 the state has tightened its grip. Government-owned firms' share of new bank loans has risen from 30% to 70%. The exuberant private sector has been stifled; its share of output has stagnated, and firms must establish party cells which then may have a say over vital hiring and investment decisions.

Regulators meddle in the stockmarket, critical analysis is suppressed and, since a botched currency devaluation in 2015, capital flows are tightly policed. Mr Xi has ignored Deng Xiaoping's advice to "hide your capabilities and bide your time", launching the "Made in China 2025" plan, an attempt to use state direction to dominate high-tech industries. This has alarmed the rest of the world, though it has yet to produce results.

Make no mistake, Mr Xi's approach can continue for some time. Whenever the economy slows, stimulus is injected. In January banks extended \$477bn of loans, a new record. But structural shifts are working against China. The working-age population is shrinking. Investment is a swollen 44% of GDP. As resources are sucked up by wasteful projects and inefficient state firms, productivity growth has slowed. Now that debt has surged, interest payments will amount to nearly three-quarters of new loans.

The backlash abroad risks becoming yet another drag. As barriers to trade rise, China cannot rely on the rest of the world for growth. Its share of world exports will struggle to rise above today's 13%. Its biggest and most sophisticated firms, such as Huawei, are viewed with suspicion in Western markets (see [article](#)). Mr Xi promised a "great rejuvenation" but what beckons is lower growth, more debt and technological isolation.

China's leaders have underestimated the frustrations behind the trade war. They have assumed that America could be placated with gimmicks to cut the trade deficit, and that the row will end when Mr Trump leaves the Oval Office. In fact American negotiators, with the support of Congress and the business establishment, have demanded deep changes to China's economy. Western opposition to China's model will outlast Mr Trump.

To deal with hostility abroad and weakness at home, Mr Xi should start by limiting the state's role in allocating capital. Banks and financial markets must operate freely. Failing state firms should go bust. Savers must be permitted to invest abroad, so that asset prices reflect reality, not financial repression. If money flows to where it is productive, the charge that the economy is unfairly rigged will be harder to sustain and the build-up of bad debts will slow.

Mr Xi also needs to temper China's industrial policy. It is too much to imagine that it will privatise its 150,000 state firms. But it should copy Singapore, where a body called Temasek holds shares in state firms, giving them autonomy while requiring that they operate as efficiently as the private sector. Spending on industrial policy should shift away from grandiose schemes such as Made in China 2025 towards funding basic research.

Lastly, China must protect the rights of foreign firms. Within China that means giving foreigners full control of subsidiaries, including over their technological secrets. Beyond its borders it means respecting intellectual property, which will be in China's interest as its firms grow more sophisticated.

Given China's poor record, America will need room to respond through tariffs or arbitration if China does not meet its commitments. But America should also reward good behaviour. If Chinese firms can use greater transparency to persuade it that they are operating on commercial principles, they should be treated like businesses from any other country.

Today, these reforms seem a distant prospect. But they were accepted wisdom among China's technocrats a decade ago. They are also popular at home. Corporate bosses and senior officials say that they want American pressure to get through to Mr Xi in a way they cannot. Under him, China is becoming trapped in a bad cycle of sluggish growth, debt, state control and hostility abroad. A more economically liberal China would end up richer and make fewer enemies. It is time for Mr Xi to change course.

*This article appeared in the Leaders section of the print edition under the headline "Can pandas fly?"*



British politics

## The fragmentation of the big parties

---

*The resignation of 11 MPs from their parties may not sound much. But it could yet disrupt Britain's broken politics*

Print edition | Leaders Feb 21st 2019

IN THE PAST few years many of the MPs in Britain's main parties have grown increasingly unhappy. One reason Brexit has proved tricky is that the party divide does not map onto views about Europe. This week 11 moderate MPs, eight Labour and three Conservative, decided that they had had enough—and more may join them. Given that Parliament seats 650 MPs, their resignation to create a new Independent Group might seem a minor tremor. But it matters: as a verdict on Labour's leader, Jeremy Corbyn; as another complication in resolving Brexit; and as a warning of an earthquake that could yet reshape Britain's two-party system.

One of the eight Labour MPs, Luciana Berger, is Jewish. She has been subjected to unrelenting racist attacks from within the party. Mr Corbyn's feeble response—he has not met Ms Berger since 2017—has led many of his MPs to conclude that Labour has surrendered to anti-Semitism. This week even the deputy leader, Tom Watson, lamented that he sometimes no longer recognised his own party. The resigning MPs are right. Mr Corbyn has failed a test of leadership and shown that he cannot tell right from wrong.

The mass resignations also underline how far Brexit now trumps party loyalties. The Leave-Remain divide identifies voters and MPs more than the old left-right one does. The threat of more resignations will strengthen the hand of Brexit moderates who have not left. Mr Corbyn will be under pressure to show that the option of a second referendum, which is popular in his party, is genuine and not a meaningless ploy, as some suspect. To pacify rebellious Conservatives, including some in her cabinet, Theresa May, the prime minister, will be under renewed pressure to promise she will not leave the European Union on March 29th without a deal.

The hardest question is whether this week's resignations will lead to a realignment. The MPs have only just started on that journey (see [article](#)). Most already faced a high risk of deselection by their party. They have not yet formed a new party of their own or developed a programme. They are backbenchers with mostly limited ministerial experience. Moreover, a huge obstacle stands in the way. Britain's brutal first-past-the-post electoral system protects incumbent parties and creates difficulties for new ones. That is why the system has endured for so long.

Yet the new group has a chance of pulling off something spectacular. Some in Labour face the contradiction of striving to win power when they have concluded that their leader is unfit to be prime minister. Mrs May has said that she will not lead the Conservatives into the next election. Were she to be succeeded by a hardline Brexiteer, tensions within the Tories could become unbearable. Despite the weakness of today's Liberal Democrats, still suffering after coalition with David Cameron's Tories, some polls suggest that a new centrist party could attract many votes from those disenchanted with both main parties' drift to the extremes.

If it is not to lose momentum, the Independent Group has to move fast. It not only needs more defections, but must also work with other parties, including the Scottish and Welsh nationalists as well as the Lib Dems and Greens. It must cohere around a strong message, most obviously its opposition to a no-deal Brexit and its call for a second referendum. And it will need to unite behind one leader. The likeliest candidate just now is Chuka Umunna, the MP for Streatham, who once made a bid to become Labour leader.

Realignments are rare in British politics, but they do happen. Labour displaced the Liberals in the 1920s, the Scottish nationalists overwhelmed Labour in Scotland in 2015 and the UK Independence Party secured and won a Brexit referendum. This week's rebellion could yet subside—like the Social Democratic Party (SDP), formed by four former Labour MPs in 1981. The SDP merged with the Liberals, but not before galvanising Labour moderates to reform their party. If the Independent Group managed nothing more, it would still count as a success.

*This article appeared in the Leaders section of the print edition under the headline "Splitting image"*

The southern border

## **Don't complain about Donald Trump's powers, curtail them**

---

*For the president to declare a state of emergency is spurious. It may well also be legal*

**Print edition | Leaders** Feb 21st 2019

SINCE THE day he became president, Donald Trump has trampled political norms. He has cosied up to foreign dictators while traducing his own officials. He has demanded that the Justice Department investigate his adversaries and mused about pardoning himself. He lies so frequently that it seems like a tic. In declaring a spurious state of emergency on America's southern border, has he at last gone too far and provoked a crisis?

The president's action on February 15th was born of frustration and fear for his political future. Having repeatedly promised to build a wall on the Mexican border, he had to do it. Unsurprisingly, his original plan of getting Mexico to pay failed. Mr Trump's attempts to cajole Congress to provide the money, including by shutting down the government, fared no better. Boxed in by his own foolish promises and ineptitude, he has fallen back on the ruse of declaring an emergency and grabbing what money he can from the military budget.

As a lawsuit already filed by 16 states points out, there is no emergency on the southern border in any normal sense. Last year 400,000 people were apprehended there, down from 1.6m in 2000. Meanwhile the border force has doubled in size. Drug seizures are down, mostly because less marijuana is coming in.

America does face genuine emergencies. Perhaps the greatest of these is the terrible opioid epidemic that kills some 50,000 people every year and will continue to do so for years to come (see [Briefing](#)). Mr Trump plans to spend just \$1bn over two years saving some of these lives. Devoting \$8bn to putting more barriers in the Sonoran Desert is the wrong priority.

Whether Mr Trump is overreaching his authority, and in what ways, is a legal question. The courts may rule that the business of defining what is an emergency belongs to the executive. Better, then, to assume the real problem is not so much that the president is exceeding his powers as that those powers are excessive. This is largely Congress's fault, and it is for Congress to fix.

For decades, presidents both Republican and Democratic have asserted greater powers for themselves, and have often been allowed to get away with it. Having declared an open-ended war on terror, George W. Bush set up military commissions and authorised warrantless wiretaps. Barack Obama invented new categories of illegal immigrant, which he then protected. Every president since Gerald Ford has declared at least one national emergency. Many are no longer emergencies, yet they linger, along with some of the powers they brought with them. Nearly 40 years after Iranian revolutionaries took Americans hostage, Jimmy Carter's emergency declaration is still in force.

Congress has also passed laws increasing the power of the executive, which Mr Trump is now exploiting. One of the three pots of money he intends to raid to pay for his wall is the Defence Department's anti-drug fund. In 2016 Congress passed a bill that appears to give him the power to do just that. More cash will come from a Treasury asset-forfeiture fund, which can also be tapped easily. Only Mr Trump's third target, the military construction budget, requires a declaration of emergency. He has a good chance of getting his way there, too. His emergency powers are broad, and he could veto a motion of disapproval which Congress is due to vote on (see [article](#)).

Mr Trump has made an appallingly sloppy case for his emergency declaration. He mused publicly for weeks about whether to issue it, as though he were still a reality-TV star building tension. He cannot even stick to the line that there is an emergency. "I didn't need to do this," he explained on February 15th. But, he said, he wants to get the wall built quickly. It is provocative enough when a president asserts new powers. It is more so when he admits that he is doing so because it is convenient.

Such shamelessness is clarifying, however. Just as Mr Trump's refusal to release his tax returns showed that the tradition of presidential candidates doing so was only a tradition, just as his failure to divest himself of his business interests demonstrated that a president cannot be forced into it, his cynical declaration of an emergency reveals how vague and expansive that power is. It would be best if Mr Trump acted nobly. But a nation founded on law should know not to expect that of its leaders.

Congress should take stock of its defences against bad leadership and strengthen them, as in the 1970s after Richard Nixon's resignation. It could curtail emergency powers, say by changing the law so that emergencies expire automatically after a month or two unless Congress re-authorises them. Republicans may be tempted to keep things as they are. They should remember how it feels when the boot is on the other foot.

