The Economist

Dealing with Europe's hard right

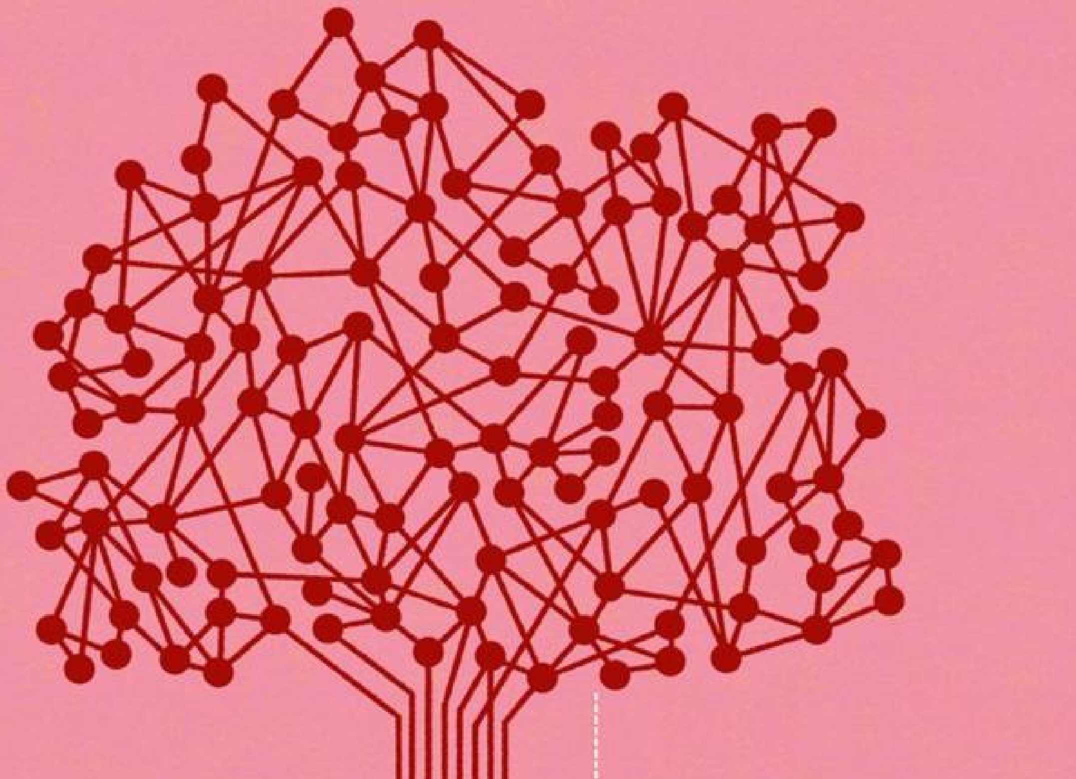
One nation under Modi

Mr Kim goes to Russia

The hunt for green metals

SEPTEMBER 16TH–22ND 2023

HOW AI CAN REVOLUTIONISE SCIENCE



The world this week

The world this week

Politics

Sep 14th 2023

More than 5,300 people died and many thousands more were missing after floods burst two dams and swept through the **Libyan** port city of Derna. Entire neighbourhoods were wiped out. Earlier, another disaster struck north Africa when **Morocco** was hit by its worst earthquake in more than a century near the city of Marrakesh. At least 2,900 have been killed. The government has rejected or ignored some international offers of aid.

For the first time in its history all 15 of **Israel's** Supreme Court justices convened for a case. They began hearing petitions against a law passed in July that dramatically limits the powers of the judiciary.

America waived sanctions on certain banks to allow the transfer of $6bn in frozen funds to **Iran** from South Korea as part of a prisoner-exchange deal. Antony Blinken, America's secretary of state, said that five Americans held by Iran would be released. Iran can only use the money for humanitarian purposes.

Armed secessionist groups in northern **Mali** attacked posts controlled by the army and Wagner, a Russian mercenary group, leaving a peace deal signed in 2015 in tatters. The junta running Mali has ordered UN peacekeepers to leave the country by the end of the year and recently sent troops and mercenaries into the UN's evacuated bases.

Mangosuthu Buthelezi, a powerful and controversial figure in the years leading to the end of apartheid in South Africa, died at the age of 95. Mr Buthelezi, the great-grandson of King Cetshwayo, who inflicted a stinging military defeat on the British in the late 19th century, stoked up Zulu nationalism and ethnic conflict that led to thousands of deaths in the 1980s and 1990s.

Bernardo Arévalo, **Guatemala's** president-elect, suspended the transition to his inauguration in January, in protest at a raid on the electoral commission by agents of the attorney-general's office, who photographed ballots. Mr Arévalo, an anti-establishment candidate, was the surprise winner of August's election.

Chile commemorated the 50th anniversary of a coup that overthrew the elected government of Salvador Allende, a socialist, and led to 17 years of rule by Augusto Pinochet, a right-wing dictator. The regime murdered several thousand people and tortured at least 30,000.

The area of **Colombia** planted with coca bushes rose by 13% in 2022 to reach a record high, according to the UN Office on Drugs and Crime. Colombia's left-wing president, Gustavo Petro, is a critic of the "war on drugs" led by America.

Last year more **environmentalists** were murdered in Latin America than in any other region, according to Global Witness, an NGO. Of the 177 activists known to have been killed globally, 156 were in Latin America. Colombia, with 60 murders, was the deadliest country.

Mexican legislators, holding Congress's first hearing on UFOs and extraterrestrials, considered claims that what appeared to be two small bodies with three-fingered hands are **alien** in origin. Jaime Maussan, a Mexican journalist, said they were found underground in the Nazca desert of

Peru in 2017 and that a Mexican university had determined that they are 1,000 years old. The university said that it had given no opinion about the origin of the bodies.

Ukraine attacked a shipyard in the **Crimean** port of Sevastopol, severely damaging two Russian vessels, one of them a submarine. Russian officials said Russia had destroyed most of the cruise missiles Ukraine fired in the attack.

The final declaration of the **G20 summit** in Delhi omitted any censure of Russian aggression in Ukraine, deleting the condemnation that was included in last year's statement. India's external affairs minister said there were "multiple views" on the war. The African Union was admitted as a permanent member of the G20 in response to complaints by African countries that they are underrepresented in multilateral institutions. Joe Biden held talks with Li Qiang, China's prime minister, after Xi Jinping decided not to attend.

After the summit Mr Biden travelled to **Vietnam**, where the government upgraded its formal relationship with America to the highest level. The two countries signed business deals, focusing on technology and artificial intelligence and involving firms such as Boeing, Microsoft and Nvidia. China is not happy.

Bessie mates

A meeting of very different minds took place at Russia's Vostochny cosmodrome, where **Kim Jong Un**, North Korea's dictator, and **Vladimir Putin**, his Russian counterpart, held talks. It was Mr Kim's first trip abroad in four years. The pair are thought to have discussed sending North Korean arms to Russia for its war on Ukraine. "We will be together in the fight against imperialism," said Mr Kim, without a trace of irony.

Japan's prime minister, Kishida Fumio, reshuffled his cabinet, appointing Kamikawa Yoko as foreign minister, a rare appointment of a woman to a senior government post (a quarter of the jobs in the cabinet went to women). Kihara Minoru, who is pro-Taiwan and has visited the island, was made defence minister.

Thailand's new prime minister, Srettha Thavisin, unveiled a raft of populist policies as he laid out his government's agenda. The policies include a moratorium on farm debt and lower fuel prices.

In the **Philippines** Maria Ressa, an investigative journalist and winner of the Nobel peace prize, was acquitted of tax evasion. Ms Ressa has now been cleared of all tax charges laid against her by the administration of the former president, Rodrigo Duterte, though she is appealing against a cyber-libel conviction.

A presidential election in the **Maldives** produced a surprise when Mohamed Muizzu, the opposition candidate, took 46% of the vote against 39% for Ibrahim Mohamed Solih, the incumbent. Mr Muizzu is pro-China; Mr Solih is pro-India. A run-off will be held on September 30th.

It emerged that a British parliamentary researcher had been arrested in March on suspicion of **spying for the Chinese government**. Rishi Sunak, Britain's prime minister, said that attempts to undermine British democracy were "completely unacceptable and will never be tolerated", but stopped short of calling China a threat.

Norway's governing Labour Party came second in local and regional elections to the centre-right Hoyre party, the first time Labour has failed to lead in nationwide municipal elections since 1924. It even lost in Oslo. The anti- immigration Progress Party came third, increasing its share of the vote.

A former head of **Austrian** intelligence warned that the hard-right Freedom Party still maintained close links with Russia and would be a risk if it returned to government. Speaking to the *Financial Times*, Peter Gridling said Austria needed to be "vigilant about who is put in charge of which ministries". The Freedom Party holds a steady lead in the polls ahead of elections due to take place a year from now.

Sounding all too familiar

Kevin McCarthy, the Republican speaker of America's House of Representatives, announced the start of an **impeachment investigation** into Joe Biden, claiming that the president lied about the activities of his son, Hunter Biden. Far-right Republicans wanted the investigation.

Mitt Romney announced his retirement as a senator when his current term expires. The former Republican presidential candidate said that, at 76, he was getting too old. "Frankly, it's time for a new generation of leaders," he mused, a message that seems lost on Joe Biden (80) and Donald Trump (77).

The world this week

Business

Sep 14th 2023

Google went on trial in Washington, in the biggest antitrust case brought against a tech company since Microsoft's trial in 1998. In its opening statement the Department of Justice said that Google had illegally sought to maintain its monopoly in internet search, giving it a 90% share of the market, and asked whether Google "will ever face meaningful competition". It accused Google of striking deals with internet and phone companies to display its search engine prominently. Google denies wrongdoing, and argues that "forcing people to use inferior products" does not constitute competition. The trial is expected to last ten weeks.

Lightning changes

Apple launched the **iPhone 15**. The new device replaces Apple's Lightning connector with USB-C, a change forced on Apple by the European Union, which has ruled that all phones must use the standard port. People who buy the 15 will have to ditch their Lightning accessories, such as speaker docks, but the new phone will be able to connect to a wider range of devices using USB-C.

Arm priced its IPO at $51 a share, the top end of its price range, just ahead of its debut on the Nasdaq exchange. The eagerly awaited share offering of the British chip designer was heavily oversubscribed. Meanwhile **Instacart** said it hoped to price its shares in another hotly anticipated tech IPO at a range of between $26 to $28. The online-groceries firm is aiming for a valuation of $9.3bn, far below the $39bn it was said to be worth in 2021.

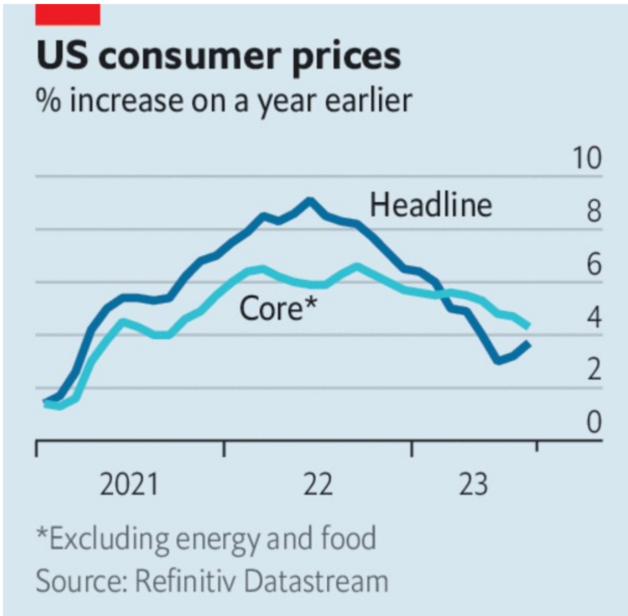
The **European Central Bank** raised interest rates by a quarter of a percentage point, which lifts its deposit facility from 3.75% to 4%, the tenth consecutive increase. Before the announcement markets were evenly split on whether the ECB would pause rates instead, but the bank noted that "underlying price pressures remain high", as it made a small upward revision to its forecast of average inflation in the euro area next year, to 3.2%.

The president of the European Commission, Ursula von der Leyen, announced that the commission would investigate subsidies given to Chinese makers of **electric vehicles**, which have "flooded" global markets. European manufacturers of EVs were being undercut by state subsidies in China, she said. Chinese carmakers, such as BYD, have overtaken their American and European rivals in bringing cheaper EVs to market, and are expanding rapidly overseas as a consequence.

Bernard Looney abruptly resigned as chief executive of BP. The energy giant said it was reviewing fresh claims of Mr Looney's conduct in personal relationships with colleagues, and that he had not been fully transparent in previous disclosures. Mr Looney became CEO in 2020, boosting BP's commitment to renewables with an aim to reach net-zero emissions by 2050. His departure comes amid mounting scepticism among green investors about BP's pledges.

The British government's latest auction of contracts for **offshore-wind projects** failed to win a single bid. Although the government increased the amount of subsidy available, contractors claimed it was not enough to offset their spiralling costs.

Daniel Zhang unexpectedly quit as the head of **Alibaba's** cloud-computing division, less than three months after the company said he would step down as chief executive to focus on the role. Eddie Wu, the new CEO, will now also control the cloud business. The news, ahead of the Chinese tech giant's plan to split in six, rattled investors.



The Economist

America's annual rate of **inflation** jumped in August, to 3.7%, the second month in a row the rate has risen following a year of consistent declines. Most of August's increase is explained by costlier petrol, the result of the decision by Saudi Arabia and Russia to cut oil output. The Federal Reserve is more interested in the core rate of inflation, which strips out volatile food and energy prices. That dropped in August, to 4.3%.

A judge in New York ordered **Argentina** to pay $16bn to two former shareholders in **YPF**, an oil company that the Argentine government renationalised in 2012. A ruling in March found the renationalisation to be unlawful. Argentina, which had argued that the case was outside the jurisdiction of American courts, is to appeal against the judge's decision.

Norway's sovereign-wealth fund, the world's biggest, has become the largest shareholder in **UBS**, with a 5% stake. The Swiss bank is expected to resume share buybacks next year following its recent takeover of Credit Suisse.

Wilko is to shut up shop, six weeks after falling into administration. Various offers fell through for the household-goods chain, probably making 12,500 staff redundant. It is one of the biggest retail collapses in Britain over the past decade. The family firm, founded in 1930, struggled to compete with newer rivals.

On the front foot

Birkenstock took steps to list on the stockmarket. The German maker of hipster sandals filed papers for an IPO on the New York Stock Exchange which will probably take place in mid-October, a blow to European bourses that had hoped to attract the offering. Birkenstock is reportedly aiming for a valuation of $8bn. It will list under the tracker symbol BIRK.

KAL's cartoon

Sep 14th 2023

Dig deeper into the subject of this week's cartoon:

The dangers posed by a deal between Russia and North Korea
Why is Vladimir Putin looking to North Korea for arms?
Why is Kim Jong Un in Russia?

KAL's cartoon appears weekly in The Economist. You can see last week's here.

Leaders

The real threat from Europe’s hard right

The EU’s liberals need better ways to deal with populists

Demonisation isn’t working

Sep 14th 2023

Justin Metz/Getty Images

A SPECTRE IS haunting Europe: the spectre of a rising hard right. In Germany the overtly xenophobic Alternative for Germany (AfD) has surged to become the country’s second-most popular party. Its success is polarising domestic politics and it seems poised to triumph in state elections in the east next year. In Poland the ruling Law and Justice party is leading the polls ahead of a general election on October 15th, and it is being drawn further to the right by an extreme new party, Confederation.

As we explain in this week’s Briefing, there could be more grim news to come. Next year the hard right could gain more sway in elections for the European Parliament, due to be held in June. Marine Le Pen, the leader of National Rally, could win the presidential election in France in 2027. If she did, France would become the second big country to be run by the hard right, after Italy, where Giorgia Meloni and her Brothers of Italy took power last year in a coalition with the nativist League.

Make no mistake, Europe is not about to be overrun by fascists, in a repeat of the 1930s. But the new right-wing wave presents a big challenge. Handled badly, it could toxify politics, disenfranchise a large share of voters and prevent crucial reforms of the European Union (EU). Rather than trying to exclude hard-right parties entirely from government and public debate, the best response is for mainstream parties to engage with them, and on occasion do deals with them. If they have to take some responsibility for actually governing, they may grow less radical.

Europe's hard right has enjoyed several surges over the past quarter of a century. In 2000 Jörg Haider, an anti-establishment demagogue, shocked the continent by entering government in Austria: his Freedom Party is now the most popular there. A migration crisis in 2015, when over 1m people from poor and war-torn countries crossed the EU's borders, led to another wave of support for xenophobic and Eurosceptic parties, including Britain's Brexiteers.

The new wave that is breaking is different in three ways. First, the hard right has opportunistically found new topics to drum up fury about. Most such parties are still anti-foreigner, but having seen Britain's experience, some have moderated their hostility to EU membership, and fewer want to ditch the single currency. All are animated by new concerns, most obviously hostility to pro-climate policies, which they argue are an elitist stitch-up that will fleece ordinary people. In Germany the AfD has successfully mobilised opposition to a government push to require people to install expensive heat pumps in their homes, forcing the government to water down the measures.

The second shift is the breadth of their support. Our calculations show that 15 of the EU's 27 member countries now have hard-right parties which have support of 20% or more in opinion polls, including every large country bar Spain, where the nationalist Vox did badly in July's elections. Almost four-fifths of the EU's population now live in countries where the hard right commands the loyalty of at least a fifth of the public.

The final shift is that the stakes have been raised, particularly at a European level. The war in Ukraine has created a pressing need for the EU to welcome new members in the east, ultimately including Ukraine. In tandem, it will need to streamline decision-making to reduce the veto powers member states wield. The presence of a larger bloc of anti-immigrant nationalists could make that crucial task far harder. Hungary's Viktor Orban, a guru to other populist-nationalists, has consistently tried to block EU reform. Imagine if he gains more allies.

How should centrist voters and parties respond to the threat from the hard right? The old answer was to erect a *cordon sanitaire*. Mainstream parties refused to work with the insurgents; mainstream media refused to air their views. That approach may have run out of road; in places it is becoming counter-productive. In Germany the isolation of the AfD has reinforced its narrative of being the only alternative to a failed establishment. Mainstream parties cannot pretend for ever not to hear the voice of 20% of voters without eventually corroding democracy.

Meanwhile, there is more evidence that hard-right parties in Europe tend to moderate their views when they have to take responsibility for governing. Exhibit A is Ms Meloni, the first hard-right prime minister of a western European country since the second world war. Despite liberal fears, she has not, or at least not yet, picked fights with Europe, upended migration policy, or restricted abortion or gay rights. She has remained a supporter of NATO and Ukraine, by no means a given on the hard right. In the Nordics a similar pattern has played out. The Finns and the Sweden Democrats, two nationalist parties, have become more pragmatic since either joining or agreeing to support a governing coalition.

Any decision to include a hard-right party in local or national government should be taken with extreme caution, especially in places where a history of fascism arouses acute sensitivity. Some rules of the road may help. One is that to be considered, any party must agree to renounce violence and respect the rule of law. Just as important is the constitutional context: at what level of government should they be included? What are the checks and balances created by the electoral system and other institutions? It may make sense to allow the AfD to take part as junior members of local-government coalitions in Germany, for example. It would be a disaster if the hard right were to win France's presidency, with its enormous powers.

Tame or flame

Last, mainstream parties must accept that they have not done enough to satisfy a large and angry minority of their citizens. Trying to accelerate the green transition by loading people up with costs they cannot afford (Germany’s rules on boilers, for instance, or Emmanuel Macron’s ill-fated attempt to increase taxes on fuel) is just making greenery unpopular. Better communication and compensation for the worst-hit are both essential. Failing to control national borders alienates people, whereas a well-managed migration system could be shown to benefit them. The new success of the hard right in Europe is in part a failure of the centre—so the centre needs to raise its game. ■

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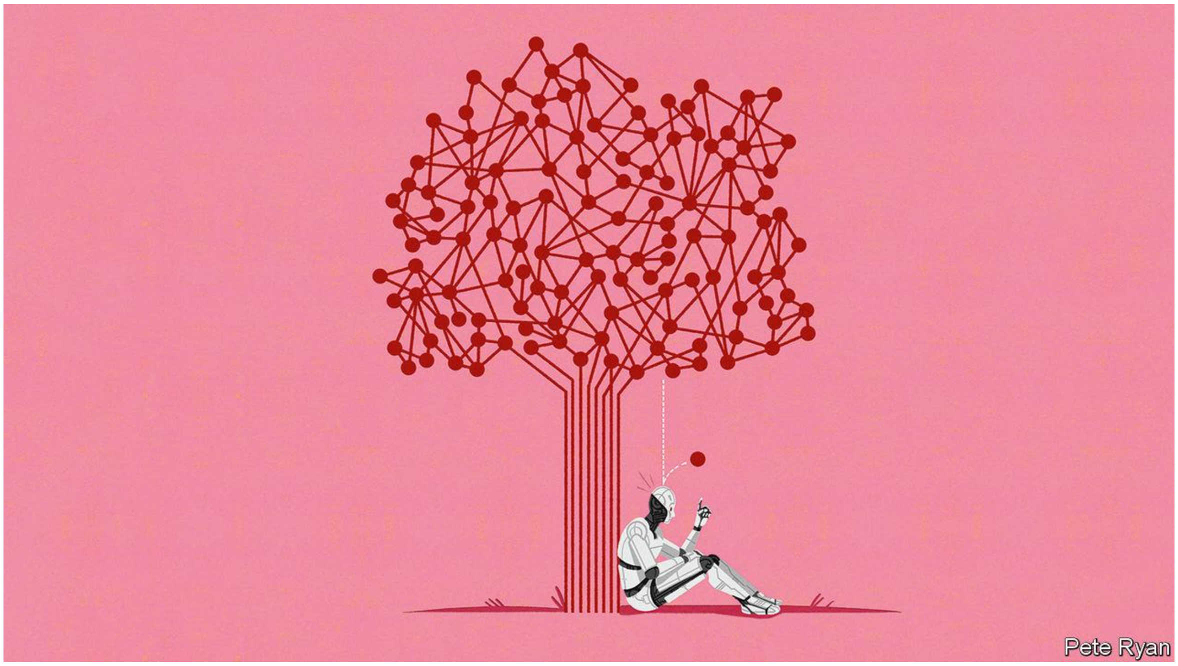
When robots do research

How artificial intelligence can revolutionise science

Consider the historical precedents

Sep 14th 2023



DEBATE ABOUT artificial intelligence (AI) tends to focus on its potential dangers: algorithmic bias and discrimination, the mass destruction of jobs and even, some say, the extinction of humanity. As some observers fret about these dystopian scenarios, however, others are focusing on the potential rewards. AI could, they claim, help humanity solve some of its biggest and thorniest problems. And, they say, AI will do this in a very specific way: by radically accelerating the pace of scientific discovery, especially in areas such as medicine, climate science and green technology. Luminaries in the field such as Demis Hassabis and Yann LeCun believe that AI can turbocharge scientific progress and lead to a golden age of discovery. Could they be right?

Such claims are worth examining, and may provide a useful counterbalance to fears about large-scale unemployment and killer robots. Many previous technologies have, of course, been falsely hailed as panaceas. The electric telegraph was lauded in the 1850s as a herald of world peace, as were aircraft in the 1900s; pundits in the 1990s said the internet would reduce inequality and eradicate nationalism. But the mechanism by which AI will supposedly solve the world's problems has a stronger historical basis, because there have been several periods in history when new approaches and new tools did indeed help bring about bursts of world-changing scientific discovery and innovation.

In the 17th century microscopes and telescopes opened up new vistas of discovery and encouraged researchers to favour their own observations over the received wisdom of antiquity, while the introduction of scientific journals gave them new ways to share and publicise their findings. The result was rapid progress in astronomy, physics and other fields, and new inventions from the pendulum clock to the steam engine—the prime mover of the Industrial Revolution.

Then, starting in the late 19th century, the establishment of research laboratories, which brought together ideas, people and materials on an industrial scale, gave rise to further innovations such as artificial fertiliser, pharmaceuticals and the transistor, the building block of the computer. From the mid-20th century, computers in turn enabled new forms of science based on simulation and modelling, from the design of weapons and aircraft to more accurate weather forecasting.

And the computer revolution may not be finished yet. As we report in a special Science section, AI tools and techniques are now being applied in almost every field of science, though the degree of adoption varies widely: 7.2% of physics and astronomy papers published in 2022 involved AI, for example, compared with 1.4% in veterinary science. AI is being employed in many ways. It can identify promising candidates for analysis, such as molecules with particular properties in drug discovery, or materials with the characteristics needed in batteries or solar cells. It can sift through piles of data such as those produced by particle colliders or robotic telescopes, looking for patterns. And AI can model and analyse even more complex systems, such as the folding of proteins and the formation of galaxies. AI tools have been used to identify new antibiotics, reveal the Higgs boson and spot regional accents in wolves, among other things.

All this is to be welcomed. But the journal and the laboratory went further still: they altered scientific practice itself and unlocked more powerful means of making discoveries, by allowing people and ideas to mingle in new ways and on a larger scale. AI, too, has the potential to set off such a transformation.

Two areas in particular look promising. The first is "literature-based discovery" (LBD), which involves analysing existing scientific literature, using ChatGPT-style language analysis, to look for new hypotheses, connections or ideas that humans may have missed. LBD is showing promise in identifying new experiments to try—and even suggesting potential research collaborators. This could stimulate interdisciplinary work and foster innovation at the boundaries between fields. LBD systems can also identify "blind spots" in a given field, and even predict future discoveries and who will make them.

The second area is "robot scientists", also known as "self-driving labs". These are robotic systems that use AI to form new hypotheses, based on analysis of existing data and literature, and then test those hypotheses by performing hundreds or thousands of experiments, in fields including systems biology and materials science. Unlike human scientists, robots are less attached to previous results, less driven by bias—and, crucially, easy to replicate. They could scale up experimental research, develop unexpected theories and explore avenues that human investigators might not have considered.

The idea that AI might transform scientific practice is therefore feasible. But the main barrier is sociological: it can happen only if human scientists are willing and able to use such tools. Many lack skills and training; some worry about being put out of a job. Fortunately, there are hopeful signs. AI tools are now moving from being pushed by AI researchers to being embraced by specialists in other fields.

Governments and funding bodies could help by pressing for greater use of common standards to allow AI systems to exchange and interpret laboratory results and other data. They could also fund more research into the integration of AI smarts with laboratory robotics, and into forms of AI beyond those being pursued in the private sector, which has bet nearly all its chips on language-based systems like ChatGPT. Less fashionable forms of AI, such as model-based machine learning, may be better suited to scientific tasks such as forming hypotheses.

The adding of the artificial

In 1665, during a period of rapid scientific progress, Robert Hooke, an English polymath, described the advent of new scientific instruments such as the microscope and telescope as "the adding of artificial organs to the natural". They let researchers explore previously inaccessible realms and discover things in new ways, "with prodigious benefit to all sorts of useful knowledge". For Hooke's modern-day successors, the adding of artificial intelligence to the scientific toolkit is poised to do the same in the coming years—with similarly world-changing results. ■

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One country, 28 systems

Modi's "one India" goal is good for the economy, but not for politics

In the next decade regional tensions will build in India

Sep 14th 2023

THE WORLD has been seeing the bright side of India. In August it landed a spacecraft on the Moon. In the latest quarter GDP grew at an annual rate of 7.8%, making it the world's perkiest big economy. Narendra Modi, the prime minister, has just hosted a G20 summit where other leaders, including Joe Biden, courted Asia's rising behemoth. Yet inside India the talk has turned to whether Mr Modi's hunger for power and dreams of national renewal could lead him to bend the constitution. There are signs he wants to increase the clout of national politics and the central government, and dilute the influence of India's 28 states—many of which are not run by his party.

The constitution grants autonomy to the states in many areas, reflecting India's size and diversity. The reform under consideration is obscure but sensitive: synchronising state elections with national polls, potentially creating a single event every five years when India votes (a general election is due in spring next year). Next week Mr Modi is convening an unusual special session of parliament. It could be used to advance this idea. On September 1st he formed a committee to examine the feasibility of unitary elections.

His critics say this is a power grab that will upset a delicate regional balance. Although Mr Modi dominates national politics, his Hindu-nationalist Bharatiya Janata Party (BJP) does not control any states in the more prosperous and dynamic south: in May it lost control of Karnataka, India's tech hub. Synchronised polls could help Mr Modi exploit his personal popularity in regional elections, enabling the BJP to expand its reach.

In many ways the goal of "one India" is sensible. For too long the economy was balkanised, with myriad local markets and taxes (try looking up "octroi"). Mr Modi has simplified this since he won power in 2014, replacing many local levies with a national goods-and-services tax (GST). Along with better infrastructure this has created a deeper single market which is boosting growth. He has also promoted national digital-payment and welfare schemes. Strengthening central government, which doles out less than half of public spending, can be wise.

A simpler electoral calendar is also a legitimate goal. Non-stop campaigning for state elections disrupts the business of government. Other democracies hold polls simultaneously. But if Mr Modi goes ahead, risks loom. He may be tempted to circumvent the rules (on paper, constitutional amendments are needed, which may require a supermajority of parliament and the approval of most states). And if foiled he might weaponise regional tensions to stoke resentment in the BJP's northern heartlands. The BJP has form: it has weakened the courts and incited anti-Muslim chauvinism.

Such divisiveness is always dangerous in India, with its many languages and at least six major religions. It poses a particular threat in the next decade as the regional balance shifts. Economically the south is pulling far ahead, leading to rows about why its taxes subsidise the backward north. In political terms a long-delayed redrawing of constituencies after 2026 will cause northern states to gain parliamentary seats, and the south, with its lower birth rates, to lose out.

Handled badly, such tensions could disrupt the single market and trigger unrest. To manage them India needs to safeguard the federal system, which creates flexibility and facilitates co-operation. Mr Modi’s landmark reform, the GST, came after painstaking negotiations with the states to achieve unanimity. That spirit should govern other constitutional reforms, including of election sequencing. Political federalism is not an impediment to India becoming a superpower; it is a condition for it.■

When Kim met Putin

The dangers posed by a deal between Russia and North Korea

It would make life harder for Ukraine—and heighten nuclear risks in Asia

Sep 13th 2023


Getty Images

IT WAS LIKE a scene from the cold war. Kim Jong Un, North Korea's leader, stepped off his luxurious bulletproof train this week having crossed into Russia's Far East, to be greeted by a military brass band and whisked off to meet Vladimir Putin. Over a meal of duck salad and crab dumplings, washed down with Russian wines, the two dictators toasted what Mr Kim called the "sacred fight" against Western imperialism.

Both men are throwbacks. Mr Kim is the grandson of a tyrant imposed on North Korea by Stalin. Mr Putin waxes nostalgic about Russia's imperial past. Yet the threat they pose today is clear and present. An alliance between them could alter the course of the war in Ukraine by granting Russia a new supply of weapons. It could also escalate a nuclear-arms race in Asia.

North Korea is like an extreme version of what Russia is becoming under Mr Putin: a militarised society, cut off from the West, run by a despot who is heedless of human life. Yet despite its poverty and isolation, it suddenly has something that Russia badly needs: more artillery shells. Russia is estimated to have fired over 10m of them last year and, like Ukraine, is running low. North Korea, with its Soviet-style armed forces, has millions in storage and the primitive industrial brawn to manufacture more. The failure rate of its shells is high: in one barrage aimed at South Korea in 2010, 20% did not detonate. But for Russia that is much better than nothing. And North Korea could also offer other weapons, such as rockets or howitzers.