*This article appeared in the Leaders section of the print edition under the headline "Imperial purple"*

**Business risk****Climate change and the threat to companies***Firms urgently need to rethink how they approach climate risk***Print edition | Leaders** Feb 21st 2019

**C**HIEF EXECUTIVES who care about climate change—and these days most profess to—often highlight headquarters bedecked with solar panels and other efforts to lower their carbon footprint. Last week Volkswagen, a carmaker, told its 40,000 suppliers to cut emissions or risk losing its custom. Plenty of investors, meanwhile, say they are worried about being saddled with worthless stakes in coal-fired power plants if carbon taxes eventually bite. Yet the reality is that meaningful global environmental regulations are nowhere on the horizon. The risk of severe climate change is thus rising, posing physical threats to many firms. Most remain blind to these, often wilfully so. They should start worrying about them.

Nature disrupting supply chains is nothing new. Businesses have coped with floods, droughts and storms since long before the joint-stock company became popular in the 19th century. Two things have changed. First, supply chains have grown complex and global (just look at VW). As links have multiplied so, too, have points of possible failure. Many sit in the tropics, more given to weather extremes than the temperate West.

Second, global warming is fuelling more such extremes everywhere (see [article](#)). In 2017 Houston experienced its third “500-year flood” in less than four decades, California suffered five of its 20 worst wildfires ever and parts of the Indian subcontinent were underwater for days following epic monsoon downpours. That year insurers paid out a monumental \$135bn in compensation. Another \$195bn in estimated losses was uninsured. Power plants often run slow because the river water they use for cooling is too hot. Last year commercial traffic along the Rhine, the world’s busiest waterway, ran aground when rains failed to replenish its sources.

Corporate-risk managers have just about come to grips with tangled supply chains. But they are rotten at assessing their exposure to a changing climate (see [article](#)). Unfamiliar with bleeding-edge climate models, which tell you what disruption to expect next, risk managers fall back on retrospective tools like flood maps, which are tried, tested—and wrong.

One study last year found that accounting for physical risks to corporate assets would shave 2-3% off the total market value of over 11,000 globally listed firms. That is less than many stocks move in a given day, and a fraction of the estimated 15% downward effect of a transition to cleaner energy. Unlike the energy transition, though, some physical harm to corporate assets is all but guaranteed. Not only that, but the risks rise as the world warms. And the average conceals a huge range. Some companies would lose nearly one-fifth of their enterprise value. Most have no clue where they stand.

They have few pressing incentives to find out. Markets tend to punish honesty about previously unacknowledged risks, not reward it. Rather than learn that nature poses a “material” threat—which firms are obliged to disclose to shareholders—it is safer not to look in the first place. Although credit-raters and insurers are busily reassessing climate risk, companies’ premiums and credit have scarcely got more expensive. On the rare occasion markets do reprice a company’s risk, they do so in a hurry. PG&E, a Californian utility, was forced into bankruptcy protection in January after insurers and creditors fled when they concluded that it could be on the hook for billion-dollar liabilities over its possible role in sparking wildfires.

Such cases would be rarer if companies were legally obliged to assess and disclose their climate vulnerabilities. An international group set up by the Financial Stability Board, a global set of regulators, issued voluntary guidelines for public companies in 2017. These should be made mandatory.

It is in businesses’ long-term interest to own up to the threats they face. A post-disaster payout from a cheap insurance policy is better than nothing—but a lot worse than avoiding disruption. Adaptation could mean erecting flood barriers around factories or battening down warehouse roofs to withstand stronger gales. Insurers reckon a dollar spent on such measures saves five in reconstruction. It may involve lobbying politicians to fill the estimated \$110bn-280bn shortfall in annual public spending on resilience. In extreme cases, it may require retreat from a business. If this lays bare the seriousness of global warming’s effects, the world may even get serious about tackling its causes.

*This article appeared in the Leaders section of the print edition under the headline “Hot, unbothered”*

Education

## The perils of learning in English

---

*Young children should be taught in their mother tongue instead*

Print edition | Leaders Feb 23rd 2019

WHEN WINSTON CHURCHILL was at Harrow School, he was in the lowest stream. This did not, he wrote in “My Early Life”, blight his academic career, for “I gained an immense advantage over the cleverer boys. They all went on to learn Latin and Greek and splendid things like that...We were considered such dunces that we could learn only English...Thus I got into my bones the essential structure of the ordinary British sentence—which is a noble thing.”

Partly thanks to Churchill and the post-war Anglo-American ascendancy, English is these days prized, not despised. Over a billion people speak it as either their first or second language; more still as a third or fourth language.

English perfectly exemplifies the “network effects” of a global tongue: the more people use it, the more useful it is. English is the language of international business, law, science, medicine, entertainment and—since the second world war, to the fury of the French—diplomacy. Anybody who wants to make their way in the world must speak it. All of which has, of course, been of great benefit to this newspaper, which has floated on a rising linguistic tide.

It is not surprising that there is a surge in “English-medium” education all over the world. In some regions—such as East Asia and Latin America—the growth is principally among the rich. In others—Africa and South Asia, where former colonies never quite escaped the language’s grip—it is happening at all income levels. Parents’ desire for their children to master English is spurring the growth of private schooling; parents in the slums of Delhi and Lagos buy English-medium education in the hope that their children will gain a university degree, obtain good jobs and even join a glittering world of global professionals.

Where the private sector leads, governments are following. Some countries have long chosen to teach in English as a political expedient, because a local language would prove contentious. But even where public schools teach children in their mother tongue, or a local language, education authorities are switching to English medium, in part to stem the outflow of children into the private sector. That has happened in Punjab and Khyber Pakhtunkhwa in Pakistan; many Indian states have started large or small English-medium experiments. In Africa most children are supposed to be taught in a local language in the first few years, but often, through parental pressure or a lack of textbooks, it does not happen.

Teaching children in English is fine if that is what they speak at home and their parents are fluent in it. But that is not the case in most public and low-cost private schools. Children are taught in a language they don’t understand by teachers whose English is poor. The children learn neither English nor anything else.

Research demonstrates that children learn more when they are taught in their mother tongue than they do when they are taught in any other language (see article ). In a study of children in the first three years in 12 schools in Cameroon, those taught in Kom did better than those taught in English in all subjects. Parents might say that the point is to prepare children for the workplace, and that a grasp of English is more use than sums or history. Yet by year five the children taught in Kom outperformed English-medium children even in English. Perhaps this is because they gain a better grasp of the mechanics of reading and writing when they are learning the skills in a language they understand.

English should be an important subject at school, but not necessarily the language of instruction. Unless they are confident of the standard of English on offer, parents should choose mother-tongue education. Rather than switching to English-medium teaching, governments fearful of losing custom to the private sector should look at the many possible ways of improving public schools—limiting the power of obstructive teachers’ unions, say, or handing them over to private-sector managers and developing good curriculums and so on.

Pakistani Punjab has decided to end the English experiment; Uganda has introduced mother-tongue instruction in 12 different languages in the first four years of schooling. More should follow. After all, it was a good education in his mother tongue, rather than in the classics then favoured by the British aristocracy, that won Churchill the Nobel prize for literature.

*This article appeared in the Leaders section of the print edition under the headline “Babel is better”*

### On Huawei, Gaelic, light, Iran, doctors, work

Letters to the editor

### On Huawei, Gaelic, light, Iran, doctors, work

#### Letters to the editor

*A selection of correspondence*

Print edition | Letters Feb 23rd 2019

*Letters are welcome and should be addressed to the Editor at [letters@economist.com](mailto:letters@economist.com)*

#### **Huawei and China**

“How to handle Huawei” (February 2nd) was right in saying that “aggressive action” against the telecoms-equipment maker “would come with huge costs for all, including America”. Take Britain, for example. Over the past five years, Huawei has brought £2bn (\$2.6bn) to the country and created 7,500 jobs. The company has pledged a further £3bn in investment and procurement in the coming five years. You were also right that “the exclusion of a firm on the say-so of American officials, without evidence of spying, would set a dangerous precedent”. Discrediting a company without any concrete evidence misleads the public, violates rules of commerce and damages business confidence. The right approach is to be rational towards foreign companies and support fair competition. The Chinese government encourages Chinese firms doing business abroad to contribute to the local economy and society and operate within international regulations and local laws.

Moreover, the National Intelligence Law is aimed at improving the legal system relating to national security. Chinese laws and regulations do not authorise any firm, including Huawei, to build back doors to network systems. The British government keeps an eye on Huawei’s operations through the Cyber Security Evaluation Centre, whose reports show no evidence of any problem involving back doors.

ZENG RONG

Spokesperson of the Chinese embassy

London

#### **An Irish dance**

I enjoyed your article on the demography of the Irish in Britain (“Last waltz in Kilburn”, February 9th). However, there were a few tell-tale signs that you are more used to Scottish traditions, such as their “whisky” and “ceilidh”. Next time your correspondent is in Ireland we’ll treat him to some whiskey at a proper Irish céilí!

AIDAN CLERKIN

Dublin

#### **Let there be light**

It is wrong to assume that the only benefit that matters in the cost-benefit calculus of providing Africans with solar electricity is improving incomes (“Light to all nations?”, February 9th). Even your article acknowledges that Rwandans with solar lamps lit their households more brightly, burned less kerosene and their children studied a bit more. Isn’t that enough to warrant support? Isn’t it enough for children to be able to study at night without potentially damaging their lungs from kerosene smoke? I suspect these are the reasons why people in rich countries value light. Low-income families who use these solar lanterns buy them not because it makes their lives richer, but because it makes their lives better. We should all be so enlightened.

ALEXANDER SOTIRIOU

MATTHEW SOURSOURIAN

Consultative Group to Assist the Poor

Washington, DC

\* It is true that Thomas Edison began selling filament light bulbs 140 years ago. But that is only half the story. Edison patented his incandescent light bulb in 1879, but the design was only an improvement on Joseph Swan’s invention ten years earlier, which was used to light the first house in the world with electric bulbs. Edison and Swan cross-licensed their designs and formed the Edison and Swan company to market them. This is not the first time you have given all the credit to Edison with no mention of Swan’s contribution. I also prefer Swan’s bayonet-fitting bulb connection to Edison’s screw fitting, as it is much less likely to work loose.

JOHN DAKIN

Malpas, Cheshire

#### **Keep the pressure on Iran**



You criticised American sanctions against Iran because they hit most Iranians (“How to deal with the mullahs”, [February 9th](#) ). Yet sanctions have an insignificant effect on poverty. A bigger factor is the regime’s redistribution of wealth to the elite. Poverty has plagued Iranians since the revolution in 1979. This did not change when the nuclear deal struck between world powers and the regime in 2015 opened the country up to trade. In fact the deal gave the regime access to billions of dollars, consolidating its power. With this new-found money, it has reinforced and modernised its repressive security apparatus to carry out terror operations inside and outside Iran.

You also claimed that few ordinary Iranians are ready to die trying to overthrow the mullahs. Various uprisings, such as the student revolt in 1999, the uprising after the 2009 elections and the unrest in 2017 and 2018 show that many Iranians are so fed up with the Islamic regime that they are ready to sacrifice their lives. The selfless efforts of those Iranians to overthrow the regime will only be made harder if the regime grows stronger because of the normalisation of trade relations with the free world.

ARVIN KHOSHNOOD

*Lund, Sweden*

Your leader provided some practical suggestions on how to deal with Iran. It closely followed Henry Kissinger’s advice in “World Order”, published in 2014:

“Pursuing its own strategic objectives, the United States can be a crucial factor—perhaps the crucial factor—in determining whether Iran pursues the path of revolutionary Islam or that of a great nation legitimately and importantly lodged in the Westphalian system of states. But America can fulfil that role only on the basis of involvement, not of withdrawal.”

Alas, President Trump’s unilateral withdrawal of America from the nuclear deal not only rejected the above, but also worsened everything, domestically and internationally. It will force Iran to continue to behave as “a cause” and not as “a country.”

NAJMEDIN MESHKATI

Fellow

Project on Managing the Atom Belfer Centre

Harvard University

*Cambridge, Massachusetts*

### **Doctor in charge**

You reported on the hope that online tools will divert patients from overstretched general-practitioner (GP) doctors (“A doctor in your pocket”, [February 2nd](#) ). But there is little evidence that any existing algorithm can achieve this safely. Our experience with [askmyGP](#) is that the key to any online system is enabling family doctors to triage patient requests before offering time-consuming face-to-face appointments. Automatically diverting demand away from GPs is unimportant.

Furthermore, we know from more than 150,000 patient contacts over the past six months in about 30 practices that the overall level of demand does not increase by making it easier for patients to contact their GP, as your article speculates might happen. We also know that just 1% of patients choose video when offered it, suggesting that it is misguided to think that video contact is important.

DR STEPHEN BLACK

Chief analyst

Askmy GP

*Biggleswade, Bedfordshire*

### **FOMOs v JOMOs**

I appreciated Bartleby’s piece ( [February 2nd](#) ) on the two tribes of working life: the FOMOs (those who have a fear of missing out) and the JOMOs (who relish the joy of missing out). As a card-carrying JOMO, if ever I feel guilty for not attending a networking event, it cheers me to remember that “networking” is only one letter away from “not working”

RUFINO HURTADO

*Washington, DC*

\* Letters appear online only

### Opioids

#### The death curve

#### The death curve

## Tens of thousands of Americans die each year from opioid overdoses

*The federal response remains sluggish and inadequate*

Print edition | Briefing Feb 23rd 2019

THE GIRL looks like a typical teenager sitting on the bench of a fire station in Manchester, New Hampshire. But she is not. Just 19 years old, with acne still marking her face, she is here seeking help for opioid addiction. Already she has been hooked for four years. At 15 she started with Percocet, a prescription drug. Now homeless, these days she uses fentanyl, a cheap, synthetic opioid. After checking herself out of treatment two weeks ago, she went on a meth- and fentanyl-fuelled bender.

Soon a taxi arrives. It will deposit her at Granite Pathways, the treatment centre she left two weeks ago. She gathers up her few possessions, which are neatly lined up on the concrete floor. The firefighters wish her well as she climbs into the taxi, encouraging her to stick with her recovery this time. She promises to try but, once she has gone, they do not sound hopeful. They have seen this story too many times before.

Such episodes occur regularly now across Manchester. The city has set up a programme, known as Safe Stations, whereby anyone struggling with drug addiction can walk into a fire station seeking help. About 200 people come every month. “People trust firemen,” says Daniel Goonan, the station’s chief. “We don’t ask for insurance or anything—there’s no stigma.” It is an innovative strategy for dealing with the American opioid epidemic in one of its centres. In 2017 New Hampshire had the third-highest opioid death rate in America, after Ohio and West Virginia. Shelters are full so those who are homeless and addicted wander the streets in the freezing cold. At a local hospital, 5.5% of newborn babies delivered have been exposed to opioids *in utero*. Mr Goonan vividly recalls the case of a ten-year-old boy who performed CPR on his overdosing parents and then went back to eating his breakfast cereal. It was not the first time the boy had done it.

Drugs now kill about 70,000 Americans every year—more than car crashes or guns (both 39,000), more than AIDS did at the height of its epidemic (42,000), and more than all the American soldiers killed in the entire Vietnam war (58,000). In 2017 about 47,600 of those deaths were caused by opioid overdose—a fivefold increase since 2000. Only 32% of those opioid deaths involved prescription pills; the rest were from illegal heroin and fentanyl (see chart 1). But three out of four heroin users first became addicted to pills.

Chart the overdose death rate in America since 1980 and a terrifying graph emerges (see chart 2)—an exponential curve increasing at a constant clip of 7.6% per year. Estimates suggest that the epidemic will rage for at least a further five to ten years, killing more than 50,000 people each year. An urgent and sensible response would be able to bend this death curve somewhat, to reduce the harm yet to come. But the response has been slow and fitful at best, even though measures that would help are well-known. What started as a problem of abused prescription drugs has been transformed by corporate greed, a failure of the health system and a lack of political will into a social disaster.

### Origins of a crisis

The risks of opioid addiction have long been downplayed. Alexander Wood, who invented the hypodermic needle in 1853, touted his invention by claiming that morphine would not cause addiction if injected rather than smoked or swallowed. After needles and morphine were deployed in the American civil war, as many as 100,000 veterans were left addicted. In 1895 scientists at Bayer, a German pharmaceutical firm, began selling a strong morphine compound called diamorphine. To market it, they called it “heroin” from the German word meaning heroic.

In the 20th century, heroin became a controlled substance in America, associated with poor blacks in inner-city ghettos. Medicinal opioids were legal, but used for limited purposes, such as surgery and palliative care. Then in 1996 Purdue, a private pharmaceutical firm, launched OxyContin, a pill that releases oxycodone, an opioid that, like heroin, is twice as strong as morphine. Other firms developed similar drugs, available on prescription.

OxyContin was aggressively marketed to doctors as a wonder drug that could safely dissipate chronic pain for 12 hours at a time with what it claimed was “less than 1%” risk of addiction. Yet the sales pitch was deeply misleading. In many patients the effect of the pills wore off after eight hours, leading to cravings for more. Moreover, evidence of long-term efficacy of opioids for chronic pain is limited, according to scientists for the Centres for Disease Control and Prevention (CDC).

Despite the quantity of opioid pills prescribed since the 1990s, the amount of pain Americans report has not decreased. To explain drug-seeking behaviour that doctors began observing in their patients, Purdue promoted the theory of “pseudoaddiction”—that what looked like addiction was really patients trying to avoid untreated pain. The basis of the “less than 1%” claim was a single-paragraph letter to a medical journal in 1980 about opioids administered in hospitals, not homes.

As opioid sales quadrupled from 1999 to 2011, deaths from overdoses rocketed. Prescribing patterns were slow to change even as addiction became difficult to overlook. The number of opioid prescriptions peaked in 2012, at 255m—more than one for every American adult. States began implementing prescription-drug monitoring programmes, which detect if patients are seeking opioids from more than one doctor. Pills like OxyContin were made harder to crush, snort and inject. In 2015, even as doctors had begun reducing prescriptions, Americans were still getting four times as many opioids per head as Europeans. The CDC only released its revised guidelines to limit access to them in 2016. By then the crisis had already mutated from one of prescription pills, over which the government had some control, to one of illicit opioids—first heroin and then fentanyl.

Just like any epidemic, opioid addiction can be modelled. Allison Pitt, Keith Humphreys and Margaret Brandeau, a trio of public-health experts at Stanford University, estimate that on the current course, just over 500,000 people will die of overdoses from 2016 to 2025. They also modelled the effects of 11 different policy responses possible in today's political climate. Most would reduce the projected number of deaths marginally.

Increasing distribution of naloxone, a life-saving drug that reverses overdoses, would decrease deaths by 4.1%; moderately expanding medication-assisted treatment (MAT), which reduces craving for drugs and helps users lead a more normal life, would cause another 2.4% drop. Other responses, like tightening drug-prescribing guidelines and instituting programmes to prevent “doctor shopping”, would, perversely, trigger a short-term increase in deaths by incentivising those addicted to prescription painkillers to switch to heroin or fentanyl. Even if America introduced all the policies likely to save lives, deaths over the next decade would drop by just 12.2%, the academics calculate. That would spare tens of thousands of lives. Yet, given the sluggish federal response, it is likely that today's high drug-death rates have become the new normal.

### **Smack, stock and flow**

The problem of drug addiction, whether to crack or to heroin, can be reduced to stocks and flows. As a drug gains notoriety, new users flow in. As an epidemic rages and matures, the wave of new addictions dwindles. “A lot of people have real experiences—a brother who got shot over drugs, or a mother who overdosed,” says Mr Humphreys. “That cuts off the new flow of initiates.” There is some evidence that the opioid crisis is entering this phase. The number of teenagers reporting misuse of prescription opioids has fallen by more than half in the past five years. But the stock of those already addicted remains.

According to the Substance Abuse and Mental Health Services Administration (SAMHSA), a government agency, 2.1m Americans meet the medical criteria for opioid addiction. Only 20% of them are receiving treatment. Although the official total is large, it is thought to be a severe underestimate. SAMHSA's own statistics show that 11.5m Americans misused prescription opioids in some way in 2016. Even with treatment, the condition is chronic and relapse is frequent. John Kelly of Harvard Medical School has estimated that it takes eight years, and four or five treatment attempts, for someone addicted to opioids to achieve a single year of abstinence. Bit by bit, the stock atrophies. Some go into remission, others to prison. Each year, anywhere between 1% and 4% of them will die of an overdose.

Another team of modellers argues that the death curve might even continue its acceleration, whether from fentanyl or another drug as yet undiscovered. “Anyone who tells me otherwise has to show me why that curve should bend now when it hasn't in the face of the war on drugs and the rise and fall of other drugs,” says Donald Burke, the dean of public health at the University of Pittsburgh. As long as there is a reservoir of at least 2m people addicted to opioids, there is significant room for the crisis to spread. With prescription pills selling for about \$50 each on the streets, and a hit of heroin or fentanyl selling for \$5 or less, that seems highly likely.

The one silver lining is that America is treating this epidemic more as a public-health crisis than one of criminal justice. This change is unquestionably related to race. During the crack epidemic of the 1980s and 1990s, when users were disproportionately black, authorities responded with punitive crackdowns. As the New Hampshire fire-station initiative shows, it is quite different for opioids, which kill whites at nearly twice the rate as blacks.

Though the newfound compassion is welcome, the public-health response remains woeful. The policies that help reduce death and harm from opioids are no mystery. Organised under the umbrella term “harm reduction”, these approaches limit the negative consequences of drugtaking without expecting that people will stop. They include expanding naloxone distribution, needle exchanges and access to MAT. No policy can reverse the opioid crisis by itself—each of these chips away at the likely future death toll. Harm reduction has been shown to save lives and, by avoiding future policing, emergency and health costs, also save public money.

The approach has been successful in Europe. After France suffered a heroin epidemic in the 1980s and 1990s, the country established needle exchanges and drastically expanded access to MAT by allowing all doctors to prescribe buprenorphine, which reduces cravings. Four years later, heroin deaths had dropped by 79%. In the 1980s Switzerland had the highest AIDS incidence rates in Europe because of shared needles among heroin users. In the mid-1990s the government began a programme of heroin-assisted treatment, providing medical-grade heroin with clean needles in sterile facilities. Deaths from overdoses and AIDS declined by more than 50% in a decade.