Any deal over munitions would come at a delicate moment in [Ukraine's counter-offensive], the painfully slow pace of which has raised new questions about its tactics and Western resolve (see International section). For now Ukraine has at least achieved parity with Russia in the artillery war, with both sides facing constrained supplies. But were Russia to receive an influx of ammunition, it would be able to pin down Ukrainian forces more effectively, slowing their advances even further and increasing the level of attrition in the coming winter months.

North Korea wants something in return. In the 2000s Russia was a signatory of the international sanctions regime that was placed on North Korea for its unlawful nuclear-weapons programme. Yet the location of this week's meeting—the Vostochny Cosmodrome spaceport—gave a not-too-subtle clue as to what may be coming next. Mr Kim may demand access to Russian missile technology that could improve the range, reliability and flexibility of North Korea's delivery system for nuclear weapons. He may also be keen to get his hands on Russian satellite and submarine secrets.

So although the immediate effect of any deal could simply be to make life harder for Ukraine's soldiers, it could also ultimately alter the nuclear balance in Asia. The North Korean regime is erratic as well as malign: it periodically threatens to incinerate South Korea and fired two short-range ballistic missiles just before the Kim-Putin summit. Other countries worry that its military capabilities are improving, and may respond by building up their own arsenals. A Kim dynasty that could launch missiles at will from submarines would terrify the neighbours.

Korea advice

What to do? One unpredictable factor is China, which has some sway over both dictatorships. It has no problem with a prolonged and bloody 20th-century-style war in Ukraine, which it hopes will divide Europe and America, but says it is wary of nuclear proliferation. A deal between Russia and North Korea would test that claim. For the West, further sanctions on Russia or North Korea would have little effect. Instead it must ramp up supplies of munitions to Ukraine to help it defend itself from Russia. It should also publicise what it knows about arms deals between Moscow and Pyongyang, and reaffirm that America's nuclear umbrella shields its allies in Asia. ■

Incentives matter

Why are so many Britons not working?

Don't blame covid or NHS waiting lists. The problem is the welfare system

Sep 14th 2023

SLUGABED. SLOWPOKE. Idler. Loafer. The English language has many evocative terms for those seen as workshy. British politicians have made hearty use of them when debating economic inactivity. Economists, however, used to point out that Britain had a good record on this score. For two decades until 2019 its inactivity rate (the share of people of working age who are neither working nor looking for a job) was among the lowest of any rich country. Then something went awry. Pandemic lockdowns smothered economic activity everywhere. But whereas other economies bounced back—since 2020 the inactivity rate has fallen, on average, by 0.4 percentage points across the OECD, a club of rich countries—in Britain, uniquely, it continues to climb, and is up by 0.5 points. What's going on?

The immediate cause is not disputed: more Britons than ever are classified as unwell. Data released this week showed a remarkable 2.6m people, a record, are economically inactive because of long-term sickness—an increase of 476,000 since early 2020. Inactivity helps explain why firms are struggling with labour shortages and, in part, stubbornly high inflation. And there is a hefty bill. The Office for Budget Responsibility, the fiscal watchdog, says more long-term sickness has added £15.7bn ($19.6bn), or 0.6% of GDP, to annual government borrowing because of lost tax receipts and higher welfare spending.

Diagnosing the cause of the swelling sick rolls is trickier. Could covid, its mystery cousin long covid, or shakier mental health post-pandemic be to blame? Hardly. These are not unique to Britain. Are the woes of the National Health Service the cause? Waiting lists for elective treatment have grown immensely: from 4.6m in February 2020 to 7.6m this summer. Yet look closely, and this is not the answer either. More than half of those waiting for care are not of working age. Nor do the biggest drivers of higher waiting lists by treatment type (for example, musculoskeletal issues) match the reported conditions of the long-term sick (which often relate to mental health).

Instead, the primary cause is in the welfare system. The previous Labour government, and Conservative-led ones since 2010, gradually made it harder for claimants to get incapacity benefits. That helped guard against fraud and kept rates of economic inactivity low. But some people with real needs were wrongly denied benefits. In 2019, after several high-profile cases of people being declared fit for work and then dying, the government reversed course and made it much easier to obtain benefits. Over 80% of the claims lodged in the fiscal year 2019-20 were successful, up from just 35% in the decade before.

Meanwhile, perverse incentives have been added. The old system did a fair job of nudging those who were temporarily incapacitated back into work as soon as they were better. The new one has sharply raised the relative rewards of claiming to be permanently incapacitated. Those who are deemed unable ever to return to employment now get twice as much as those expected to go back to work one day. This gives people a strong incentive to exaggerate their ailments, and never look for a job again.

Policymakers should find ways to tighten up. While taking care not to punish the truly ill, they should encourage those who can to go back to work, even part-time. This means bumping up benefits to the temporarily incapacitated, and regularly reassessing recipients to see if their health has improved, which rarely happens today. Politicians are no doubt loth to reopen the welfare debate as an election looms. But ignoring it comes with a large and growing cost. Calibrating the safety-net sensibly is their job. They must not shirk, dodge or duck-shove it. ■

Letters

- **Letters to the editor**

On Germany's economy, Gandhi, the slave trade, attacking the Assad regime, the hobby lobby

Letters to the editor

A selection of correspondence

Sep 14th 2023

Letters are welcome via e-mail to letters@economist.com

Germany responds

Your recent analysis of the German economy concluded with the diagnosis that Germany might once again become the sick man of Europe ("How the wheels came off", August 19th). I argue that this is not the case. In the late 1990s, when *The Economist* first described Germany this way ("The sick man of the euro", June 5th 1999), the country was suffering from high unemployment, especially long-term unemployment, low productivity and hence anaemic growth. The labour market was dysfunctional and inefficient. In other words, the problems were endogenous.

The situation today is completely different. With Russia's war of aggression against Ukraine, Germany has faced a turning point and an exogenous terms-of-trade shock. The shock has hit Germany harder than any other major country in western Europe because of its greater exposure. Its gas imports from Russia fell from over 50% of total gas imports to zero. Energy prices have been rising dramatically for some time. Measured against this historically difficult situation, the German economy has coped well with the shock, thanks to widespread energy savings by businesses and households and thanks to decisive action by the federal government, for example building liquefied-natural-gas terminals in record time ("*Deutschlandgeschwindigkeit*").

Moreover, as one of the world's leading export nations, Germany's economic performance is negatively affected by slow growth in some of its key trading partners. Even more importantly, the coming years will be crucial in the fight against climate change. Germany is mobilising hundreds of billions of euros of private and public investment to transform its economy into a carbon-neutral one.

We are cutting red tape, speeding up permit procedures and creating a new, modern immigration system. We are strengthening our grids, building a hydrogen infrastructure and new hydrogen-ready power plants.

Overall, the German government does not at all ignore "alarm bells", especially regarding its industrial sector. It admits the enormous scale of the task and is fully committed to changing the ways we are doing things to be successful. It is quite normal that such an enormous transition comes with some turbulence. I am convinced that growth will soon return and that we will profit enormously from our action in the longer run. Don't count out Germany just yet.

STEFFEN MEYER
Director-general
Federal Chancellery
Berlin

No urban/rural divide

To state that India's neglect of its urban centres can be traced to Gandhian ideology is to misrepresent Gandhi's views ("Dirty old towns", August 19th). While Gandhi was indeed concerned about India's villages, he explicitly referred to the need for clean, healthy, liveable Indian cities in his writings. In 1938 Gandhi wrote that he did not want "penury, misery, dirt and dust in India". Note that there is no reference to "rural" there. He meant all of India including urban centres. Perhaps Indian governments might have misinterpreted Gandhi, but that is not his fault.

JAYDEEP BALAKRISHNAN
Associate dean
College of Business
California State University, Sacramento

Britain and the slave trade

By all means reflect on the past, including Britain's role in the slave trade and the suppression of the Demerara uprising ("Two centuries of forgetting", August 19th). And it certainly should form part of the history curriculum in schools. But as Tom Holland would say in his studies of history, context is everything. To imply that Britain has never come to terms with aspects of its ignominious past is to disregard those moments and periods of history where Britain stood alone, not only in condemning and abolishing slavery, but sending out the Royal Navy on the high seas to stop it. William Gladstone, one of Britain's greatest prime ministers, whose own family profited from slavery in Guyana, branded slavery the "foulest crime" in history in 1850.

Gladstone's descendants recently issued an apology for slavery. Since the end of slavery and after Caribbean and African nations became independent, Britain has provided billions in development aid to its former colonies. British students could learn more about, and take pride in, this history too.

DALE DORÉ
Oslo

According to a poll you cited, 44% of Britons thought that the royal family, "whose ancestors monopolised the early slave trade through the Royal African Company", should pay reparations. There were six members of the royal family among the initial 200 subscribers to shares of the company in 1672, with James, Duke of York (later King James II of England and VII of Scotland) as the largest shareholder. However, most of the shareholders were London merchants, including 15 past or future lord mayors of the City of London and 25 past or future sheriffs of London.

John Locke, who expounded the principle of self- ownership and the corollary right to own property, invested £400 sterling in the initial share issue and another £200 three years later.

ROBERT DIMAND
Professor of economics
Brock University
St Catharines, Canada

Let down by the British

You reassessed Barack Obama's decision not to strike against the Assad regime in Syria when it used chemical weapons in Ghouta ("Investigating

America's lost credibility", August 26th). It is worth remembering that the decision by President Obama not to hit the regime was very much a reaction to Britain's lack of support. The British government, led by David Cameron, failed to get a motion through Parliament that would have authorised a joint strike with America. Ed Miliband, the leader of the opposition at the time, said there had to be "compelling" evidence that Bashar al-Assad was guilty before taking any military action and the motion was defeated. If it had passed, Mr Obama would definitely have followed through.

WIKTOR MOSZCZYNSKI
London

Seeking to persuade

Reading Bagehot's column on the rise of the hobby lobby (August 12th) reminded me of "Miss Sloane", a political thriller released in 2016. It is also related to the lobby issue. This quote from the movie clarifies the key points: "Lobbying is about foresight. About anticipating your opponent's moves and devising counter measures. The winner plots one step ahead of the opposition."

LOUIS TSAI
Taipei, Taiwan

Swimming, grouse shooting and beer drinking may all be specific interests that benefit from the protection of the hobby lobby, but another slightly more important institution is under the same or even greater protection: the BBC. As one moderate backbench Tory MP was reportedly quoted as saying: “Conservatives will never abolish the BBC—the minute we mess with ‘The Archers’ we’re all done for.”

ROSS CATHCART
London

By Invitation

Israel and the Palestinians

Martin Indyk reflects on the Oslo accords, 30 years on

The spirit of the Israeli-Palestinian peace agreement lives on—just—says America's former ambassador

Sep 12th 2023

IT WAS A sparkling, cloudless morning in Washington 30 years ago this week when Yitzhak Rabin, the Israeli prime minister, and Yasser Arafat, chairman of the Palestine Liberation Organisation (PLO), shook hands on the White House lawn and pledged to end the Israeli-Palestinian conflict. Although America had not been involved in the negotiations President Bill Clinton stood behind the pair, his hands outstretched to symbolise the support that America would provide to the peacemakers. In his speech Mr Clinton promised Israelis and Palestinians "the quiet miracle of a normal life".

Tragically, there has been nothing quiet or normal in their lives since then. The hope of peace was engulfed by a raging fire of violence that has now settled into a chronic tit-for-tat of Palestinian terror attacks and Israeli retaliations.

The framework agreement signed in 1993, the first of two known as the Oslo accords, is easily dismissed as a failed peace initiative. But was it the accords that failed, or was it the statesmen and politicians who failed to pursue the opportunities that diplomacy had provided? The answer matters. When Binyamin Netanyahu and Mahmoud Abbas, the current leaders of Israel and the Palestinian Authority respectively, pass from the scene, the diplomatic detritus of Oslo they leave behind might yet be refashioned into a meaningful effort to give peace another chance.

The Oslo agreement is generally remembered as idealistic, even delusional. In fact, it was based on a realistic assumption that neither side was ready to make lasting peace. Oslo therefore was deliberately designed to ameliorate the conflict, rather than end it. There were no provisions for the establishment of a Palestinian state or the necessary security arrangements, no mention of Jerusalem, and no reference to Palestinian refugees. These were all "final status issues" to be dealt with later; they were judged to be too complicated, too religiously and emotionally fraught, after decades of bloody conflict.

Instead, Oslo provided for an incremental process of reconciliation. The Palestinian Authority, constituted by the agreement, would gradually assume responsibility for the territory and Palestinian inhabitants of the West Bank and Gaza in parallel with the staged withdrawal of Israeli forces.

Two years in, it felt like the Oslo process was working. Arafat was no easy customer. To an arch-terrorist on a supposed path to reform, governance, transparency and the rule of law did not come naturally. But Rabin and Shimon Peres, his partner in peacemaking, had no illusions about who they were dealing with. They had found ways to encourage Arafat into taking greater responsibility for maintaining order among the Palestinians now under his control. Trust had begun to be built between the leaders, if not yet between the people, just as the Oslo process envisaged.

The high point came with the Oslo II agreement in September 1995. Rabin's reluctant handshake on the White House lawn had been replaced by Arafat's brotherly arm on Rabin's shoulder as they left the signing ceremony. That night Arafat gave an effusive speech about peace with Israel; Rabin noted that he seemed to be "a little Jewish" in his speech-making abilities.

Six weeks later Rabin was assassinated by a Jewish extremist who identified with the settler movement. Peres stepped into the breach, but was overwhelmed by a concerted effort by Hamas, Iran-backed Hizbullah and Islamic Jihad to strike down the Oslo accords. In the ensuing election, Mr Netanyahu pitted himself against Oslo and narrowly defeated Peres.

Although Mr Netanyahu could not do away with the Oslo process, given the broad international support it enjoyed, he nevertheless looked to stall it. It took Mr Clinton two years to convince him to fulfil the second phase of Oslo's interim process, resulting in Israel's withdrawal from a meagre 13% of the West Bank. Meanwhile, Mr Netanyahu let the settler movement expand its building in the West Bank and Gaza, contrary to the spirit of Oslo. Yet that did little to assuage Mr Netanyahu's right-wing constituency, who toppled his government when he dared to agree to territorial withdrawal.

Oslo still enjoyed just enough support in Israel for Ehud Barak, the Labour Party's successor to Rabin, to win the ensuing election. But his coalition government was shaky and he doubted he could sustain another incremental step. Instead, he persuaded Mr Clinton to abandon Oslo's requirement for another interim withdrawal in favour of an attempt, at Camp David in July 2000, to resolve all the final-status issues in one fell swoop. Mr Barak sought an end-of-conflict, end-of-claims peace agreement—the antithesis of Oslo's gradualism.

Arafat was honest enough to tell Mr Clinton he wasn't ready to end the conflict and insisted instead on the interim withdrawal. But the clock was ticking on Mr Clinton's term in office, and the siren song of full peace was more attractive than another seemingly interminable slog toward a lesser deal. So Mr Clinton and Mr Barak dragged Arafat to Camp David and made him a generous offer. When Arafat balked, Mr Clinton blamed him for the breakdown and Mr Barak declared that Israel had no Palestinian partner for peace.

The Palestinian street erupted in anger, turning some of the guns that Israel had provided to the Palestinian police on Israeli soldiers instead. Israel responded with outrage, too. Unwilling to confront his people, Arafat tried to ride the tiger. The ensuing *intifada* lasted for five years, resulting in thousands of deaths on both sides. Try as they might, American presidents from Mr Clinton to Donald Trump could not resurrect the peace process.