### **Substituting one for the other**

America is not Switzerland. Taxpayer-sponsored heroin therapy is unlikely any time soon. But even less controversial harm-reduction policies are being stymied by governmental inertia and a misunderstanding of the evidence.

In Kensington, a poor district of Philadelphia, drugs are sold in broad daylight. Men without coats sway in the frigid air, before crumpling against a wall. There is rubbish everywhere, blown by the wind alongside discarded orange caps from syringes. Pawn shops that will buy anything line the main street. Philadelphia has the highest opioid-overdose death rate of America's big cities.

Jose Benitez, the director of a needle exchange in the city, is working to set up a safe-injection site in Kensington, which he



thinks would save more than 100 lives a year. It would be the first of its kind in America, but the legal issues are immense. It is a federal felony to maintain a place for illicit drug use, and the justice department has made clear it will not tolerate what the deputy attorney-general calls “a taxpayer-sponsored haven to shoot up”. Retorts Mr Benitez, “It’s too important not to try it, because it’s clear what the benefits are.”

Even MAT, known as the gold-standard treatment for opioid addiction, faces hurdles. Tom Price, Donald Trump’s former health secretary, unhelpfully dismissed the treatment as “substituting one opioid for another”. Half of drug courts, which divert users from jails and into treatments, require abstinence and do not allow MAT.

Access to treatment remains shackled by excessive medical regulations as well as the high costs and chaotic structure of American health care. To prescribe buprenorphine, doctors need a special waiver which requires eight hours of training. There is no such hurdle to prescribing of opioids that cause addiction. In fact, a doctor can prescribe buprenorphine without a special waiver if the purpose is to treat pain, but not if the purpose is to treat addiction. Methadone can only be distributed through speciality clinics, and cannot be given by primary-care doctors, as it is in Britain or Canada.

Sometimes the only place to help is in hospital after an overdose. Giving buprenorphine in the emergency room staves off withdrawal symptoms that might lead a patient to go straight out to find a new fix. Initial studies show that it is effective in preventing relapse. But it is still not commonly used in America. “Addiction should have parity,” says William Goodman, chief medical officer of Catholic Medical Centre in Manchester. “You come into the emergency room with a heart attack, we’ll treat you. You come in with addiction, we give you a card and tell you to call a number.”

Because many opioid users are indigent, much substance-abuse treatment and behavioural therapy is paid for by Medicaid, the government health-insurance programme for the very poor. As the programme is administered by each state, the quality of care varies. Some Republican-led states have refused the Medicaid expansion out of their dislike for Obamacare, limiting access to treatment for residents. In 17 states Medicaid does not cover methadone treatment. In West Virginia, the state with the highest opioid-death rate in the country, Medicaid only began paying for it in January 2018.

This tendency—of sensible drugs policy emerging in fits and starts several years after the crisis has taken off—seems set to continue. But some regional leaders are fighting it. Two years ago, Chris Sununu, the governor of New Hampshire, met a woman in the rural north of the state who was struggling with addiction. She complained that all the treatment centres were more than 100 miles away from her home. “That’s the problem right there,” says Mr Sununu. “The geographic barrier between where people live and where they can get treatment.” The incident inspired him to draw up a “hub-and-spoke” network of treatment centres to minimise travel time for the state’s rural residents. He wants to link the treatment network with sophisticated data analysis. It is a good idea, but it began only last month.

The White House Council of Economic Advisers estimates the total social cost of the opioid crisis to the country in 2015 was as high as \$504bn, or 2.8% of GDP. Prosecutors of all sorts, from states to tiny towns, are trying to establish culpability, suing large opioid manufacturers and drug distributors in an effort to recoup some of those social costs. In 2007 Purdue’s parent company paid \$600m in fines over charges of “misbranding”.

Whether a big financial settlement, like the \$206bn deal reached with tobacco companies, will materialise is uncertain. The manufacturers might be able to argue that regulators were asleep at the wheel, and that doctors and the addicted patients themselves were responsible, thus avoiding a calamitous civil judgment. Even if a settlement does happen, it will be years in the future.

Right now the federal response remains weak. A bipartisan bill signed by President Donald Trump last year allocated just \$1bn over two years. Thomas Farley, the health commissioner of Philadelphia, worked in public health at the height of the AIDS epidemic. He credits the huge injection of funds after the Ryan White CARE Act, passed in 1990, for helping defuse that crisis. “Ultimately a major federal response programme on AIDS allowed us to create a high-quality treatment system,” he says. “With opioids, we haven’t seen the federal government go anywhere near there.”

*This article appeared in the Briefing section of the print edition under the headline “The death curve”*

### Emergency power

The master builder

Of judges and journeys

## Will the courts let Donald Trump build his wall?

*Even if they do, this will not fix what ails the border*

Print edition | United States Feb 21st 2019

A FEW HOURS after Donald Trump tweeted about “the attempted Invasion of Illegals, through large Caravans, into our Country”, Carmen sat in a church office in suburban Maryland, quietly sobbing. Five years ago she and her son, who was then three, fled from El Salvador and her violent husband. “It’s difficult to leave your country,” she says. “You have your family and your friends. Your whole life is rooted there. But when it comes to your child’s safety, I don’t think there is anything a mother wouldn’t do.” They crossed Guatemala, Mexico and the Rio Grande before presenting themselves to immigration cops in New Mexico. After being detained, she applied for asylum, and was released to await a hearing. She is still waiting.

If America has a border crisis, it comes not from any sort of invasion—in the year to September 2018, the authorities caught 396,579 people trying to cross the southern border, fewer than half as many as in 2007—but from people like Carmen and her son: families fleeing troubled states in Central America to seek asylum. Mr Trump’s steel-bollard fencing, even if it survives a legal and political assault, will do nothing to fix that problem.

Mr Trump wants to add 234 miles of fencing to the roughly 700 that already exist along America’s border with Mexico. He has identified four sources to pay for it. Congress gave \$1.4bn. He also plans to take \$601m from the Treasury Department’s asset-forfeiture funds and \$2.5bn from the Defence Department’s anti-drug fund. His administration argues that declaring a national emergency, which he did on February 15th, gives him access to \$3.6bn appropriated for military-construction projects. Not everyone agrees.

### Wall law

Public Citizen, an advocacy group, filed suit in a federal court hours after Mr Trump’s declaration, on behalf of an environmental group as well as three landowners in Texas who believe they will face “an imminent invasion of their privacy and the quiet enjoyment of their land” during and after construction of the wall. They argue that historically low immigration numbers mean that no national emergency exists at the southern border. Mr Trump seemed to acknowledge that during a press conference, saying: “I didn’t need to do this, but I’d rather do it much faster.” They also argue that the statute Mr Trump has cited to let him use the \$3.6bn does not apply, because the border wall is neither a military-construction project nor essential to support the mission of the armed forces.

Another suit, filed the next day in the same court by three environmental groups, centres on the harm to wildlife and other “far-reaching environmental impacts” that building a wall could cause. The plaintiffs acknowledge that the National Emergencies Act of 1976 fails to define “emergency”. But, they contend, “common usage” of the term involves “elements of suddenness and surprise” that “require an urgent response”. Not only did Mr Trump say he did not need to declare an emergency, he bandied the idea around for weeks before the declaration as a strategy to circumvent Congress if his budget negotiations failed.

On February 18th a group of 16 states sued Mr Trump in a federal court in San Francisco. They argue that his declaration evinces a “flagrant disregard of fundamental separation of powers principles ingrained in the United States constitution”—specifically the Appropriations Clause in Article I, which states that the government can spend only money provided by Congress. The states also argue that their National Guard units stand to lose millions in federal funding when the administration reallocates it to the wall.

At least one of these cases will probably end up before the Supreme Court, where precedent cuts both ways. On the one hand, courts typically defer to the president on questions of national security. On the other, the Supreme Court ruled against then-president Harry Truman in 1952, striking down his attempt to seize steel mills in *Youngstown Sheet & Tube Company v Sawyer*. In a concurring opinion that has come to define the limits of executive authority, Justice Robert Jackson wrote that when a president “takes measures incompatible with the expressed or implied will of Congress”, his power “is at its lowest ebb”. Mr Trump seems to be in that territory. Congressional Democrats will try to pass a resolution condemning his money grab.

### A poisoned chalice

Yet even if courts invalidate Mr Trump’s emergency declaration, he is likely to have almost \$4.5bn to spend on a project of dubious practical utility. Christopher Wilson, of the Wilson Centre’s Mexico Institute, believes the discussion over where to

erect new fencing “would be a rational conversation...20 years ago, before we had 700 miles of fencing along the border. Now we’re talking about where to put a 30-foot fence on top of a 1,000-foot mountain.”

Walls work best, argues Doris Meissner of the Migration Policy Institute, a think-tank, “where urban areas touch other urban areas”. El Paso and Juárez, for example, form a single binational conurbation bisected by the Rio Grande. In sparsely populated areas, cameras and remote sensors are sufficient for picking up suspicious movements; in cities people can slip across borders more easily.

Dee Margo, El Paso’s mayor, says that he would favour spending not on a wall, but on more staff to process the tens of thousands of people, cars and lorries that cross the border daily. He is not alone. All but one member of Congress from a border district is a Democrat (see map), and all, including the lone Republican, oppose Mr Trump’s wall. Fear-mongering about violent immigrants notwithstanding, 22 of the 23 border counties are safer than similarly sized counties elsewhere.

If the goal is to stanch the flow of drugs coming from Mexico, money would be better spent improving scanners and other infrastructure at ports of entry, where most of them arrive hidden in vehicles. Better data analytics would improve risk-screening for people and vehicles crossing. But not all new infrastructure has to be high-tech: Mr Wilson praises dogs for their ability to sniff out drugs. The spending bill includes \$776m for such measures, which is welcome, but only a seventh of what Mr Trump wants to spend on his wall.

The bill also includes funds for another 75 immigration judges. That is also welcome but probably insufficient. Hiring tends to lag behind funding. In the last fiscal year Congress funded 484 immigration judges, but at year’s end just 395 were working. And as of September there was a backlog of 319,000 pending asylum cases. Between 2010 and 2017 the number of asylum claims filed annually rose from 28,000 to 143,000, with many coming from Venezuela, Guatemala and El Salvador. Political instability and violence in Central America pushes people north. But some are also drawn by America’s inefficient asylum system, which lets people stay and work while their claims are assessed.

The real problem is structural. America’s immigration-enforcement system was designed to cope with the sort of migration that historically came from Mexico—single men looking for work, eager to dodge immigration police. It is not suited to today’s flow, which consists largely of families and children eager to present themselves to police so they can claim asylum. Sadly, ambitious immigration reform has eluded Washington for years, and this administration is unlikely to take up that poisoned chalice (see [Lexington](#) ).

Instead, it is poised to spend billions on a project that will let Mr Trump fulfil a campaign promise while changing little along the border. That money would be better spent on technology at ports of entry—and on improving America’s asylum system so that it draws fewer people northward, and leaves fewer people, like Carmen and her son, in limbo for so long.

*This article appeared in the United States section of the print edition under the headline “The master builder”*

The 2020 electionThe Democrats  
**Bernie Sanders jumps into a crowded pool**

---

*His success in pulling Democrats to the left may be his undoing*

Print edition | United States Feb 21st 2019

**B**ERNIE SANDERS, the self-declared socialist senator from Vermont, had a good long run against Hillary Clinton in the 2016 Democratic presidential primary. His left-wing pitch has fared even better. Slogans that were lampooned then—Medicare for all, a \$15 nationwide minimum wage, free tuition at public colleges—are now mainstream. Among Democratic presidential hopefuls, fealty to these mantras can even seem mandatory.

In his announcement video, an 11-minute monologue, Mr Sanders sounded triumphant. “Three years ago during our 2016 campaign, when we brought forth our progressive agenda, we were told that our ideas were ‘radical’ and they were ‘extreme,’” Mr Sanders says. “Well, three years have come and gone.” He sees a successful run in 2020 as a coda to his revolution. The antagonists remain the same this time round—billionaires, especially President Donald Trump; multinational companies; bad trade deals. But Mr Sanders also seems keen to talk about sexism towards women and racism against blacks, two groups that did not warm to him in 2016.

This time he enters a busy field with an agenda that is no longer outlandish. Elizabeth Warren, a Massachusetts senator, is another longtime idol of the left who brings other flashy ideas—such as a wealth tax and universal child-care—along with a stronger command of detail. Even Kamala Harris, the Californian senator who took pains to say that she is “not a democratic socialist”, has nonetheless endorsed Medicare for all, the Green New Deal and a \$15 minimum wage. Mr Sanders may stand out, with his broadsides against banks and trade deals, but his ideological lane has become uncomfortably crowded.

What that means for his chances of winning is unclear. If Democratic primary voters are looking for a contest over ideological purity, then Mr Sanders, as the Medicare-for-all hipster who supported the idea before it was cool, is favourably positioned. He is performing well in early polls. On the morning of his announcement, punters on PredictIt, a political-betting market, thought him a leading candidate, trailing only Ms Harris and Joe Biden (who has not yet announced his plans). They rated him twice as likely to be the candidate as Ms Warren.

But if voters prize electability, Mr Sanders has less of a chance. Even if there is now little daylight between him and his primary rivals, the label of out-and-out socialist could hinder him. Mr Trump’s strategists see fear-mongering over socialism as a winning strategy. His re-election campaign quickly released a statement denouncing “an agenda of sky-high tax rates, government-run health care and coddling dictators like those in Venezuela”.

If elected, Mr Sanders would be inaugurated at the spry age of 79. His Democratic rivals might be too courteous to bring that up. But Mr Trump, though just five years younger, surely would. In an interview with a local radio station, Mr Sanders was eager to tackle that criticism: “We have got to look at candidates not by the colour of their skin, not by their sexual orientation or by gender, and not by their age”. He also noted that he has “a great deal of energy”.

*This article appeared in the United States section of the print edition under the headline “Bernie runs again”*

The heat-seeking missile

## What Rahm Emanuel has done for Chicago

---

*His “global city” still has deep-seated fiscal and social problems*

Print edition | United States Feb 23rd 2019

**R**AHM EMANUEL is restless. He swallows an indigestion tablet, buttons a blue cardigan, then paces his office on the fifth floor of City Hall. On February 26th voters will choose between 14 candidates vying to replace him as mayor of Chicago. How does he think his two terms will be remembered? Predecessors let problems fester, he says, but “there wasn’t a single challenge we didn’t attack”. City debt, a lack of corporate investment, rotten schools, violence, racial segregation, corruption—all have long blighted America’s third-biggest city. “But we never walked away,” he says.

Take his boasts with a pinch of salt. When pressed on Chicago’s large, lingering fiscal problems he is scornful, slaps your correspondent’s knee, then adds a sharp kick to his foot. “Nobody in public life solves anything. They improve it. If you’re here to solve it, call me,” he says.

Mr Emanuel shrank the city’s structural deficit by hundreds of millions of dollars by cutting spending and increasing taxes. He has also been prone to raising new debt to pay off old, a bad habit known locally as “scoop and toss”. But Chicago’s finances never deteriorated as much as, say, Detroit’s, because the city’s economic engine kept whirring.

David Axelrod, an ally from when both men worked for Barack Obama, praises the mayor as energetic, like a heat-seeking missile. “He is a brilliant guy, for all his quirks,” he says. In particular, Mr Axelrod admires him for tackling the city’s enormous fiscal problems. Credit-rating agencies have grown more optimistic about Chicago, after listing its bonds as junk. But the city’s long-term fiscal health is still doubtful. Ed Bachrach, co-author of a new book on Chicago, says overall city debt rose from \$7.5bn to \$9.7bn in seven years to 2017. Worse is a colossal, unfunded liability of some \$40bn for pensions of city workers. Even Mr Emanuel admits he only “stopped the bleeding”.

The wider economy is doing well, though the city can seem cut off from the rest of Chicagoland, as the cluster of suburban cities around Chicago is known. Disputes occasionally flare, as when Chicago politicians talk of expanding city limits around O’Hare airport. Some mayors strive to co-operate with their suburban neighbours to get things done—John Hickenlooper, who ran Denver between 2003 and 2011, was a good example. Mr Emanuel has preferred distant horizons, branding his as a “global city”. A two-decade-old Chicagoland “Mayors’ Caucus” does little.

At least Chicago’s 2.7m population is stable after decades of decline. Its jobless rate is just 4% and poverty is falling. Last year nearly 58m tourists came for theatre, comedy, sports and museums. New walking and cycle tracks have been built by the river and lake. By one measure O’Hare again claims to be America’s busiest airport. It is set for a \$12bn expansion.

Mr Emanuel prodded firms such as McDonald’s to bring their headquarters to Chicago. The metropolis draws more foreign direct investment projects than any in America and is behind only London, Paris, Singapore and Amsterdam worldwide. Manufacturing, which still employs 9% of workers, is surprisingly strong. Ford announced on February 7th that it would add 500 jobs to a factory in the city.

Chicago’s school system used to be a national joke. It was long dominated by intransigent teachers’ unions and almost went bust. At last that is changing. Longer school days, shorter holidays and the belated introduction of universal pre-school mean that children spend more time studying. Mr Emanuel claims the average child will gain the equivalent of an extra four years in school as a result.

The mayor also closed 48 underused schools in poor, depopulating neighbourhoods. He is defensive about that, admitting it was “tough on them, on families, on me politically”. Black residents, almost the only ones affected, turned on him; Mr Axelrod says he should have found a way to soften the blow in already suffering districts. But the decision made sense, given a financially strained school system with capacity for 550,000 but only 360,000 children enrolled.

As important, head teachers got more autonomy and added courses for high achievers—38,000 children are enrolled in International Baccalaureate programmes. Results are improving. More pupils finish: a pitiful 56% graduated seven years ago, whereas 78% do so now. The head of city schools, Janice Jackson, says that “for the first time there is a comprehensive push” to get everyone to complete high school.

If Mr Emanuel thinks everything has gone so well, why did he back out of his well-funded bid for a third term last September? He says he was dissuaded by seeing polls that indicated he could win. Had they indicated the opposite, the ultra-competitive politician claims he would have relished the challenge, “because that’s the weird psychology of a middle Jewish kid”. Instead the 59-year-old will write a book, earn money somewhere and plot an eventual return to public life.

### Next up: somebody blander

More probably, he knew he faced a brutal campaign. In 2015 he was only narrowly re-elected. Black voters, one-third of the electorate, used to support him, but many resent the school closures and the persistence of violence and poverty in their districts. Chicago has failed to match the success of New York and Los Angeles in cutting murder rates sharply (see chart).

The police chief, Eddie Johnson, praises a surge of 1,000 new officers and other efforts, like the “Becoming a Man” programme to deter 7,500 school pupils from being drawn into gangs. But many think the mayor has failed badly on crime. Mr Emanuel is scorned especially for a delay in the release of police footage of a policeman shooting Laquan McDonald, a black teenager, 16 times in 2014.

After the video at last emerged in November 2015, violence soared and Mr Emanuel’s chances of re-election slumped. The policeman involved was recently found guilty, the first murder conviction of a serving officer in decades. That trial, under way as the campaign began, would have overwhelmed Mr Emanuel’s message. The mayor said he would not run the day before it started.

What are Chicago’s prospects after him? Mayors usually are “larger than life and embody the energy” of a mighty urban centre, says Mr Axelrod. That hardly seems true of the people competing to succeed Mr Emanuel. Only Bill Daley, a stolid man who is the son and brother of two other long-serving mayors, might be recognised outside the Windy City. He is backed by rich donors who hope he will extend Chicago’s economic recovery. He might manage that, but he’s no missile.

*This article appeared in the United States section of the print edition under the headline “The heat-seeking missile”*



**Social media**

**America's cops take an interest in social media**

---

*Best to avoid terms like "police brutality"*

**Print edition | United States** Feb 21st 2019

**S**HOULD THE police monitor social media? The question seems to have an obvious answer. Social media, says Joe Giacalone, a retired New York Police Department detective who now teaches at John Jay College, is "a treasure trove for investigators. People post stuff they shouldn't...vehicles, weapons, you name it. If you're dumb enough to post something on social media and you're wanted for a crime, you deserve to get caught." In this sense, social media is no different from any other public space. If criminals brag about or plot their exploits publicly online, police should be able to use that information without obtaining a warrant, just as if they overheard chatter in a bar or on a street corner.

But there is a difference between an individual officer looking at posts from someone suspected or accused of a specific crime, and the sort of mass monitoring made possible by data-scraping and automated surveillance. There is also a difference between looking for evidence of criminal activity and monitoring politically unpopular, but still legally protected, speech. Records obtained by the American Civil Liberties Union of Northern California (ACLU-NC) revealed that in 2015 a police department in Fresno used a social-media monitoring firm that boasted it could "avoid the warrant process when identifying social-media accounts for particular individuals," and could "identify threats to public safety" by monitoring terms including "policebrutality", "wewantjustice", "Dissent" and "Blacklivesmatter". Other law-enforcement agencies in California used a similar service whose marketing materials referred to "unions [and] activist groups" as "overt threats".

Nor is such monitoring limited to state and local police forces. Immigration and Customs Enforcement hoovers up vast amounts of information, including from social-media posts. On January 17th the ACLU-NC sued seven federal agencies that failed to respond properly to Freedom of Information Act requests about their social-media surveillance. The only agency that responded at all was the FBI, which could "neither confirm nor deny the existence of records".

While some might applaud the FBI for tracking threats online, others recall its Cointelpro initiative, which lasted from 1956 to 1971 and involved surveillance and infiltration of groups the agency deemed subversive, including civil-rights organisations. In 2017 an FBI report warned of terror threats from a "Black Identity Extremist" movement; some fear that police agencies will once again subject activists to disproportionate and extra-legal scrutiny, and in so doing chill protected speech and rights of association.