Oslo failed at first because both sides observed their commitments in the breach. The Palestinians did not abandon terror; the Israelis pursued settlements on land that was ostensibly reserved for the Palestinians and America was unable to hold them to their word. But Oslo also failed because America and Israel abandoned the incremental process in favour of a final agreement that to this day remains unattainable.

Ironically, the Oslo accords remain the only binding agreements struck between Israel and the PLO. They are the source of legitimacy for the Palestinian Authority, which, despite its feebleness, is still responsible for governing Palestinians in the West Bank and for controlling, nominally at least, 40% of the territory there. The agreements also govern economic relations between Israel and the Palestinian Authority. In February the current Netanyahu-led government in Israel, which contains far-right parties determined to destroy the Palestinian Authority, nevertheless reaffirmed the Oslo accords.

When the two sides eventually have leaders willing to make a genuine effort at reconciliation and capable of mobilising public support for it, Oslo's elusive provision for a further handover of West Bank territory remains on the books—a possible first step in restarting a gradual process of rebuilding trust. Far-fetched? It's precisely what America, Saudi Arabia and the Palestinian Authority are discussing as the Palestinian component of an America-negotiated peace deal between Israel and Saudi Arabia.

The Oslo process is dead; long live the Oslo process.

Martin Indyk is the Lowy Distinguished Fellow at the Council on Foreign Relations in New York. He was President Bill Clinton's special assistant for the Middle East at the time of the signing of the Oslo accords. He was twice American ambassador to Israel, and President Barack Obama's special envoy for Israeli-Palestinian negotiations.

Germany’s economy

Robert Habeck responds to The Economist’s “sick man of Europe” cover

The symptoms are milder than our diagnosis would suggest, says Germany’s economy minister

Sep 14th 2023

GERMANY IS ONCE again being talked about as the sick man of Europe. Whilst *The Economist*—with the courtesy of the British—appended a question mark, some Germans are in full *Angst* mode, shouting it in capital letters with exclamation marks.

This doesn’t match reality, and the wailing doesn’t solve anything. A closer look suggests the economy isn’t sick—just slightly off form. There’s no question that Germany is facing structural challenges: the return of geopolitics and geoeconomics, the transition to climate neutrality, demographic change, and a skills shortage. On top of this there are home-made problems, particularly my country’s ability to tie itself up in red tape. And as an exporting nation, we are especially badly hit when supply chains are disrupted and growth in China softens.

At the same time, the German economy retains a host of strengths. The group of mid-sized manufacturers collectively known as the *Mittelstand* is innovative and its many "hidden champions" are quiet market leaders. A broad-based industrial sector makes for productive value chains. Our social-market economy maintains its traditions of employer-union co-operation and a powerful welfare state. And sustainable public finances permit the state plenty of options to step in as required.

But what my country did allow itself was a long phase of self-satisfaction, in which we assumed that globalisation would keep delivering to our benefit, and in which we relied on cheap Russian gas—a mistake for which we've been paying the price since President Vladimir Putin launched his war of aggression against Ukraine. For too long this lethargy and blindness meant that our politicians failed to enact the necessary changes.

But we've understood the problems, and we've started getting back in form. Last winter, we saw what Germany is capable of when everyone pulls in the same direction, overcoming our dependence on Russian gas in no time. We built up a new liquefied natural gas infrastructure, at a new *Deutschlandtempo* ("Germany speed"). We are transferring these successes to other areas, for example in the expansion of renewable energy and the grids needed for it, the hydrogen economy, and adjustable power plants. Electricity prices in Germany will fall substantially in the coming years, and I am sure that my government will find the means and the will to ensure competitive electricity prices during the transition.

Germany is in the process of recognising the geopolitical realities. Our government is building a new security policy—in particular economic security anchored in the European strategy. We are diversifying our trading and raw-materials relations, and have found our trade-policy voice in the EU and the world again. We have furnished funding within our debt brake to smooth the paths for businesses moving to a climate-neutral future and, after the *Zeitenwende*, last year's historic turning-point, funded our armed forces so that we can finally meet our alliance obligations.

True enough, both military and economic security entail short-term economic costs. But we are willing to shoulder these costs in service to our and our allies' security interests. As the EU's largest economy, we bear a special responsibility to balance our needs with the union's. In fact, this is how our recent work to attract semiconductor-manufacturing capacities should be understood: it serves the EU's goals of reducing dependencies by building its own capacities and of boosting competitiveness and security of supply. A healthy German industrial sector which forms the starting point for value chains stretching across Europe—supplying basic materials ranging from chemicals to aluminium, steel and glass—is not just in our interest, but foundational for the wider European economy.

People are taking note of all these efforts. That there is confidence in the German economy is demonstrated by the more than two dozen companies planning investments totalling more than €80bn ($85.8bn)—a figure that reflects just the sum of investments which individually exceed €100m.

That is no reason to sit back. Germany still has hard work ahead. We have built up a bureaucracy which has become a barrier to investment. We have started cutting through the jungle of federal legislation, step by step. And all the levels of state must respond to the skills shortage. We have already made progress on attracting skilled workers from abroad, but we need to organise our immigration well and mobilise our domestic pool of potential labour. I therefore believe it makes sense to provide more incentives for older workers to stay in work voluntarily. And we need to provide enough funding for public investment and strategic industrial policy on a long-term basis.

I am confident that Germany will cope with these changes while maintaining its security and stability. We must keep reminding ourselves that one of our greatest competitive advantages is our political culture. Despite all their differences, the parties of the centre, which include the three coalition parties, are willing to work together and make compromises. Maintaining this spirit of balance is a perennial responsibility at a time when populist forces are gaining ground in Germany, in Europe and around the world. Only by working together will Germany find the strength to renew its prosperity—and you can bet your bottom euro that it will.

Robert Habeck is Germany's economy minister and vice-chancellor

Briefing

Swell of pride

The hard right is getting closer to power all over Europe

It does not need to join governments to affect policymaking

Sep 14th 2023 | SINT-GENESIUS-RODE and Raguhn-Jessnitz

IN SINT-GENESIUS-RODE, a well-to-do commuter town in the hills south of Brussels, a crowd of 50 or so gathered on September 2nd in a parish hall to drink champagne and promote the dismemberment of Belgium. The meeting was organised by Vlaams Belang (Flemish Interest), a right-wing party that rails against such threats to the Flemish way of life as Islam, immigration and—most pernicious of all—the French language. The town is in Flanders (the Dutch-speaking half of Belgium), but French-speakers have been moving in for decades and are now the majority. The only way to stop the rot, explains Klaas Slootmans, a member of the Flemish regional parliament from Vlaams Belang, is for Flanders to declare independence.

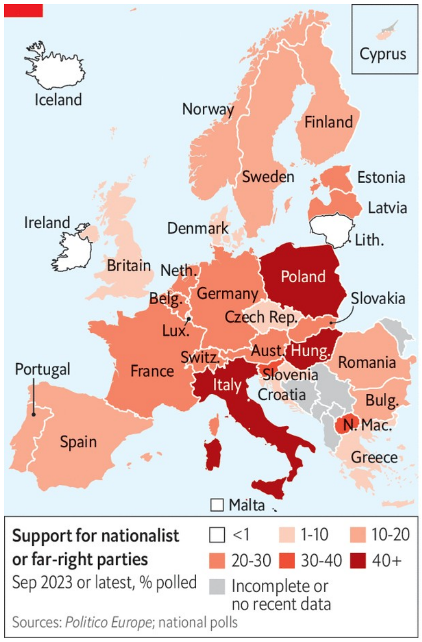
It may sound parochial, chauvinist and disruptive if not delusional, but it goes down well. People have a right “to be the boss in their own country”, Mr Slootmans proclaims; the crowd applauds. Vlaams Belang is Belgium’s most popular party, with an average of 22% support in recent polling.

Barring a sudden reversal, it should triumph in simultaneous elections next year for the national, European and regional parliaments. Other Belgian parties have hitherto declared it too extreme to do business with, and refused to include it in coalitions. But this so-called *cordon sanitaire* may have to be abandoned if the party wins a fifth or more of parliamentary seats. Anyway, the ostracism may in fact be helping Vlaams Belang. Its support has tripled over the past five years.

The right moment

It is a common pattern. Across much of Europe, populist right-wing parties like Vlaams Belang, once relegated to the fringe, are going from strength to strength. In Hungary, Italy and Poland they hold power. In Finland, Sweden and Switzerland they have a share of it. In Germany polls put the Alternative for Germany (AfD) party at 22%, up from 10% in the election in 2021. In France the National Rally (RN), the biggest hard-right party, has 24% support. Add in 5% for Reconquest, another anti-immigrant party, and the hard right becomes the biggest voting block in the country. In the Netherlands, too, a smattering of right-wing populists claim a quarter or more of the vote. Even newish democracies that for decades lacked big nationalist parties—Portugal, Romania and Spain—now have them.

The advance of the hard right is neither uniform nor one-way. Support for populist nationalists has recently slumped in Denmark and Spain, for instance. Nor are all these parties the same: some are eager Atlanticists, others pro-Russian; some are libertarian, others want a more generous welfare state, albeit only for people of native stock. What is more, hard-right groups tend to mellow the closer they get to power, or to splinter, or both. The government of Italy, for one, although led by the Brothers of Italy (FdI), a party with links to fascism, has proved much more moderate than many had feared.

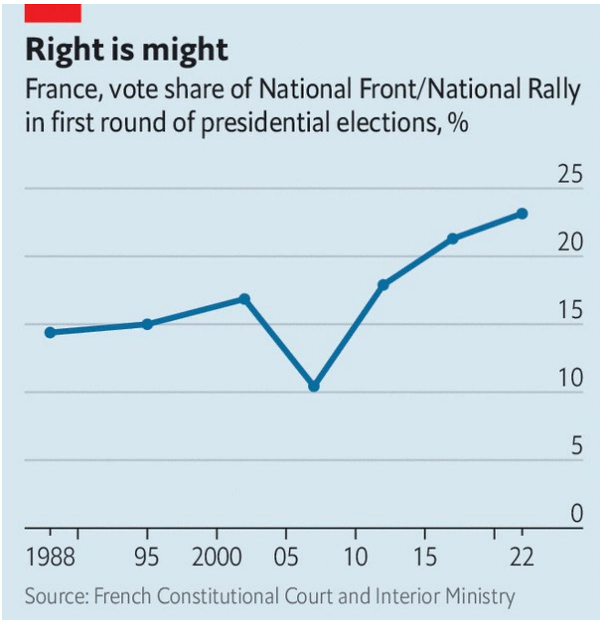


The Economist

Nonetheless, the trend is alarming, for three reasons. First, it is remarkably broad. Four of the five most populous countries in the European Union have hard-right parties either in government or polling above 20% (see map). Second, the current circumstances are especially propitious for populist parties, with immigration rising after a hiatus during the pandemic, inflation high and the growing cost of climate policy creating a potent new focus for popular ire. Third, and most important, the hard right does not need to win power to have a baleful impact on politics. Simply by attracting a big share of voters, it is already skewing the debate, and so making it harder for European governments to adopt sensible policies on pressing problems, such as the war in Ukraine, immigration and climate change.

Freedom fighters

When the Freedom Party, Austria's main hard-right outfit, joined a coalition government in 2000, other EU governments were so horrified that they reduced contact with Austria's to the bare minimum in protest. To no avail: the hard right has since broken through barrier after barrier. It first led a government in 2010, when Fidesz, a once-centrist outfit that had taken a populist turn, swept to power in Hungary. Those who said the same thing could never happen in mature democracies in western Europe were proved wrong last year when FdI took power in Italy.



The Economist

More milestones loom. Hard-right parties are expected to do well in next year's European elections. Giorgia Meloni, the leader of FdI and prime minister of Italy, is trying to persuade the centre-right alliance in the European Parliament, the European People's Party (EPP), to join forces with the hard-right European Conservatives and Reformists (ECR), which she heads. That would move the legislature of all of the EU in a populist direction. In France, meanwhile, the hard right's performance is improving at each presidential election (see chart). It is possible that Marine Le Pen, the runner-up at the past two contests, may win the next one, in 2027.

A series of external factors are helping to propel support for the hard right. Illegal immigration, which spurred support for populist parties when it surged in 2015, is growing again after a lull during the pandemic. There have already been more than 165,000 unauthorised arrivals in Europe this year, as many as in all of last year, although still well below the level of 2015. Populists also tend to do well in times of economic upheaval, and so are benefiting from the high inflation that has plagued Europe for the past two years, and especially from soaring energy prices.

Expensive petrol, heating and electricity have helped foment a backlash against policies to fight climate change, which the hard right has seized on. This began in France with the *gilets jaunes* movement in late 2018, initially a protest against a carbon-tax hike on motor fuel. The AfD's rise this year was touched off by a proposed government ban on oil and gas boilers in homes. In the Netherlands the Farmer-Citizen Movement (BBB), a new populist party, began as a farmers' protest against nitrogen-emission limits. It won an astounding 20% of the vote in regional elections in March.

There has also been a broader slide in trust in government in many European countries, after a brief resurgence during the pandemic, to the benefit of the hard right. American-style culture wars are becoming fiercer, too, which, again, helps the populists. Maximilian Krah, the AfD's lead candidate in the European elections, went viral over the summer with dating advice posted on TikTok: "Real men are right-wing. Don't watch porn." In other videos Mr Krah argues that "multicultural means multi-criminal", bemoans rainbow flags and warns that BlackRock, an investment firm, wants to replace Germans with "minorities and immigrants".

The European politician most adept at exploiting such ideas to win and hold power is Viktor Orban, Fidesz's leader and the prime minister of Hungary since 2010. He readily bashes migrants, gay people and the EU as at odds with homespun Hungarian values. He has used the parliamentary majorities he has won with such talk to pack the courts with loyalists and gerrymander the electoral system. Cronies have bought up critical media outlets. In addition to undermining democracy at home, Mr Orban's rule has scrambled policymaking at NATO and in the EU, owing to his friendliness with both China and Russia.

But harnessing right-wing populism to take control of a state is not easy. When Poland's Law and Justice (PiS) party came to power in 2015, it followed Mr Orban's script. It turned the state media into a propaganda bureau and tried to pack the courts. But PiS's efforts have not got as far as Fidesz's. Many judges have fought back, and the EU has withheld billions of euros in aid to force PiS to reverse some of its court-packing. The media have not been cowed. The opposition remain competitive, even though PiS is favoured in next month's election.

Other right-wing populists using Mr Orban's template have also had mixed results. Janez Jansa, a former prime minister of Slovenia nicknamed "Marshal Tweeto" for a social-media style reminiscent of Donald Trump, lost power in 2022. Estonia’s far-right EKRE party tried to go after the media while in government in 2019, but that coalition collapsed and the party did poorly in an election this year.

Even where it has been electorally successful, the hard right has struggled to put in place radical policies such as ending political asylum or scrapping measures to reduce greenhouse-gas emissions. Take Sweden, where the Sweden Democrats, long shunned by other parties because of their roots in the neo-Nazi movement, took 21% of the vote in 2022. They signed a confidence-and-supply deal to back a centre-right minority government, giving them direct influence over policy on immigration and crime. But in a speech in August Jimmie Akesson, the party’s leader, had to make excuses for the government’s slow progress implementing the deal.

Ms Meloni is the first leader in western Europe with the parliamentary clout to enact a hard-right agenda. Yet so far, she has run a fairly conventional government. Her only populist measures have been to introduce a misconceived tax on banks, limit some airline fares and prevent same-sex parents from registering their partner’s child as their own. In part, she is constrained by European fiscal rules. But the FdI is also simply less extreme than it once was. ”This is a pragmatic centre-right government with, now and again, some identitarian [culture-war] policies,” argues Giovanni Orsina of the LUISS school in Rome.

On the question of Europe, in particular, many hard-right parties have softened. A few of the edgiest populists want to dismantle the union they sneeringly refer to as the “EUSSR”. But FdI abandoned the idea of leaving the euro and restructuring the EU before coming to power. Ms Meloni instead wants the EU to do more to help Italy, by keeping out the migrants that flood Italy’s shores. This summer she went to Tunisia with Ursula von der Leyen, the European Commission’s president, to negotiate a migration deal. She also wants the bloc to relax its fiscal rules so that her government can spend more. She even cultivates Europhiles by praising the union as the guardian of European peace and civilisation.

The RN, in similar fashion, no longer calls for France to leave the EU and the euro. Its rhetoric remains anti-European, but with few specifics. This retreat from more radical policies was presumably intended precisely to broaden the RN's appeal and so help it win power. And even if Ms Le Pen were to become president, she might still struggle to implement her policies, despite the immense formal powers of the office. After all, reforms to state pensions championed by Emmanuel Macron, the incumbent, met ferocious opposition even though he clearly advertised them during his re-election campaign last year.

Far-right parties, which are often young, full of zealous ideologues and dependent on charismatic leaders, are prone to schisms. The Finns Party's first stint in government, in 2015, split it in two. Its second, which began in May, has already been marred by scandals and resignations. In Poland, PiS's generous benefits policies have alienated fiscal conservatives, some of whom have defected to a libertarian party called Confederation. Ms Le Pen, having softened her radical image, now faces competition on the right from Reconquest, whose lead candidate in the European election is her niece, Marion Maréchal.

The most vivid illustration of such chaos is in the Netherlands, which since 2002 has seen a series of right-wing populist parties rocket to prominence only to implode. In provincial elections in 2019 Forum for Democracy, a party led by Thierry Baudet, a dandyish Eurosceptic, finished first with 17%. Within months it had split into three. Mr Baudet now hawks conspiracy theories about covid-19 and immigration; his rump of the party is polling at 3%. Earlier this year the BBB had a brief moment as the standard-bearer of the right, but it has already slumped to 11% in the polls. It has been losing votes to yet another new party on the right with populist overtones, New Social Contract, which was launched by an MP famous for investigating abuses by the tax authority.

What all these parties have in common is a vague sense that they stand with ordinary people against the elite. Their positions on hot-button issues can be hazy, as with the RN's new stance on Europe. At a local level their candidates are often pragmatic. In June the rural town of Raguhn-Jessnitz in Saxony became the first to elect an AfD mayor. Hannes Loth is an energetic 42-year-old former vegetable farmer ("cabbage, sweetcorn, onions—all kinds of onions"). During the pandemic, when locals had trouble getting travel permits because of the lack of a covid-testing centre, Mr Loth opened one himself.

Mr Loth's main concerns are run-down streets and fire stations and the town's budget deficit, which was €1.5m ($1.6m) last year. That is partly because high energy prices sent heating bills for the *Rathaus* (town hall) through the roof. Mr Loth, toeing the AfD's line, says the solution is to restart the nuclear plants the government has closed and negotiate peace in Ukraine so gas pipelines to Russia can reopen.

The disconnect between genuine problems and far-fetched solutions encapsulates something important about hard-right populist parties. Mr Loth is acutely sensitive to his constituents' suffering from high energy costs. But the AfD's response is in part a fantasy: whatever it might wish, cheap Russian gas will not be an option for the foreseeable future.

Making their presence felt

Similarly, the worries of the voters at the meeting in Sint-Genesius-Rode are natural. They have seen their town change its language around them; they have trouble finding good Dutch-language schools for their kids. But Vlaams Belang's solutions are illusory. Flemish independence is unlikely. Even if it happened, there is no way to force Sint-Genesius-Rode to speak mostly Dutch again. It has become French-speaking not because of a bureaucratic conspiracy, but because immigrants are more interested in learning French (a widely spoken language) than Dutch (a relatively obscure one).

The changes Europe's populist parties rail against tend to be inexorable or at least not easily reversed: demography, sexual liberation, gender equality, the shift away from fossil fuels. As with Vlaams Belang, the policies they propose to set the world to rights tend to be incoherent or unachievable. For populists, unrealistic programmes are no bad thing: candidates cannot thunder indignantly at election rallies about problems that have been solved.

Moreover, simply by railing and attracting support, far-right parties help to shift the debate. All across the continent, centre-right parties have toughened their immigration policies and heightened their culture-war rhetoric to stop voters defecting to the populists. The most glaring example of this was in Britain, where Brexit was set in train by the Conservative Party's decision to support a referendum on Brexit in an effort to diminish the appeal of the insurgents of the UK Independence Party.

This is probably the biggest risk of the rising vote share of Europe's far-right parties. Certainly, they tend to be associated with bigotry and misogyny, and to undermine the rule of law. Occasionally they may win enough power to damage democracy, as in Hungary and Poland. But more often, big populist-right blocs simply impede countries from getting to grips with their most pressing problems by offering illusory solutions.

That is the last thing the EU needs. The next European Parliament must make grave decisions regarding institutional reform in the EU, energy security, climate, support for Ukraine and more. If a quarter of its members refuse to wrestle seriously with such problems, they are unlikely to be solved. The hard right does not need to seize control of the levers of power to gum them up. ■

Correction (September 14th, 2023): *A previous version of this article incorrectly stated that Germany's election took place last year. It was in 2021. Sorry.*

Asia

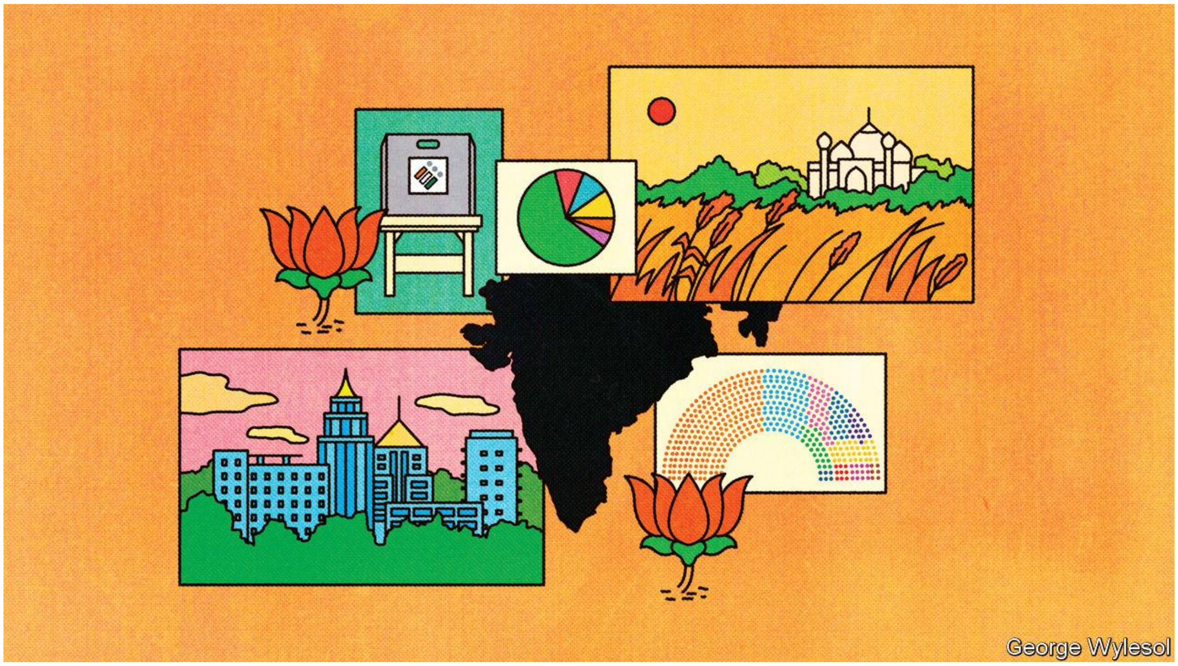
- Narendra Modi is widening India’s fierce regional divides
- Hornbills, otters and even a tapir: Singapore is rewilding
- Why is Vladimir Putin looking to North Korea for arms?
- How to unite India, Bollywood-style

One nation under Modi

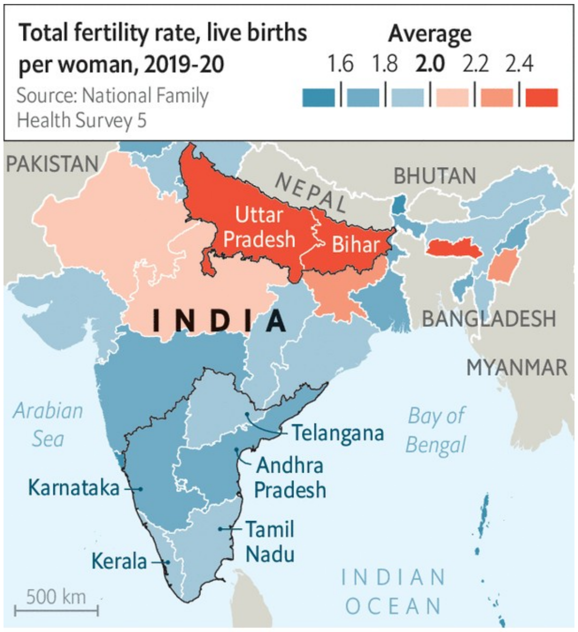
Narendra Modi is widening India’s fierce regional divides

The southern states feel increasingly oppressed

Sep 13th 2023 | CHENNAI

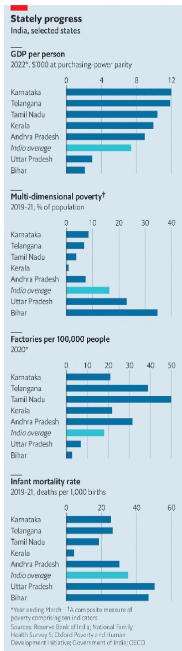


NARENDRA MODI likes to pull rabbits out of hats. One evening in 2016 the Indian prime minister declared that 500- and 1,000-rupee notes—representing 86% of cash by value—would cease to be legal tender by the end of the night. In 2020 he locked down the country at only a few hours’ notice. So it is hardly surprising that speculation has been running rampant since Mr Modi’s government announced that it is to convene a “special session” of Parliament from September 18th to 22nd. What trick does he have up his sleeve now?



The Economist

A feeble agenda released on September 14th convinced few watchers. For the moment the guessing game has settled on two possibilities. One is that Mr Modi and his Hindu-nationalist Bharatiya Janata Party (BJP) will change the country's name in English from India to Bharat (which is already the name in Hindi). The nameplate Mr Modi sat behind as he negotiated with G20 leaders at a summit over the weekend has added fuel to that theory. The other guess is that Mr Modi intends to reorganise the electoral calendar, so that India's never-ending carnival of state and federal elections henceforth takes place all at the same time, once every five years. A new committee to "examine and make recommendations for holding simultaneous elections", appointed by the government and headed by an ex-president, will probably hold its first meeting next week. In either case the change would serve a project Mr Modi has been pushing from the start: trying to centralise and homogenise a staggeringly vast and diverse country.



The Economist

Since coming to power in 2014, the BJP has set about transforming India into something more like a European nation-state. That vision involves both strengthening the central government and promoting a pan-Indian, Hindu-nationalist identity. The government routinely emphasises that India is "one nation", implementing policies such as "one nation, one ration card" (for subsidised grain) and proposing many more, such as "one nation, one uniform" (for the police). The idea of synchronising polls has been on the BJP's manifesto since 2014. It is known as "one nation, one election".

In economic matters, the government's centralising tendencies are mostly welcome. In 2017 Mr Modi introduced a national goods-and-services tax ("one nation, one tax", better known as GST) seeking to deepen the country's common market. It seems to be paying off. Between the fiscal years 2017-18 and 2020-21 the value of interstate trade increased by 44%, more than double the growth in GDP during the same period, according to a study in the *Indian Public Policy Review*, a journal. Its authors attribute the increase to the introduction of GST and greater economic integration.

Moreover, the government is furiously building motorways, commissioning new airports and launching zippy train services to knit Indians closer. The roll-out, over the past decade, of a national digital identity system and of digital payments has assuaged problems that sometimes caused headaches for Indians who travelled outside their own regions. It is getting easier to build businesses that span the country.

It is plainly in India's interests to forge a more sophisticated single market. Yet the government's strident "one nation" rhetoric is causing some other ties to fray. The chief divide in India is between the industrialised, richer south, and the agrarian, impoverished north. The south is made up of five states: Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Telangana (see map). The north is home to two of the poorest ones, Uttar Pradesh (UP) and Bihar. The south is richer, safer, healthier, better educated, and less awful to women and Dalits than the north (see chart).

At the time of the last census in 2011 UP and Bihar had 25% of India's population, compared with 21% in the south. The gap has grown. The latest official estimates suggest that in 2022 UP and Bihar had 26% of India's people, while the south's share had declined to 19.5%. Their economies have also diverged. GDP per person in the south is 4.2 times greater than in UP and Bihar, up from 3.3 in 2011-12. The southern states contribute a quarter of India's corporate- and income-tax revenues, compared with just 3% for UP and Bihar.

Southern alarm bells

Politically, too, the north and south are different countries. No state in the south is ruled by a BJP government, which is seen as a party of the Hindi-speaking north. Karnataka, the only southern state where the BJP had made inroads, voted out Mr Modi's party in elections earlier this year.

Regional differences are now causing tensions on three fronts: cultural, fiscal and political. Start with culture. The south has long resented what it sees as the imposition of values and language from the north. In 2019 Amit Shah, India's home minister, tweeted that "if one language can do the work of uniting the country, then it is the most spoken language, Hindi." In response protests broke out across the south, and even the BJP's allies in the region distanced themselves from his comments. It is not just about words, explains R. Srinivasan of the Tamil Nadu state planning commission. Southern defenders of language also believe they are protecting a broader political identity, one that supports social justice, women's equality and emancipation from caste prejudice.

Complaints about India's fiscal compact are growing, too. Though the central government rakes in revenue, states do much of the spending, particularly in crucial spheres such as education, health and welfare. The introduction of the GST weakened states' revenue-raising powers. In 2021-22, spending by states accounted for 64% of public expenditure, but they raised only 38% of revenues. As a result, states now depend more than ever on transfers from the centre. How much they get is decided every five years by the Finance Commission, a constitutional body.

What each state receives varies depending on measures such as its population and level of development. As a result, southern states receive far less from the centre than they contribute. Redistribution across states is a feature of any federal system, a moral duty and, in India, a constitutional obligation. But it is becoming more controversial as state economies diverge. Concerns will probably redouble later this year, when the next finance commission starts working out how it will share revenues for the period 2027-32.

The third and potentially most dangerous set of tensions relates to political representation. The constitution requires that seats in Parliament be allocated according to population, with a roughly equal number of voters in each constituency and redistricting carried out after every census. But in 1976 the Congress government froze India's electoral boundaries for 25 years to avoid penalising states that succeeded with family-planning policies. In 2002 a BJP government extended the moratorium until 2026. The south's share of India's population has dropped by five percentage points since the 1970s, while that of UP and Bihar has grown by three points.

The result is a misallocation of seats. Going by the 2011 census, the south should have 18 fewer MPs in India's 545-seat lower house than its current 129. UP and Bihar ought to gain 14 over their existing 120, according to calculations by Milan Vaishnav and Jamie Hintson of the Carnegie Endowment for International Peace, a think-tank in Washington. On average, an MP in Uttar Pradesh represents nearly 3m people; his counterpart in Tamil Nadu a mere 1.8m.

The constitutional and moral arguments in favour of redistricting are plain. But the practical ramifications for southern states would be large. If the centre goes ahead with it, warns a prominent figure in the south, “that is the beginning of the end of India as a country…In my children’s lifetime this will not be one country any more.” In May Mr Modi inaugurated a new Parliament building, capable of seating 888 lawmakers, lending credence to the idea that his party intends to reallocate seats while also expanding the house in order to soften the blow for states that lose out.