As in other debates over the surveillance of public spaces, targeting, scale and cost all matter. Few people would object to police tracking known or even suspected criminals online; more would agree with Matt Cagle, the ACLU-NC's technology and civil-liberties lawyer, that "government should not be conducting suspicionless surveillance of First Amendment-protected activity." Similarly, most people probably understand that their social-media posts are public (to varying extents, depending on how they use their privacy settings). They might be uncomfortable if they knew that the government could, without a warrant, collect and search everything they have ever posted.

Although police can follow someone in public without a warrant, doing so means that an officer thinks it worth his time. Data-mining programs make it possible to track millions of people online with minimal effort. Technology, says Rachel Levinson-Waldman, senior counsel to the Brennan Centre's Liberty and National Security Programme, "enables a much more significant level of surveillance at a much lower cost". As people live more of their lives online, surveillance will inevitably follow. Americans must decide how much of it they are willing to tolerate.

*This article appeared in the United States section of the print edition under the headline "Watching: The detectives"*

Speak, memory

## The surprising revival of the Hawaiian language

---

*Could that success be replicated elsewhere?*

Print edition | United States Feb 21st 2019

Ma uka, ma uka ka ua, Ma kai, ma kai ka ua

**S**O SING THE children at Hawaii's Punana Leo O Hilo kindergarten on the Big Island of Hawaii. "It is raining on the uplands, it is raining by the sea." The chant is much like any other "Rain, rain, go away" nursery rhyme, but it has an unusual power: it is one of the tools that has brought about the revival of a near-dead language.

The decline of Hawaiian was not, as is the case with most disappearing languages, a natural demise caused by migration and mass media. In 1896, after the overthrow of the Hawaiian monarchy by American business interests, schools were banned from using the language, and children were beaten for speaking it. By the late 20th century, aside from a couple of hundred people on one tiny island, English had replaced Hawaiian and only the old spoke the language to each other.

The civil-rights movement brought a revival of interest among the young, centred on the University of Hawaii at Hilo. Larry Kimura, a professor there, was not satisfied that the language should be merely a subject taught at college: he and his students wanted to bring it back to life. The idea for how to do that came from a visiting Maori, who suggested "language nests", which had been successfully used to revive New Zealand's native language.

In 1985, when educating children in Hawaiian was still banned, Kauanoe Kamana and her husband Pila Wilson, both students of Kimura's, created the first Punana Leo (which means "language nest") at Hilo. Neither was a native speaker, but both were determined to bring up their children as such. They gathered together a small group of children, including their own son and daughter, and elderly native speakers. The movement grew: there are now 12 kindergartens and 23 schools, some of them stand-alone Hawaiian-medium schools, some Hawaiian-medium strands within English-medium schools. The number of children being educated in Hawaiian has risen from 1,877 in 2008 to 3,028 in 2018. Along with Japanese, Hawaiian is the non-English language most commonly spoken among children.

The success has been hard-won. Campaigners had to get the law changed, and they also had to fight scepticism. "People in the community, even in our families, were saying: 'You'll ruin your children's future, they won't be able to go to college, they'll be total failures.'" Such fears turned out to be unfounded. All the pupils at Nawahi, the main Hawaiian-medium school, complete high school, compared with the state average of 83%; 87% go to college, compared with a state average of 55%.

But academic outcomes are not the primary focus, says Mr Wilson. "We value our connection with our ancestors more than we value being millionaires," he says. Mr Kimura explains that the schools have allowed Hawaiians to pass on their culture, including the creation myths written by Kalakaua, Hawaii's last king. "You folks have heirlooms," he says of the British relationship to its monarchy. "We don't. These are our crown jewels."

Combating the dominance of English is tough. Seventeen-year-old Kalamanamana Harman, who has been educated entirely in Hawaiian—and, with a place at Dartmouth, is one of the movement's academic success stories—says that the wobbly moment for young Hawaiian-speakers comes at the beginning of high school. "At the age of 13, we tend to speak English a lot. It's kind of like a virus." But Hawaiian has a different sort of power. "We like to use it outside school, just to communicate in a secret language, so other kids want to learn it." She is teaching it to the non-Hawaiian-speakers in her football team.

Efforts have been made to revive other American languages. The most notable has been the rebirth of a truly dead language, Wopanaak, which used to be spoken by the Mashpee Wampanoag tribe of Massachusetts but died out in the 19th century. Fortunately, a 17th-century translation of the Bible into Wopanaak made reclamation possible, and it is now the medium of instruction in a kindergarten modelled on Punana Leo. But none has got as far as Hawaiian. "If you look around the world, it's a very rare success," says Andrew Cowell of the University of Colorado. He attributes that to the advantage of exclusivity—it is the only Native American language in Hawaii, whereas many states have a number of different tribes, each with its own language—and to support from the university.

Kalamanamana Harman recalls a sense of isolation when she was brought up as a Hawaiian-speaker. "It's hard being different from other kids," she says, "but you see the value of it over time." She intends to bring up her children as Hawaiian-speakers. Recalling her kindergarten days, she sings a snatch of the "Rain, rain, go away" chant, and points out that her name in Hawaiian means "rays of the sun".

*This article appeared in the United States section of the print edition under the headline "Speak, memory"*



Lexington

## Donald Trump's real target is not illegal immigration but diversity

---

*That battle is already lost*

Print edition | United States Feb 23rd 2019

WHEN JUAN GARCIA started work as an urban planner for the government of Gaston County in 1997, he reckons he was the only Latino among its 1,400 employees. Hub of a dying textiles industry, on the western edge of Charlotte, the county was missing out on the boom already rippling through the periphery of North Carolina's most dynamic city. For that reason Gastonia, its altogether less zippy capital, was not seeing many of the Mexican immigrants then pouring into the state, to labour on the building sites erupting in Charlotte and revive the poultry industry in Union County, east of the city. But this was about to change.

Finding opportunities overlooked by others in Gastonia's run-down factories and mills, migrants started settling in the town's trailer parks and poor black neighbourhoods. Its Hispanic population soared, to around 6,000, or 9% of the total, within a few years. This caused friction with Gastonia's white majority, recalls Mr Garcia, who was born in Colombia. "Mexicans like to get physically closer when they're talking to you than Anglos do. They might slaughter a chicken in their yard. They play loud music there." But the ill-will rarely went beyond grumbling about the migrants' poor English. Some in Gastonia said this reflected the much deeper tensions in the South between whites and blacks. Resentment of immigrants was only a brief distraction from that main drama. In any event, the migrants, many of whom had either moved from Texas or come directly from the Rio Grande, expected no favours. "So long as you treat people the right way, you're all right," shrugged Elvira, who came to North Carolina to pick tobacco 25 years ago and now works at the "Las Americas" supermarket in Gastonia.

The influx of Hispanics to the town, and hundreds of unfashionable cities like it, illustrates how much they have changed America over the past three decades. The Hispanic population has risen ninefold since the 1960s, to around 60m. Its members, many of them second- and third-generation immigrants, are dispersing across the country, driving growth and changing the social fabric wherever they go. While the white population is on the cusp of declining, most states have flourishing Hispanic communities. North Carolina, which had around 40,000 Hispanics in 1990, now has almost a million. The high growth rates it has meanwhile sustained owe a lot to this migrant infusion.

To men like Julian, in other words, who had popped into Las Americas on a half-hour break between his jobs. From 5.45am to 3.30pm he works as a machinist in one of Gastonia's surviving looms; between 4pm and 11pm he drives a fork-lift in a packaging factory. Thus have Gastonia's Hispanics filled gaps in its old industries, taking low-skilled jobs that blacks and whites no longer want. Meanwhile the many small landscaping and construction businesses they launched have forged an overdue connection between Gastonia and the new services-based economy of the South, a 20-minute drive across the Catawba river in Charlotte. Recognising the community's importance, as well as its needs, Gaston County now employs over 100 Hispanic public servants, with a premium on bilingual doctors, nurses and social workers.

This transformation is the essential context in which to view Donald Trump's talk of a crisis at the southern border. The president appears to be motivated less by genuine concern for the state of the border than by his white supporters' feelings of anxiety over demographic change. His promise of a border-wall, which few immigration experts think America needs, following a steep decline in the number of illegal crossings, is a sign of that. In fact, were Mr Trump not so obviously using his promised border-wall as a political device, he might have built one by now. Last year he turned down an offer from the Democrats that would have given him wall money in return for comprehensive immigration reform—far more money than his emergency is likely to get him. In short, the physical promise of the wall is largely a figment. It is a symbol of Mr Trump's tacit pledge to his white supporters to defend them against the diversifying of American society that many fear. It is too late for that, however. Most of the growth in America's Hispanic population is the result of natural increase, not immigration. Mr Trump's nativist stand is positively Canute-like.

It also carries great costs. The most important is the forgone opportunity to cauterise America's immigration sore that his presidency represents. The anxiety of Mr Trump's followers is exacerbated—explained, even—by the chaotic legacy of decades of illegal immigration. It stands to reason that America's roughly 11m illegal migrants, most of whom are Hispanic, are willing to work harder, in tougher conditions, than indigenous people. Economists may argue over the effect of that on wages; but it is a theoretical disadvantage to natives that they are bound to resent.

Meanwhile the insecurity illegal migrants live with is a barrier to assimilation, which also causes tension. It was fairly amazing that most of the shoppers in Las Americas, despite having spent years in America, spoke little or no English. The answer to these tangled problems has long been clear. America needs to regularise the status of millions of illegal immigrants, while further improving border security to win consent for that change. Given Mr Trump's hold on the nativist right, he could have done this. Yet that would have required him to want to fix the mess, and not seek to profit from it.

### A wave is coming

The pay-off for his party will be short-lived, however, because of another development among Hispanics. For several rea-

sons, including the fact that many are illegal and unable to vote, their political clout has lagged behind their numerical rise. In North Carolina, they are 10% of the population and 3% of registered voters. Yet Hispanic citizens are now entering the property-owning middle-class in vast numbers. The looming calamity for Republicans, who have done so much to alienate them, is that such people vote.

*This article appeared in the United States section of the print edition under the headline "Diversity and its discontents"*

## Brazilian politics

Facing the pensions conundrum

### Economic reform

## Jair Bolsonaro tackles Brazil's pensions problem

*Politicians and the people are ready for change, in theory*

Print edition | The Americas Feb 21st 2019

JAIR BOLSONARO won last October's presidential election in Brazil by railing against crime and corruption. But the success of his presidency depends on whether he can revive the torpid economy. He can only do that if he reassures investors by reforming the country's absurdly generous pension systems, which imperil public finances. On February 20th Mr Bolsonaro presented congress with a draft constitutional amendment to bring pension spending under control. He then went on television to promote a reform that he promised would "change our history".