The idea of synchronising India’s many elections is also causing worry. The government’s critics insist that holding all polls at the same time would reinforce the advantages that national parties enjoy over regional ones (such as those that run most of the southern states). Regional parties, which have limited resources, would struggle to fight both national and state-level campaigns at the same time. The BJP says that the current system, under which a handful of states go to the polls every year, is broken. It paralyses policymaking, forces political parties into non-stop campaign mode and costs a fortune for parties and the exchequer. Having simultaneous elections would be cheaper and lead to better governance, say supporters.

Analyses of past elections have produced conflicting answers about whether harmonising polls will change how people vote. Any new policy would have to make provisions for state governments losing the support of their legislatures and collapsing in the middle of electoral cycles. And it is unclear whether Mr Modi would be able to push through the constitutional amendments this plan would require.

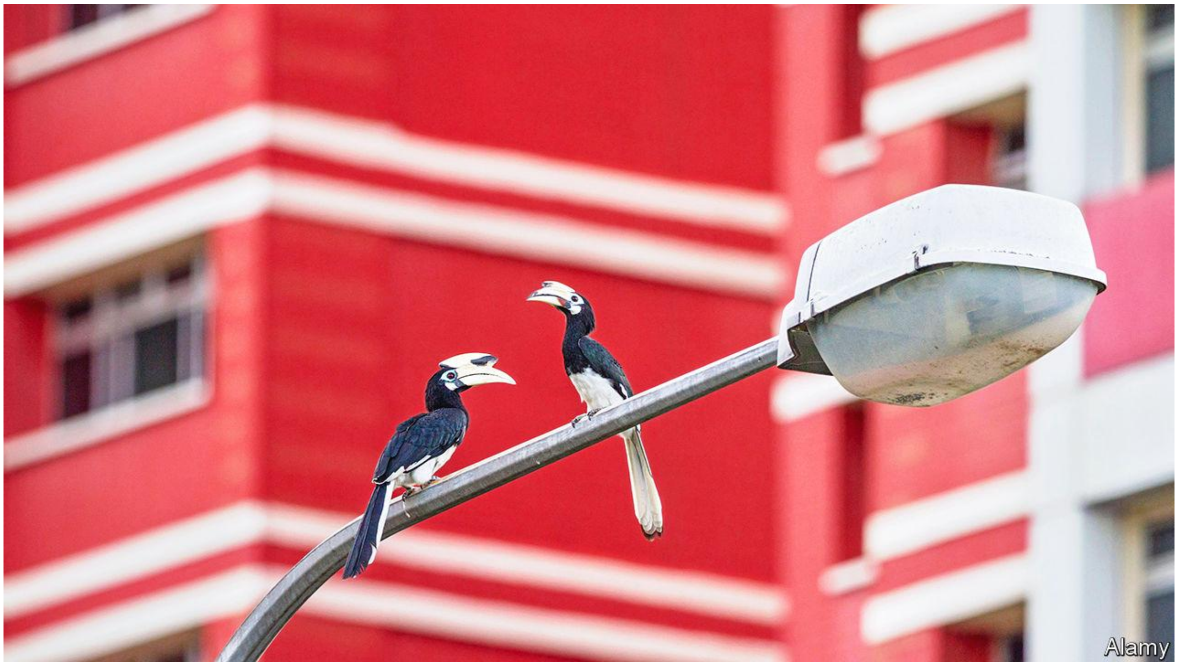
Since coming to power nine years ago, Mr Modi and his party have fulfilled many elements of their agenda, from turbocharging infrastructure upgrades and raising the country’s global profile to revoking the special constitutional status of the Muslim-majority state of Jammu & Kashmir and building a temple to the Lord Ram in the northern city of Ayodhya. The extraordinary session of Parliament next week may be about simultaneous elections (an old pledge), about changing India’s name (a newish obsession), or about something else entirely. Whatever the agenda, the great magician must be careful not to saw the nation in half.■

Otterly loriculus

Hornbills, otters and even a tapir: Singapore is rewilding

Once-lost species are coming back to the densely built-up city-state

Sep 14th 2023 | SINGAPORE



THE SINGAPOREAN grandee is livid. The otters have got at his prized Koi carp again. They swim up the canal, slither over his fence and plunge into his pond. Taking just a bite out of every fish, they leave a trail of devastation. The grandee's loss represents a remarkable gain for the world's second-most densely populated country (after Monaco). The smooth-coated otter of South and South-East Asia is a threatened species that had disappeared from Singapore by the 1970s, when fast economic growth was prioritised over all else and Singapore's waterways were clogged with waste.

But efforts to clean the water channels paid off. Fish returned, and, in 1998, so did the otters. At first they stuck to the shores of Singapore's relatively undeveloped northern side. Then they spread. In 2016 one otter family that turned up at the heart of the downtown tourist area was voted by Singaporeans as that year's national emblem. Today you can meet otters in the city-state's famous botanic gardens, by the Clarke Quay bars and along the east coast.

Other successes are rightly sources of pride, especially two stunning birds. The blue-crowned hanging parrot was once endangered but has now returned in numbers. The oriental pied hornbill (pictured), with its extraordinary ivory casque, had been locally extinct for a century. Now pairs of hornbills feed outside this correspondent's window.

In a metropolis of 5.6m people, says Lim Liang Jim, head of biodiversity at the National Parks Board, the priority has been conserving or recreating natural habitats, as well as connecting natural spaces with corridors to let species move and spread. The renaturalisation of river banks that were previously concreted over helped the otters. A former railway to Malaysia is now a "green corridor" whose damp verges are full of insects, frogs and waterhens. The planted sides and central verges of highways allow smaller animals to move more safely.

Recent successes, however, sit against a backdrop of over a century of sharp species decline and habitat loss. And headaches arise as wild species bump up against humans. On September 10th a Malayan tapir—an endangered herbivore that can weigh up to 560kg—swam over to Singapore and thundered past alarmed cyclists and early-morning walkers. Singapore wants wildness, but not always on the animals' terms.■

Desperate despots

Why is Vladimir Putin looking to North Korea for arms?

A deal would boost his war effort and bolster Kim Jong Un's weapons programme

Sep 13th 2023 | SEOUL


AP

VOSTOCHNY COSMODROME is an apt location for a meeting of despots. The mega-project located in Russia's far east has a long history of waste and corruption. On September 13th Kim Jong Un, North Korea's leader, alighted at a nearby station from his armoured train and drove up in a limo, which he had brought along with him from Pyongyang, to meet his Russian counterpart, Vladimir Putin, at the spaceport. After they spoke, Mr Kim promised to support Russia's "sacred fight against the West", declaring relations between the two countries his "top priority".

What exactly the two leaders discussed in their two-hour conclave remains unknown. A Kremlin spokesperson said that no statement would be forthcoming. But days before either country had confirmed the meeting, American officials had publicised the intent: to seal an arms deal.

American claims about North Korea supplying weapons to Russia are nothing new. Officials said Mr Kim's regime was sending artillery shells as early as September last year, offering grainy satellite images of train carriages as evidence. In the run-up to this meeting, however, the Americans have warned repeatedly of a deal. They also let it be known that there would be consequences. Jake Sullivan, America's national security adviser, said North Korea would "pay a price for this".

Such warnings mean little to North Korea. Years of nagging, threats and sanctions have failed to stop its weapons programmes, and there is a limit to what further punishment America could possibly mete out. Unilateral sanctions have had meagre effect. Multilateral ones may be about to get weaker, too. Mr Putin indicated a willingness to help North Korea put a satellite in orbit, potentially in violation of UN sanctions. That suggests Russian co-operation with the sanctions regime may be coming to an end.

North Korean arms, mostly based on Soviet designs, would boost Mr Putin's war effort. Russia needs spare parts as it reactivates old tanks and legacy systems it had previously retired. The hermit kingdom is thought to have a large stockpile of munitions, especially artillery shells and rockets, compatible with Russian weapons. Russia may even be keen to buy some of the ballistic missiles North Korea has frequently tested over the past two years. Perhaps as a display of efficacy, North Korea launched a pair on the day of the meeting.

For North Korea, the benefits could include food, energy and hard cash. Russia may also invite more North Korean labourers to work in construction and logging, also in violation of UN sanctions. The governor of the region bordering North Korea, whom Mr Kim met on his way to the spaceport, said that the two countries would soon start joint projects on tourism, agriculture and construction.

A bigger prize would be the transfer of technology. Russia may agree to send North Korea advanced arms or share military know-how, accelerating Mr Kim's weapons programmes. It may also help with projects that have so far proved tricky, such as building nuclear submarines.

Despite the inevitable international condemnation, the two leaders went to great lengths to publicise their meeting. The encounter helps Mr Kim convey that North Korean arms are not just powerful, but in demand, and to show his luckless people his prowess as a statesman. Mr Putin's message to America is clear: Russia can still make trouble for it in East Asia.

South Korea, too, is listening closely. The meeting is being interpreted in Seoul, its capital, as a warning that Russia will throw its weight behind Mr Kim should the South send lethal weapons to Ukraine, as America and NATO have urged. South Korea's government appears unmoved by such threats. Even as Mr Kim and Mr Putin met in Russia, South Korea's president, Yoon Suk-yeol, nominated a new defence minister who has previously called for sending arms to Ukraine. Such calls may get louder. What is clear is that Russia is running out of cards to play. That makes it all the more dangerous. ■

Banyan

How to unite India, Bollywood-style

India's divided north and south are drawing closer in unlikely ways

Sep 14th 2023

A NEW FILM has brought mayhem to India's cinemas. One of Banyan's colleagues watched it in the southern city of Chennai and could barely hear the dialogue for all the hooting, whistling and dancing in the aisles. Outside the hall, fans poured milk over giant cut-outs of its lead actor. In Mumbai they arrived with brass bands and banners. Shows start as early as 7.30am and as late as 11.55pm. It is a non-stop party.

The film in question is "Jawan" ("Soldier"), which came out on September 7th and raked in 2.87bn rupees ($34.6m) on its first weekend, breaking records for India's highest-grossing opening. Its secret? It marries the financial firepower and appeal of Bollywood, as the Hindi-language film industry based in Mumbai is known, with the storytelling nous and stylised action of the Tamil-language film industry in Chennai. This alchemy has united the moviegoing public.

India's north and south are divided along economic and political lines: the south is richer and more stable, while much of the north remains poor and ridden with caste and religious conflict. The divisions that elicit the greatest passion revolve around social issues. The five states that make up the south are culturally distinct. Their Dravidian languages are of a different family from the Indo-European ones in the north. Their lingua franca is English, not Hindi. At mealtimes their plates are piled high with rice rather than roti. Vegetarianism is rare. The south has long resisted assimilation by northern rulers.

Yet the two Indias are finding common ground in subtle ways. Dishes from north India now routinely appear on restaurant menus in the south. Southern weddings, which have their own traditions, increasingly feature ceremonies with Punjabi roots. Northern dress, such as the *salwar-kameez* (a tunic and trousers), is becoming more common. M.S. Dhoni, a northerner and former captain of Indian cricket who now leads Chennai's team, has been adopted as a local lad. Thanks to growing inter-state migration, it is more common to hear Hindi spoken in the south than even a decade ago.

Culture flows in the other direction, too. Though south Indian dishes such as dosas have long been popular all over India, speciality restaurants are introducing the north to new things. Lately some of the most successful films have come out of Bangalore, Chennai and Hyderabad, which make movies in Kannada, Tamil and Telugu. A.R. Rahman, India's most beloved composer, is from Chennai.

Some of the north-south intermingling results from efforts by the national government of Narendra Modi, the prime minister. It has splurged on infrastructure. That has made it easier for pan-India businesses to emerge and also made it cheaper for people to get around the country. But most of it is organic.

"Jawan" is a good example. Its lead actor, Shah Rukh Khan (popularly known as SRK), is India's biggest star and loved across the country. As one film critic pointed out, SRK is a Mumbaikar who was raised in Delhi and owns a cricket team in Kolkata. All that remained was for him to conquer the south. The film's director, who goes by Atlee, is Chennai's wunderkind, with five consecutive hits. Much of the cast is from the Tamil industry, and the sensibilities are distinctly southern. It is syncretism at its best—and most commercial.

It is also nakedly political. “Jawan” delves into some of the most urgent issues facing India today, including distressed farmers, inadequate public health care, environmental degradation and crony capitalism. There are references to recent news stories, from oxygen shortages in public hospitals to massive loan waivers given by state banks to influential businessmen. The film’s most famous line, “Before you lay a finger on the son, speak with the father”, alludes to the arrest without bail of SRK’s own son on trumped-up drug charges two years ago.

Towards the end of the film, SRK (or, nominally, his character) delivers an impassioned, three-minute monologue directly into the camera, asking citizens to use their votes in upcoming elections to demand better public services from a government that has been in power for a decade. Vote for education, health and jobs, he says, not on the basis of religion, caste or fear. In a country divided not just along lines of north and south but also on religion and politics, this makes the film’s pan-Indian success all the more remarkable. Or as the *Hindu*, a national daily, put it, “One nation, one emotion, one Shah Rukh Khan”.■

Read more from Banyan, our columnist on Asia:
Joe Biden’s visit to Hanoi is a signal to China (Sep 7th)
South-East Asian democracy is declining (Aug 31st)
The trials of Muhammad Yunus (Aug 24th)

China

Assimilation game

China’s push to create a single national identity

Inner Mongolia is the latest target

Sep 14th 2023 | TONGLIAO


Xinhua/Lian Zhen/Eyevine

THE STREET signs in Inner Mongolia, a region in northern China, are written in two languages. There are the blocky characters of Mandarin, the mother tongue of most Chinese. Then there is the vertically-written script of Mongolian, which is spoken by many people in the region. The language is not just seen on signs; it is heard in cafés and used in classrooms (such as the one pictured). More Mongols live in Inner Mongolia than in Mongolia, the country next door.

But the Mongolian language is dying in China, say activists, and not of natural causes. Three years ago the central government told schools in Inner Mongolia to replace the language with Mandarin when teaching some subjects. That sparked protests, but a year later China’s legislature went further, annulling regulations that allowed autonomous regions to teach in minority languages. Today, kindergartens in Inner Mongolia are taught entirely in Mandarin and, according to locals, an increasing number of other classes are, too.

The decline of Mongolian is part of a years-long push by the central government to assimilate ethnic minorities across China. Officially, such groups are meant to have equal standing with the Han, the ethnic group that makes up over 90% of the mainland's population. In practice, the Han (who often speak Mandarin) dominate and other groups are marginalised. "They don't want minorities to be too distinctive," says a 25-year-old Mongol in the Inner Mongolian city of Tongliao. "To be blunt, they want to turn us into Han."

The Economist

When the Communist Party took power in 1949, it inherited an unwieldy, multi-ethnic state with far-flung borders drawn during the Qing dynasty (1644-1912). To manage their vast new country, Communist officials copied the Soviet Union. They gave larger ethnic groups living near China's borders—Kazakhs, Koreans, Mongols, Tibetans and Uyghurs—their own nominally autonomous areas and allowed them to be educated in their own languages. These groups were also given perks like extra points on the *gaokao*, China's notoriously gruelling university-entrance exam, and exemptions from the "one-child" policy. Today China has 55 officially recognised ethnic minorities (though it may have hundreds of unofficial ones).

To be sure, minority groups have always faced discrimination in China. Government persecution led to riots in Tibet in 2008. A year later Xinjiang, home of the Uyghurs, erupted. The unrest spooked senior officials in Beijing (most of whom are Han). Haunted by the disintegration of the Soviet Union, they worried that parts of China might become unstable or try to peel off. So the government sought to blur ethnic differences. Under Xi Jinping, who became leader in 2012, this effort has gained steam. Mr Xi often talks of ethnic unity and harmony. He has explicitly called on Inner Mongolia to "safeguard ethnic solidarity".

In the past three years, China's management of minority groups has grown more strict. Local officials deemed at odds with the central government have been removed. Benefits, such as the bonus *gaokao* points, are being rolled back. Books that dwell on China's ethnic identities face bans. Such repression was highlighted in 2020, when a museum in France pulled an exhibition about Genghis Khan, the founder of the Mongol empire, that had been planned in collaboration with the Inner Mongolia Museum in Hohhot. The French museum cited interference by the Chinese government, such as demands that the words "Genghis Khan", "Mongol" and "empire" not be used in exhibition material.

The government's treatment of ethnic languages is another example. Before the clampdown in Inner Mongolia, other tongues were targeted. Kazakh, Korean, Tibetan and Uyghur have all been downgraded from mediums of instruction in schools to mere subjects, equivalent to foreign languages. In Tibet three-quarters of children are now taught in Mandarin-language boarding schools, which means they spend less time speaking Tibetan at home, too. The changes strike at the heart of China's ethnic identities. "If you don't speak Mongolian how can you be called a Mongol?" asks a woman in Tongliao.

One nation, under the party

Minority groups are still allowed to celebrate aspects of their culture, such as traditional dress and dancing. Officials are fond of pointing out that China's bank notes feature scripts of minority languages, as well as standard Chinese characters. But all of this is presented as part of a singular national identity, upon which the strongest influence, by far, is Han. The authorities promote this identity using television shows, picture books and exhibitions. One at the Cultural Palace of Nationalities in Beijing showcases relics from the Han and other ethnic groups. It claims that the "grand fusion" of the Chinese nation can be traced back to the Stone Age.

The government justifies its treatment of ethnic minorities on various grounds. Officials argue that learning Mandarin will help people in these groups to obtain jobs. By inculcating a national identity in the population, officials hope to improve social stability. In some areas, though, this campaign has been accompanied by official brutality. Xinjiang is the prime example. Since 2017 perhaps a million Uyghurs and other ethnic minorities in the region have been forced to spend time in "re-education camps". This has been necessary in order to stamp out terrorism and separatism, says the government. Critics accuse it of trying to wipe out the Uyghur culture.

There have been ethnic tensions in Inner Mongolia, too. Mongols and Han have tussled over the use of grasslands, for example. But, generally speaking, the region is more stable than Xinjiang or Tibet. The Communist Party has long called Inner Mongolia a model of good ethnic relations. Intermarriage between groups is common. Many young Mongols speak Mandarin as fluently as they do their native tongue. The region is not heavy on religions that the central government deems suspect, such as Islam. And there is no serious separatist movement.

So even members of the Han ethnic group have been surprised by the government's heavy-handed actions in Inner Mongolia. "We have no idea who is giving these orders," says a Han woman in Tongliao. "What good are they for the common people?" She is proud of the fact that China is culturally diverse. Senior officials in Beijing appear less so. ■

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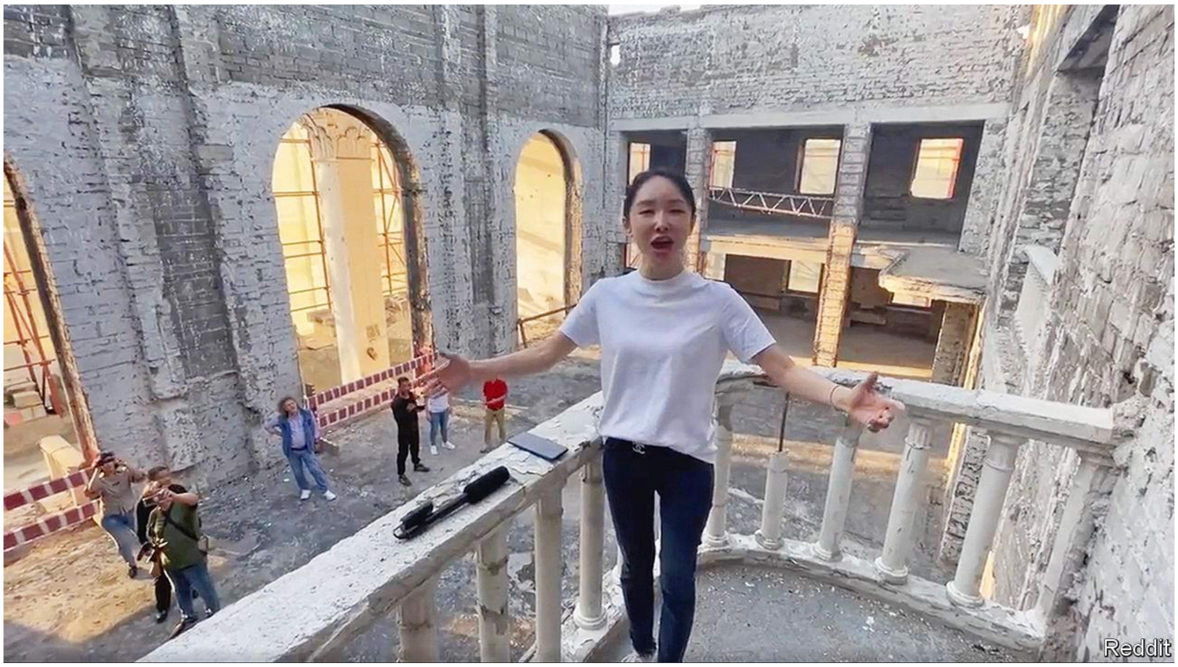
Singing in the ruin

Wang Fang’s performance in Ukraine highlights divisions in China

The opera star sings a Russian ballad—in a bombed-out Ukrainian theatre

Sep 14th 2023



IT LOOKED LIKE a spontaneous tribute to Russia. Standing in the bombed-out shell of a theatre in the Ukrainian city of Mariupol, a Chinese opera singer, Wang Fang, belted out a Soviet-era ballad (pictured). In March last year many Ukrainian civilians were killed in a Russian attack on the building. So when a video of the 38-year-old’s performance this month circulated online, it sparked a furore. Unlike their government, some Chinese people prefer to side with Ukraine.

To be sure, there are many Chinese who back Russia. News of the latest manifestation of China-Russia friendship—a meeting in Vladivostok between Russia’s leader, Vladimir Putin, and a deputy prime minister from China, Zhang Guoqing—was greeted with typical applause on China’s heavily censored social media. Mr Putin told his guest that relations between the two countries had reached a level “unprecedented” in history. Mr Zhang said political co-operation was “deepening”.

But supporters of Ukraine still find their voices. At least briefly, before censors began scrubbing references to her singing, Ms Wang’s appearance in Russian-controlled Mariupol gave them an opportunity to speak out. On Weibo, a Twitter-like service, some users were quick to attack her choice of venue for singing such a song. “Katyusha”, as it is known, was used to inspire Soviet troops going to battle with the Germans during the second world war. It conveys a woman’s love for her boyfriend on the front. Russia portrays its invasion of Ukraine as another anti-Nazi campaign. Chinese state media echo this line.

Some of Ms Wang’s critics have large followings and, therefore, much to lose should their accounts be shut down—a common form of punishment by censors. One is a retired professor living in Xinjiang, a far-western region. He told his 137,000 followers that Ms Wang would “be nailed to the pillar of shame in history”. Another Weibo user, with nearly 1m followers, accused her of being “simply out of her mind”. Similar attacks were levelled at Ms Wang after she defended her visit to Mariupol at a press conference in Moscow alongside her husband, Zhou Xiaoping. Mr Zhou is an adviser to China’s parliament and a prominent nationalist blogger. He was praised in 2014 by China’s leader, Xi Jinping, for spreading “positive energy”.

Out of tune

Ukraine has reacted angrily, too. On Facebook a spokesman for its foreign ministry called Ms Wang’s singing in the theatre “an example of complete moral degradation”. He said her visit to Mariupol, along with others from China, was “illegal” and all members of the group would be banned from entering Ukraine. He also said he expected an explanation from China about the group’s trip. In contrast, Denis Pushilin, the Russian-backed leader of Donetsk, the province to which Mariupol belongs, met the visitors and described Ms Wang’s singing in the theatre as “touching”. Russia has implausibly accused Ukrainian extremists of blowing up the building, where hundreds were taking shelter.

China’s foreign ministry is keeping quiet about the incident. For all its cosiness with Mr Putin, China calls itself a neutral observer of the war and wants to earn kudos for helping to end hostilities (though its peace proposal does not demand Russia’s withdrawal from Ukraine). China is even talking to the Vatican, with which it does not have diplomatic relations, about ways to resolve the conflict. The pope has sent a senior envoy on a rare official visit to Beijing to discuss the topic.

In a post on Weibo, Hu Xijin, a well-known pro-government commentator, reflected what Chinese officials are probably thinking. He told his nearly 25m followers that Ms Wang’s behaviour risked creating a “sense of involvement” in the conflict among Chinese people, which is “not in accordance with reality and not what China needs”. The war in Ukraine is “not China’s war”, said Mr Hu, who is a former editor-in-chief of *Global Times*, a nationalist tabloid in Beijing. For good measure, censors deleted Mr Hu’s post too. Clearly they want to shut down debate entirely. ■

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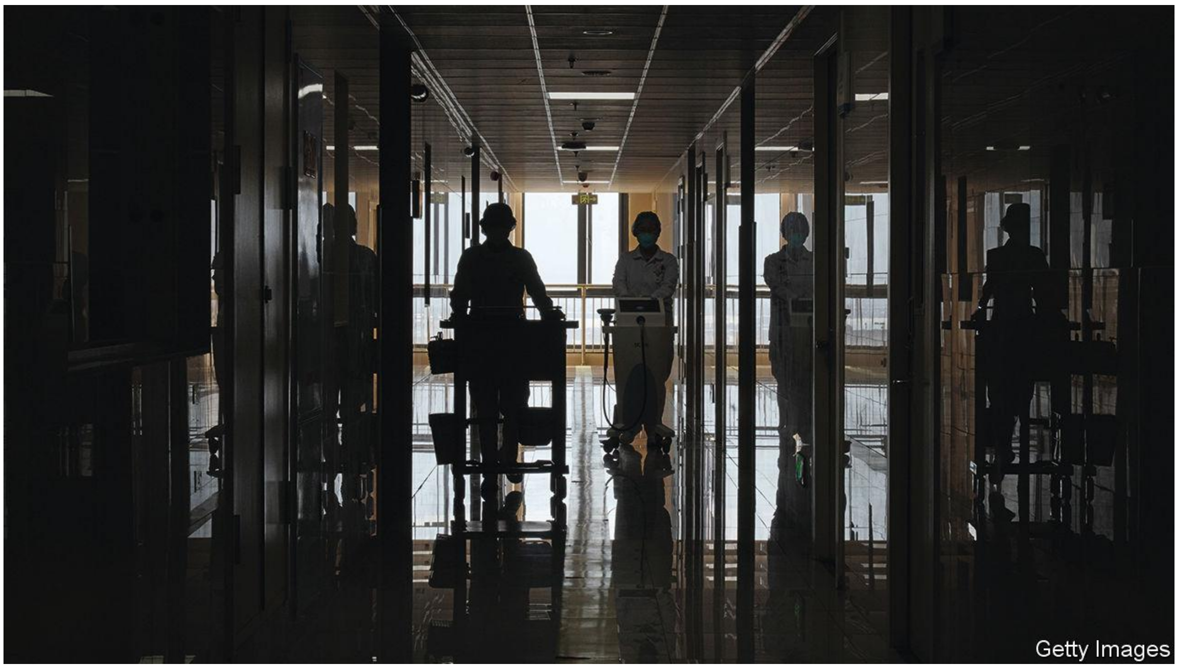
Shock and awe

China’s government launches a campaign against medical corruption

But it may not tackle the roots of the problem

Sep 14th 2023 | BEIJING



FOR ALMOST two months the authorities have been cracking down on the blatant corruption that has long plagued China’s health-care system. The Communist Party’s Central Commission for Discipline Inspection, its fearsome graft-busting arm, is among a swathe of agencies leading the charge. Heralding the campaign in late July, officials said it would last a full year. State media have called it “a storm” and an unprecedented exercise in “shock and awe”. The *21st Century Business Herald*, a newspaper, said that graft-busters were “speeding into the deepwater zone”.

Within days of the official announcement, 176 hospital directors were already being investigated, according to reports. Among the officials detained is Sun Zhigang, who served as party secretary in Guizhou province and as head of the state’s main medical-reform body. Hotlines have been set up for citizens to report offenders.

The campaign is rattling the business world. Stocks in the health-care sector began a swift decline; the share price of one exchange-traded fund tracking the industry in China fell by more than 13% within weeks. Initial public offerings for more than a dozen Chinese pharmaceutical companies have been postponed.

But some experts believe the government's approach focuses too much on symptoms, while ignoring the causes of corruption. The problem starts with the fact that general practitioners, who could handle scrapes or sniffles, are poorly supported by the government and poorly regarded by ordinary people. Potential patients prefer to go to hospitals for even minor treatments. Many bring a red envelope stuffed with cash, which is meant to ease their way to the front of long queues.

Most patients get only a few minutes with overworked doctors. Still, they are often prescribed procedures, tests and medicine—many of which are unnecessary. A lack of government funding means public hospitals rely on patients' fees, so doctors have every incentive to inflate bills.

Corruption also thrives at the administrative and commercial levels. Officials responsible for buying equipment are liable to be offered bribes. In one widely reported case an administrator took a backhander of 16m yuan ($2.2m) for authorising the purchase of machinery worth just 15m yuan. Sales representatives for pharmaceutical firms have been known to bribe doctors to prescribe their products.

Chinese patients have long been annoyed by such practices. Decades ago, when health-care resources were scarcer and medical standards far lower, the state paid for most of the meagre services on offer. But since the introduction of market reforms in the 1980s, which led to the emergence of a fee-for-service model, consumers have become more demanding. They expect better value for the higher prices they are forced to pay. Some have even become violent in the face of shoddy service or bad outcomes. Security checks are now common at entrances to hospitals.

People have sometimes taken the rare step of publicly demonstrating against the system's shortcomings. Earlier this year hundreds of people in the cities of Dalian and Wuhan marched in protest against cuts in their medical-insurance benefits.

For all of these reasons, the shock-and-awe campaign is likely to be popular with the public. But it may have “unintended and undesirable consequences”, says Yanzhong Huang of the Council on Foreign Relations, a think-tank in New York. If the government is overzealous, it could disrupt normal, honest activity. Academic meetings and technical training offered by companies selling drugs or equipment do not always lead to corrupt deals. Mr Huang worries that doctors in clinical settings may be reluctant to order necessary procedures for fear that they will be accused of inflating fees. The state, apparently, shares some of these concerns. On September 9th a senior health official said that the hunt for bad apples should not deter the good ones from doing things they need to do.

A bypass procedure

John Cai, who chairs the CHIP Academy, a health-care think-tank in Shanghai, agrees that a drastic campaign is not likely to solve deep-rooted problems and doubts it will be sustained for a full year. “I don’t think anyone really has the guts to resolve this problem in systematic ways, because it involves important interest groups among government officials,” he says. Already he sees signs that the campaign is losing momentum.

The government, though, may view the campaign as serving a different purpose. The Chinese people are unhappy with the state of the health-care system. Now they have dozens of hospital bosses and pharmaceutical executives to blame. For officials in Beijing, perhaps that passes as a successful operation. ■

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Chaguan

Xi Jinping builds a 21st-century police state

A draft law gives rank-and-file officers new, arbitrary powers

Sep 14th 2023

UNDER XI JINPING, the Communist Party is building the most ambitious police state in China’s history, with the legal powers and surveillance tools to bring order and ideological conformity to every corner of daily life.

Special attention is being paid to grassroots law enforcement, notably via China’s system of administrative punishments: a vast array of sanctions, including physical detention, that may be imposed by police without a court hearing or warrant from a judge. The system covers acts that, in more severe forms, would be considered crimes. It has ancient roots. In imperial times, officials could punish “inadvisable behaviour” that fell short of illegality.