Mr Bolsonaro has sent mixed signals on pensions, which funnel benefits mainly to better-off Brazilians and will become increasingly unaffordable as the population ages. The government spends 12% of GDP on pensions, compared with 8% among the rich countries of the OECD. Mr Bolsonaro raised hopes of reform by naming Paulo Guedes, a former investment banker and determined moderniser, as his economy minister. Mr Bolsonaro, who confesses to knowing little about economics, calls Mr Guedes his "Posto Ipiranga", a full-service petrol station. On the other hand, when he was a congressman Mr Bolsonaro opposed a pension-reform plan backed by the previous president, Michel Temer. After the election he criticised Mr Temer's scheme again, saying "we can't save Brazil by killing old people."

The package that the president proposed this week shows that Mr Guedes has won the argument, at least for the moment. It would set minimum retirement ages of 65 for most employed men and 62 for most women, which is what Mr Temer suggested. What's more, the proposed 12-year transition period is shorter than Mr Temer's 21 years. Currently, people start drawing pensions on average in their mid-50s, after paying into the system for at least 30 years.

The plan would raise contributions paid by people with higher incomes and limit the extent to which pensioners can collect more than one benefit. Rules for public servants would be brought closer to those for private-sector workers.

If congress enacts the proposal in full, the government would save 1.1trn reais (\$295bn) over ten years, more than 1% of expected GDP over the period. That is higher than the 800bn reais of savings in Mr Temer's original plan. The package "seems to go in the direction of reducing imbalances significantly," says Mario Mesquita, an economist at Itaú, a Brazilian bank.

It must now get through congress, where three-fifths majorities are needed in both houses to amend the constitution. Few observers expect it to pass without changes. The question is how damaging those changes will be. Congress cut the expected savings from Mr Temer's proposal in half. (It eventually failed after allegations of corruption forced him to spend all his political capital on persuading congress to shield him from prosecution.)

Mr Bolsonaro has advantages that his predecessor lacked. Allies lead both houses. Even politicians who do not support him now think that pensions must be fixed, as does the broader public. "There's consensus about the need and urgency for reform," says Tasso Jereissati, a senator from the centrist Brazilian Social Democracy Party, which supports the government's economic agenda. BTG Pactual, an investment bank co-founded by Mr Guedes, found that 83% of congress members support some sort of pensions reform.

But, as Mr Jereissati admits, "there's a wide spectrum" of views about what sort. Just 38% of legislators agree with the proposed minimum ages. Most voters also think they are too high, according to a poll by XP Investimentos, a broker. Mr Bolsonaro has made his job harder by refusing to reward supporters with patronage, the normal way of forming majorities in congress.

His two-month-old presidency is already engulfed in scandal, which makes things still harder. The latest follows revelations by *Folha de São Paulo*, a newspaper, that Mr Bolsonaro's Social Liberal Party had put up fake candidates in order to fill gender quotas and receive public campaign money. On February 18th Mr Bolsonaro sacked Gustavo Bebianno, the party's former chairman, from his cabinet job.

Such dramas will probably not destroy pension reform. Eurasia Group, a political consultancy, puts the odds of no reform at all this year at 30%. But they may weaken the government, forcing it to make concessions to interest groups that would be hurt by change. Already, proposals for new rules for military pensions have been postponed by 30 days. Moody's, a credit-rating agency, predicts that congress will reduce savings from the reform to 600bn-800bn reais. Even so, investors would be reassured, Moody's says.

Mr Guedes's ambitions do not end with pension reform. They include simplifying the tax code and reducing barriers to imports. "We're going to privatise everything," says a member of his team. To achieve such goals, Mr Guedes will have to overcome opposition from the retired generals in Mr Bolsonaro's cabinet, who are loth to sell such "strategic" assets as Petrobras,

the state-controlled oil company. Industry will resist lower import barriers.

Right now, the government is throwing its weight behind “*nova previdência*” (“new pensions”). The economy ministry reportedly plans a social-media blitz to argue that reform will reduce inequality, create jobs and release money for such public services as health and education. All that is true, and has been for a long time. Perhaps this time Brazilians will believe it.

*This article appeared in the The Americas section of the print edition under the headline “Facing the pensions conundrum”*

Twitter, but not better

## Cuba's leaders adopt social media, not democracy

*The regime is tweeting. That does not mean it is more tolerant of dissent*

Print edition | The Americas Feb 21st 2019

THE DAY BEFORE Miguel Díaz-Canel became president of Cuba last April, a newscaster on state-controlled television urged Cubans to join in a *tuitazo* (outpouring of tweets). The hashtags he proposed were PorCuba (“ForCuba”) and SomosContinuidad (“WeAreContinuity”). Mr Díaz-Canel himself joined Twitter in August. For the first few weeks he followed only Nicolás Maduro, Venezuela’s embattled despot, and Evo Morales, Bolivia’s leftist president. In December, in an attempt to make Cuba’s dictatorship appear more accountable to its people, he instructed government departments to make themselves more visible on social media. Now 24 of the 26 ministries tweet, as do most of the ministers who lead them.

Increasingly, Cuba’s 11m citizens can tweet back. In December 3G mobile networks became available to anyone on the communist island for the first time. Previously, Cubans’ main access to the internet was through public Wi-Fi hotspots, for which they pay by the hour. Just 37,000 homes have internet connections. Access to 3G, which is paid for by the megabyte, encourages Cubans to migrate from data-hungry services like Facebook and Instagram to less-voracious Twitter. By the end of January the country’s 5.3m mobile-phone owners had bought nearly 1.4m 3G packages.

Two-way tweeting seems to narrow the distance between rulers and ruled. After a tornado struck Havana in January, Betsey Díaz Velázquez, the minister of internal trade, tweeted a list of discounted food available to people in the affected area. When people scolded the government by tweet for failing to provide for those who had lost their homes, she offered them free food. “A year ago I couldn’t name a single Cuban minister,” said Camilo Condis, an entrepreneur, last December. “Now I know all their handles, recognise their faces, and I’ve even had a chance to interact with some of them.”

Lately, though, the conversation has turned angry. The ill-will arises from the government’s attempt to enact a new constitution through a referendum to be held on February 24th. It would make modest changes to the existing constitution, such as legalising private property (subject to regulation by the state) and limiting the president to two five-year terms. Tempers flared after the national assembly announced in December (by tweet) that a provision allowing for same-sex marriage would be dropped. In its place is a fudge that would recognise marriage as a “social and legal institution”, to be defined later.

Cubans who favour gay rights vented using the hashtag YoVotoNo (IVoteNo). Its use has widened to include other gripes about the new charter, such as its failure to allow Cubans to elect their leaders directly. Few expect the referendum to be a fair vote. The hashtag has become so popular that the government felt obliged to counter with YoVotoSi (“IVoteYes”).

This has been plastered on buses, state-run grocery stores and ice-cream parlours. At the annual parade on January 28th in honour of José Martí, a hero of independence, the government distributed T-shirts—a luxury in Cuba—emblazoned with the pro-constitution hashtag. People who disagree too actively with the sentiment have been detained and roughed up by police. Cuba’s rulers have learned how to tweet, but they have not forgotten how to shut people up.

*This article appeared in the The Americas section of the print edition under the headline “Twitter, but not better”*

Butts out

## Resignations rattle Justin Trudeau

---

*The departure of Gerald Butts, the Canadian prime minister's closest aide, has not calmed a scandal*

Print edition | The Americas Feb 21st 2019

WHEN JUSTIN TRUDEAU, Canada's prime minister, demoted Jody Wilson-Raybould, the justice minister and attorney-general, in a cabinet shuffle on January 14th he gave no explanation. On February 7th the *Globe and Mail*, a newspaper, provided one. It quoted anonymous sources as saying that Ms Wilson-Raybould was being punished for resisting pressure from someone in the prime minister's office to drop the prosecution for fraud of SNC-Lavalin, a construction and engineering firm. The company, which is accused of paying bribes in Libya during the rule of Muammar Qaddafi, would have been let off with a fine, the report alleged.

Mr Trudeau denied that he gave such instructions to Ms Wilson-Raybould. Her presence in cabinet, as minister of veterans' affairs, was proof there was nothing to the story, he said on February 11th. She resigned the next day. Now Gerald Butts, the prime minister's principal secretary, has followed her. He quit on February 18th, saying that neither he nor Mr Trudeau's staff had put pressure on the justice minister.

This is a grievous loss to Mr Trudeau. Mr Butts was a close friend, who helped him lift the Liberals from third-party status to win the election in 2015. Both men no doubt hope that Mr Butts's departure will calm the controversy before the next election due in October. The Liberals trail behind the Conservatives in the polls.

That seems a vain hope. Mr Butts's resignation "does not in any way settle this matter", said Andrew Scheer, the Conservatives' leader. The scandal has brought Mr Trudeau's foes together. Conservatives and the New Democrats, a left-leaning opposition party, had already secured investigations by the parliamentary ethics commissioner and the House of Commons justice committee. Now they are demanding a separate independent inquiry into the government's handling of the SNC-Lavalin case.

This was never going to be an easy year for Mr Trudeau. Canada's relations with the United States are tense. Ontario, the most populous province, has taken the federal government to court over its plan to impose a national price for carbon emissions. Energy-rich Alberta accuses Mr Trudeau of moving too slowly to build an oil pipeline. On February 19th a convoy of lorries from Alberta came to Ottawa to make that point.

More damage may be on the way. Ms Wilson-Raybould has so far refused to comment on the SNC-Lavalin affair, but is expected to testify before the justice committee on February 25th. As attorney-general, she gave advice to the government that is subject to solicitor-client privilege. She has hired a former justice of the Supreme Court to advise her on what she can say. If she speaks about the substance of the accusations, and does not back up Mr Trudeau's story, he will be in grave trouble.

*This article appeared in the The Americas section of the print edition under the headline "Butts out"*

Bello

## Donald Trump, the implausible would-be liberator of Venezuela

*Will the United States invade?*

Print edition | The Americas Feb 21st 2019

FOR THE PAST month most of the democratic world has united in an effort to remove Nicolás Maduro, Venezuela's dictator, through popular, diplomatic and economic pressure. Some 50 countries have recognised Juan Guaidó, the speaker of the national assembly, as the country's interim president with the aim of forcing a democratic election. On this issue, Donald Trump, who has led the offensive, has enjoyed both international support and bipartisan backing at home.

The American president seemed to care little for nurturing that consensus on February 18th, when he gave a speech in Miami about Venezuela that grazed the line separating foreign policy from domestic politics. He let off a fusillade against "socialism and communism". The speech seemed directed at shoring up his support in Florida, a swing state with lots of voters who have Cuban and Venezuelan roots. By conflating "socialism" with totalitarian communism, Mr Trump was taking a swipe at Democrats who have recently adopted that word. But he was also ignoring the fact that the opposition to Mr Maduro in Venezuela and in Latin America includes moderate socialists.

For some, Mr Trump's muscular embrace of the cause of democracy in Venezuela seems odd. In other places he has been happy to embrace dictators and ignore the erosion of human rights. Nevertheless, Latin American leaders who have met the president since 2017 say that he has always raised the issue of Venezuela. That may be because of the Florida connection.

Administration officials say that Venezuela is different because it is "in our hemisphere". It has a direct impact on the United States: mass emigration and Venezuela's tolerance of drug trafficking and Colombian guerrillas in its territory destabilise the region. But there is an echo, too, of the Monroe Doctrine. Formulated by President James Monroe in 1823, this was an expression of solidarity with the fledgling Latin American republics against European absolute monarchies. But it became the cloak for interventions, especially against elected left-wing governments during the cold war. It is because of that history that when Mr Trump repeats that "all options are open" in Venezuela, many Latin Americans part company with him. But not all: some Venezuelans in exile have long wanted the United States to use force to remove Mr Maduro and his Cuban backers, pointing to the suffering they are inflicting.

Mr Trump does not like foreign wars; his threats are intended to persuade the army commanders in Caracas to switch sides. Perhaps they will, but there is little sign of it. The immediate focus of the administration and Mr Guaidó is February 23rd, when they plan to deliver food and medicines, which Mr Maduro has promised to block. The longer he survives, the more pressure Mr Trump will face to turn threats into action. What might be the implications of a military intervention?

A quick victory would, perhaps, have few detractors. Some point to the relatively low cost of the invasion of Panama in 1989. This toppled General Manuel Noriega in six weeks: 23 Americans were killed, along with some 300 Panamanian soldiers and the same number of civilians. But Panama is a pocket state. It had American bases and no proper army. Venezuela is a very different proposition.

Optimists claim that its army would not put up a fight. It is corrupt, top heavy, has no modern combat experience and its kit is poorly maintained. "They underestimate us," said General Vladimir Padrino, Mr Maduro's defence minister, in response to Mr Trump's speech. "We are called upon to carry out our historic task: defending the fatherland." Outsiders tend to play down the ideological commitment of some in the armed forces. Military units have political commissars, many of them Cubans. Even if most of the air force's 23 Sukhoi jets are grounded, it only needs one to be operational to, say, bomb Bogotá, if Colombia becomes the launchpad for a military intervention. There are many guns in the hands of pro-regime militias. Venezuela has a tradition of guerrilla warfare.

An American invasion would thus be highly risky. It would also be counter-productive, because it would deprive a new government of legitimacy and revive anti-imperialism across Latin America when the main issue is the defence of democracy. Yes, Cuba is intervening in Venezuela, and there is scant evidence that Mr Maduro will go peacefully. Even so, maintaining the broadest possible political front against him remains the best option.

*This article appeared in the The Americas section of the print edition under the headline "The return of the Monroe doctrine?"*



## China's future

### The global centre

#### The global centre

## The story of China's economy as told through the world's biggest building

*It is a microcosm that reveals how much China is master of its own fate*

Print edition | Essay Feb 23rd 2019

### 1 The global centre

THE WORLD'S biggest building got off to a bad start. On the eve of its opening, Deng Hong, the man who built the mall-and-office complex, disappeared.

For years Mr Deng had received tributes in local media for turning farmland into glistening conference centres and hotels. The billionaire "conference king" walked with a swagger, chomped on cigars and knew how to please officials. Hefty contracts rolled his way, including one to develop a landmark in the suburbs of Chengdu, a city of 14m in south-western China. This, the New Century Global Centre, was to be his crowning accomplishment, the world's largest structure by floor space, the size of 246 football fields, or nearly three Pentagons or eight Louvres.

But then he was gone, swept up in a corruption investigation just before the building's doors opened in 2013. The media focus shifted to his hubris and his wasteful, pharaonic venture. Inside, it had a massive waterpark with an artificial beach, an ice rink, a 15-screen cinema, a 1,000-room hotel, offices galore, two supersized malls and its own fire brigade, but just a smattering of businesses and shoppers. It became a parable for the economy's excesses and over-reliance on debt.

Today, more than five years on, the story has taken a series of surprising turns. For one, the building is not a disaster. During the summer, the waterpark is crowded. The mall has come to life, a testament to the rise of the middle class. The offices are a cauldron of activity: 30,000 people work there in every industry imaginable, from app design to veterinary care. Mr Deng has been released and is back in business, declaring last summer that he had a clean slate.

A triumphant return? Not quite. Mr Deng's freedom is marred by the fact that he no longer owns the centre but is now an employee. It was bought by an arm of the state—a transaction that regulators are probing for financial irregularities. From one angle the world's biggest building seems to be thriving; from another it is once again under a cloud.

Discussions on China's economic future also tend to swing between two extremes. At one end of the spectrum, it is seen as an unstoppable juggernaut, destined to dominate the 21st century. At the other end is the conviction that a crash is inevitable. The trade war with America has achieved the improbable feat of bringing these views together, reflecting both a fear that China must be confronted before it is too strong and a desire to hasten its collapse.

The Global Centre—the tale of its construction, its occupants and its evolution—hints at a different future. It is neither a spectacular success nor a catastrophic failure but a long economic struggle, a contest between China's tremendous potential and the cracks in its foundations. America is only a secondary player in the drama. China, for better and for worse, is writing its own story.

### In the middle of the kingdom

The centre is now surrounded by broad roads and tall buildings. But for years the land it sits on was home to the fields of Huang Fenyu, a stout woman in her 50s, and the few thousand residents of Yumin village. Many lived by timeless rural rhythms, sowing rice in the spring and harvesting green stalks in the autumn.

In 2005 those rhythms came to a halt. Chengdu officials ordered the people of Yumin to relocate to high-rise housing a short drive away. It offered each one 35 square metres (377 square feet) of floor space and as much as 8,000 yuan (then \$1,000), or two years' income. Razed of the last vestiges of its former life—narrow lanes, rice paddies, cheap bungalows—Yumin village was renamed GX92 (211/252), an 80-hectare (200-acre) land parcel to the city's south. In September 2008, it was sold for 480m yuan to Mr Deng's company, the Exhibition and Travel Group.

Ms Huang now works as a janitor in a nearby bank. She knows the compensation she received was paltry. The one time she went to the Global Centre for dinner, it cost her two days' salary. "My heart ached," she says. Even so, she is not bitter. Her new home has better plumbing and sturdier walls. The younger generation will, she says, benefit from a stronger economy. It is a quiet optimism that remains typical of modern China. Though nearly 5km from where she lives, the Centre is so big that it looks as if it is just down the street, its wavy roof outlined with neon lights at night.

Yumin village's transformation—the conversion of farms into a construction site—has been replicated all over China. It provides the most basic answer to the question of how the economy has grown so fast. Officially, the government dates its "reform and opening" period to 1978. Yet for the first 15 years progress was uneven. Gradually unshackled from central planning, the



Chinese people showed their entrepreneurial flair. But the Communist Party was divided on the critical issue of how to build the roads, homes and factories that it sorely needed—how, in the jargon of economists, to accumulate the physical capital that fuels growth.

It was only in the 1990s that China settled on a model that has, in many respects, persisted to this day. It started evaluating local officials by how quickly the economy grew under their watch. They, in turn, competed with each other to woo firms, offering them cheap land, tax breaks and low-cost labour. Transforming the bureaucracy into something more like a large startup business, hungry to expand, yielded dramatic results. China accounted for 4% of the global economy in 1990; now that is close to 18%.

### **Built on sand?**

Three factors have underpinned this model. Each can be found in the origins of the Global Centre. The first is land, all of which is publicly owned. This puts a valuable asset at the disposal of local officials. They can offer cheap long-term rents to attract businesses or sell big leaseholds to developers. As long as growth continues, this is sound economic logic. Developers buy up land, assuming, mostly correctly, that they can sell what they build. For local governments it is a source of wealth. In Sichuan province, of which Chengdu is the capital, land sales bring in nearly as much as taxes.

A second feature of China's economy is cronyism. Mr Deng bought the land in 2008 at a steep discount, according to state media. The city government had supposedly attached strict conditions to the sale. He was to build an arts centre as well as a landscaped park. A mall-and-office complex was not part of the plan. Yet today the only building on the site is the Global Centre.

Officials must have known. The city government is across the street. At the time Chengdu's Communist Party chief was Li Chuncheng. His given name means "spring city", but locals dubbed him Chaicheng, or "demolish the city". Mr Deng got close to him: when Mr Li wanted a relative's remains moved somewhere with better *feng shui*, Mr Deng made the arrangements.

Mr Li's fortunes turned soon after Xi Jinping came to power in 2013. Jailed for graft related to construction, he is one of the dozens of high-flying local leaders cut down by Mr Xi's anti-corruption campaign. Mr Deng himself was detained but never publicly charged. The official line is that he was asked to "assist an investigation", a euphemism for helping the party net a bigger fish.

Still, Mr Li's downfall offers a window into the nexus between government and business. Local officials can dole out contracts in exchange for benefits, like covering their children's tuition overseas or buying homes for their relatives. The path is then clear for projects that in other countries would be almost inconceivable.

The third feature in China's model is debt (see chart). Mr Deng bought the land in 2008 just as the country embarked on a manic phase of growth. Worried about drag from the global financial crisis, Beijing unleashed a huge stimulus. Local officials ran up debts, and seized lots of land for development. A building boom ensued.

The Global Centre is one of the many projects from that period that dot the country. Some are useful, such as China's high-speed rail network. Others, less so: scores of cities built big futuristic districts but are still struggling to attract residents. China's total debt soared from about 150% of GDP in 2008 to more than 250% today. Rapid increases of this magnitude have presaged financial trouble elsewhere, from the banking crises that ripped through the West a decade ago to Japan's stagnation in the 1990s.

Yet the striking thing about these three factors in China's economic system is that they were all useful until recently. The government's control of land gave it a lever to kick-start investment. Land also played an overlooked role in governance, says Michael Song, an economist at the Chinese University of Hong Kong. In a large country with a lack of accountability, it functioned as a disciplining tool. To raise the value of land, officials had to invest in infrastructure, from highways to power grids. If they did not, they would have a harder time selling land in the future.

Many economists believe that corruption was, counter-intuitively, a lubricant for growth

Many economists also believe that corruption was, counterintuitively, a lubricant. Emerging from the Maoist era, a little graft gave officials an incentive to do what was needed to support growth, whether in selling state assets or enticing firms to invest.

Debt also greased the wheels. Up to a point, the increase in borrowing is a sign that the financial system is operating as it should, channelling savings into investment. Virtually all developed economies have debt levels that are at least as high as China's, albeit mostly built up over longer periods.

The challenge now is to shift to a different economic model, because all three factors are hitting their limits. Land is a finite resource, and the government's appropriations have got ahead of market need. Gan Li of Chengdu's Southwestern University of Finance and Economics estimates that 65m homes—21% of urban housing stock—are vacant. Corruption has reached corrosive levels. Frailties from all the debt are showing. Corporate-bond defaults in 2018 reached \$18bn, more than triple the previous annual record.

But turning onto a new path is hard. Local governments cannot easily find revenue sources as bountiful as land. The anti-graft campaign has sapped the motivation of officials while leaving the rotten system around them intact. Efforts to tame debt have also hurt growth, forcing regulators to ease up in recent months. China's problems are simple enough to diagnose. Treatment, though, is painful, and the disease more chronic than acute. So instead of taking bitter medicine, officials hope time will be a balm. But China's ills are likely to get harder to cure.

## **2 The billionaire factory**

### **Consumption is booming, but so is inequality**