A revised version of China’s Public Security Administration Punishments Law was recently opened to public comment on the website of the National People’s Congress (NPC), updating a law enacted 17 years ago. It grants police many new powers. Some are provoking an unusually vocal backlash.

Article 34, for instance, creates a set of administrative-level political misdemeanours. It empowers police to fine or detain people for up to 15 days for words and deeds that "harm the spirit" or "hurt the feelings" of the Chinese people. The article is inspired by laws passed in recent years that created political-thought crimes punishable in court. To widespread public alarm, this proposed administrative-level law allows rank-and-file police to sanction not just unpatriotic acts, but also articles of clothing or symbols that they deem offensive to the public, as well as insults to party-approved heroes and martyrs.

Should those being punished answer back, they may regret it. Whereas the existing law punishes people whose actions obstruct police work, the draft version creates an offence of merely insulting or verbally abusing the police in the course of their duties. Its Article 120 allows some cases, involving "irrefutable evidence", to be decided by a single officer. To offset these new powers, the draft law emphasises that enforcers will be subject to internal codes of discipline and supervision by anti-corruption inspectors.

The revised law has a crowd-pleasing feel to it. Several articles respond to news events that triggered public outrage. There are ripped-from-the-headlines clauses about pyramid schemes and those who throw objects from high buildings. One strikingly specific clause sanctions anyone who grabs the steering wheel of a public bus from the driver. That anti-social act has been caught on video—and widely shared—more than once in the past few years.

That is not the only nod to viral news stories. By adding language about clothing that hurts the public's feelings, authorities are reopening recent rows about sartorial censorship. In effect, the new clause offers retroactive backing to police who temporarily detained a young woman last year for taking selfies while wearing a Japanese kimono in the eastern city of Suzhou. That heavy-handed response delighted Japan-loathing nationalists, but appalled liberal netizens. Anxiety is spreading. A comment earlier this year on Taobao, an e-commerce platform, pondered the risks of arrest for buying a T-shirt reading: "This is what a feminist looks like".

The revised law is provoking unusually heated debate. More than 92,000 citizens have submitted comments on it to the NPC website. Many Chinese have not forgotten the petty grassroots tyrants who enforced strict, at times irrational "zero-covid" pandemic controls. Liberal Chinese, an embattled bunch, are not shocked that the measure claims new powers for the state. They long ago understood that the government's authority is more or less limitless. Instead, critics focus on the discretion that the draft offers law-enforcement officers. Put another way, if a police state worries some Chinese, their main concern is the police.

An article by Shen Kui, a law professor at Peking University, voices concerns that the draft's vague language makes "arbitrary" law-enforcement more likely. In a commentary later deleted from the *Paper*, an online publication in Shanghai, Zhao Hong of the China University of Political Science and Law worries that officers may be allowed to decide whether they have been abused while on duty, based on their personal feelings. In that case, he writes, the law may sanction citizens who merely direct heated complaints or "harmless ridicule" at the police. Other scholars note, gloomily, that the draft law allows police to collect biological samples, such as hair or blood, from those charged with even trivial misdemeanours. A court warrant is not needed.

Arbitrary rule, but with paperwork

To an optimist, these careful murmurs of criticism show that China still allows some limited space for debate. Draft laws are opened for comments and legal minds may weigh in. In the first decades of the People's Republic, Mao-era "revolutionary justice" often amounted to rule by mob, with class enemies hounded to death or sent to labour camps without due process. Under Mr Xi, the party treads a different path. It is horrified by mobs and obsessed with order. Instead, the party promises law-based governance, enforced by professionals whose roles are constrained by written codes. After a decade of brutal anti-corruption drives, that system is now cleaner. Not long ago, Chinese judges openly asked for bribes. Today, they are too scared to try.

To a pessimist, a less corrupt, more professional justice system offers no real shield against tyranny. China's courts and police are explicitly under the party's authority, and judicial independence is denounced as a dangerous Western notion. Vaguely-worded laws allow officials to define wrongdoing as they see fit. The administration punishments law is a case in point. In today's China, rulers publish a stream of new laws to try to legitimise their exercise of power. They eschew state terror. Party critics are not found in the streets of Beijing, at dawn, with a bullet in the head. But the Xi-era police state is remorseless, like a great, steel machine. This China will take dissenters' freedoms, and offer them a receipt. ■

Read more from Chaguan, our columnist on China:
The Belt and Road, as seen from China (Sep 7th)
When China thought America might invade (Aug 31st)
The world should study China's crushing of Hong Kong's freedoms (Aug 24th)

Also: How the Chaguan column got its name

United States

Striking times

Joe Biden’s love of unions runs into a giant strike

It is easier to support workers when they aren’t hurting the economy

Sep 13th 2023 | Washington, DC

IT IS SOMETIMES said that Americans are not class-conscious. A few minutes of listening to Shawn Fain, president of the United Auto Workers, one of the country’s biggest unions, ought to put that notion to rest. “The very existence of billionaires shows us that we have an economy that is working for the benefit of the few and not the many,” he told UAW members in a recent live-stream. His theme was that workers were losing out while companies were profiting. “Why is that?” he asked. “So another asshole can make enough money to shoot himself to the moon?”

Mr Fain was at his fiery best because he was rallying his troops ahead of a possible strike against the “Big Three” carmakers in Detroit, Ford, GM and Stellantis, when their contract ends on September 14th. (Stellantis’s biggest shareholder, Exor, also owns part of *The Economist*’s parent company.) That would mark the culmination of a heated few months in American labour relations. The 146,000 UAW members who could walk out, starting with strikes at selected plants on Friday, would add to roughly 190,000 other workers, including actors, screenwriters and hotel staff, already on the picket line. Together, more American private-sector employees would be on strike than at any point since the 1980s.

When strikes have been averted recently, the terms have been favourable for workers. UPS, a delivery company, agreed in July to lift pay and benefits for its drivers to $170,000. Some in the labour movement think they are just getting started. Or as Mr Fain says: “Our fight is not just for ourselves but for every worker.”

That could end up posing a conundrum for Joe Biden. A favourite boast is that he is the most pro-union president in American history. Academics would debate that, with many giving the nod to Franklin Roosevelt (in power when the right to collective bargaining was enshrined in law). Few, however, would object to calling Mr Biden the most pro-union president in the past 80 years. Not only has he repeatedly voiced staunch support for workers, he has overseen funding commitments, rule changes and personnel appointments that are handing more power to unions—a profound shift after decades in which they were regularly undermined. But a wave of strikes, with the potential to inflict damage on the economy, may test the depths of Mr Biden’s fondness for unions.

What makes the work stoppages so remarkable is that American unions have been in decline for decades, in effect reducing the pool of potential strikers. Just 6% of private-sector workers are in unions today, down from about 30% in 1970. Could the decline now be over? Flickers of a rebound in labour activism were first visible in 2018 and 2019, when the total numbers of American workers on strike hit three-decade highs. Most were public-sector employees, especially teachers.

Strikes this year have spanned a wider variety of sectors: entertainment, logistics, manufacturing, construction, cleaning services and more. “The discontent is comprehensive. You see workers in industries that have never been unionised,” says Kent Wong of the University of California, Los Angeles. Perhaps the biggest labour headlines since 2020 have come from the successes of workers at an Amazon warehouse in New York and at about 350 Starbucks cafés (and counting) in forming unions. Liz Shuler, head of

AFL-CIO, America’s largest federation of unions, describes it as “the awakening happening in this country”.

But some observers see it as a fleeting moment for labour. The job market has been unusually tight for five years (with the exception of 2020 at the start of the covid-19 pandemic). The unemployment rate has consistently been below 4%, flirting with a five-decade low. Sensing that they have the upper hand, many workers have quit for better pay elsewhere: as a result Americans on low incomes have enjoyed much faster wage growth than their high-income compatriots since 2019. For those in unions or wanting to form unions, the same dynamic has given them leverage.

But economic data in the past couple of months show that staff shortages are unwinding, with more people entering the labour force at the same time as companies cut back on hiring. “As labour demand comes more in line with labour supply, the balance of power will tilt back toward managers,” says Michael Strain of the American Enterprise Institute, a think-tank.

The counterargument, that increased labour activism will be more enduring, rests in large part on the actions of Mr Biden. His industrial policy—roughly $1trn in subsidies for semiconductors, electric vehicles and renewable energy—has been crafted with workers in mind. Much of the funding is contingent on commitments to pay fair wages. Some of the tax breaks have also included wording that companies should remain neutral when their workers try to organise unions. That proved important at Blue Bird, a school-bus maker in Georgia, a state hostile to unions. In May a majority of workers there voted to join a union, a breakthrough for the labour movement in the South.

The regulatory landscape has also changed under Mr Biden. His appointees to the National Labour Relations Board (NLRB), which enforces labour law, have made it easier for workers to hold union elections and harder for companies to block them. Not only has the NLRB overturned company-friendly rules passed under Donald Trump; it also rejected a standard that had stood since 1971 allowing bosses to challenge whether unions truly command majority support. Jennifer Abruzzo, the NLRB’s general counsel, appointed by Mr Biden, is lauded by labour leaders as their fiercest champion in years.

Mr Biden's support for unions appears to be genuine. He often looks more comfortable in the company of factory workers and labour organisers than with tech billionaires and Ivy League-trained lawyers. He has long proclaimed that union jobs are good jobs—for workers and for America.

Electoral calculations undoubtedly figure in his thinking, too. Surveys show that nearly 70% of Americans now approve of unions, close to a six-decade high (though unions' loss of clout over the years may help to account for their popularity today, because few people have experienced the fallout from work stoppages). And unions mostly approve of Mr Biden: he has already received an endorsement from the AFL-CIO, its earliest endorsement ever for a presidential candidate. Many of their rank-and-file may still prefer Mr Trump, but Mr Biden carried a majority of union households in the 2020 election.

However, if Mr Biden likes unions, it is much less clear that he likes strikes. Unions have succeeded not because companies see win-win outcomes in dealing with them but because they fear the consequences of not doing so. "It's a struggle. It's a zero-sum game," says Nelson Lichtenstein, a labour historian. An impasse at Starbucks supports his point. Although hundreds of cafés have unionised, workers say the company refuses to bargain with them. "It would require some kind of chaos, doing real damage to the Starbucks reputation, to change that," he says.

Mr Biden has shown little stomach for chaos. In December he approved a bill to force rail workers to sign a contract and stay on the job, averting a strike that would have caused logistical problems throughout the country. He does not have the same legal authority to forestall a UAW work stoppage. But a strike at the Big Three would cause big losses for the carmakers that would, over time, cascade to other manufacturing firms in Michigan, a swing state in the 2024 election.

Mr Biden has told reporters that he does not think a strike will happen. Mr Fain, the UAW leader, professed shock at hearing such confidence, saying that a strike is "highly likely". The UAW also happens to be one of the largest unions to refrain so far from endorsing Mr Biden, upset that his administration's funding for electric vehicles is shifting production away from unionised facilities. Mr Fain says that a UAW strike will offer politicians a chance to pick sides between billionaires and the working class. It is an awkward ultimatum for a president who thinks his fidelity to unions should already be plain to see. ■

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More smoke

Hunter Biden’s woes, and a new impeachment saga, will go on and on

Republican claims of bribery do not stack up, but uncomfortable details do

Sep 11th 2023 | Chicago

Kenny Holston/New York Times/Redux/Eyevine

Editor’s note: This story has been updated following Kevin McCarthy’s announcement of an impeachment inquiry into President Joe Biden.

WHAT DOES it take to create a “culture of corruption”? In the case of Hunter Biden, President Joe Biden’s wayward son, and his business dealings when his father was vice-president, many of the ingredients are there: large sums of money, questionable foreign companies, a powerful father with influence over those companies’ fate. After years of investigation, however, what is still missing, so far, is any proof that these really did mature into a scandal in the Petri dish. That did not deter Kevin McCarthy, the Republican speaker of the House, from announcing the start of impeachment inquiries into President Biden on September 12th. That “culture” of corruption, he said, warrants further investigation. The chance of a conviction of the president is almost nil. But the hearings will tie up Congress for months.

Mr McCarthy's announcement came in response to pressure from right-wing members of his wafer-thin majority, who have long been pressing for impeachment. But it also builds on months of Republican noise about Hunter Biden. On August 28th the Southeastern Legal Foundation (SLF), a Republican-aligned legal charity based in Georgia, announced it is suing the National Archives to try to force it to release 5,138 emails the archivists have identified as having come from three email addresses Joe Biden used with pseudonyms, such as "Robin Ware" and "Robert L. Peters". James Comer, the Republican chairman of the House Oversight Committee, who has been probing Hunter Biden's activities since January, had already requested in mid-August that the emails be released to him.

Mr Comer's case, in essence, is that the emails will prove that Mr Biden did in fact know in detail what his son was up to in his role between 2014 and 2019 on the board of Burisma, a Ukrainian oil-and-gas firm. According to Mr Comer, one email already found on Hunter's laptop shows that: "Joe Biden was using a pseudonym and he copied his son about a shady, shady transaction." The rest, he implied, would show the president tied into a scheme of "influence peddling". In particular, it would show that, as vice-president, Mr Biden tried to help his son by pushing for the ouster of Viktor Shokin, a former chief prosecutor of Ukraine, who was investigating corruption at Burisma. This, he says, is backed up by the testimony of Devon Archer, one of Hunter's business associates.

In reality, the evidence revealed by Mr Comer does not show that. The email he refers to, forwarded to Hunter from the "Robert L. Peters" account in May 2016, does indeed include details about the vice-president making a call with Petro Poroshenko, Ukraine's president at the time. But it also gave details of Mr Biden's schedule—and said he would be staying at a family home in Delaware that evening, where he would be hosting a memorial service for his other son, Beau. Hunter's lawyers say that is why he was included. The email was sent two months after Mr Shokin was pushed out by Ukraine's parliament. And, in his deposition, Mr Archer argued the opposite of what Mr Comer alleges. "Shokin being fired…was not good" for Burisma, he said.

It is the latest in an investigation which so far has overpromised and underdelivered. Mr Comer has alleged that Joe Biden took bribes while serving as vice-president. In July, pressed by a Fox News anchor on whether he could prove that, he said, "I sure hope so." Much of what he has turned up shows the younger Biden suggesting to his clients that he could influence his father. But nothing shows that it was much more than a bluff. Take an email Hunter sent to Mr Archer about a visit his father was paying to Ukraine. Mr Comer alleges this trip was taken to help Hunter. In the email, Hunter says about his father: "What he will say and do is out of our hands." Mr Archer argued this was evidence of how Hunter tried to take credit for things his father did independently.

Yet although Mr Comer's investigation is failing to prove the existence of what Donald Trump calls the "Biden crime family", congressional inquiries will now multiply. Democrats say that Mr Biden has done nothing wrong. Ian Sams, a White House spokesman, argues that "government leaders for decades have used aliases to avoid spam and hacking." Barack Obama, as well as several senior officials in both Democratic and Republican administrations, are known to have done so. But that does not explain why two of the email accounts Mr Biden apparently used were private Gmail accounts, rather than official government ones. It also does not explain the pair exchanging emails about the potential appointment of John McGrail, a friend of Hunter's who is now a Treasury official, to Mr Biden's staff. A job recommendation is not corrupt—but it does suggest that father and son did discuss work.

Meanwhile, the younger Mr Biden's legal problems are intensifying. On September 6th prosecutors serving under David Weiss, the special counsel investigating him, announced that they expect an indictment by the end of the month. Hunter is likely to be charged with not paying taxes and lying on a form when buying a gun at a time when he was addicted to crack cocaine. A plea deal that would have kept him out of jail on those charges fell apart. Other, more damaging charges—such as lobbying for a foreign government without registering—have not been ruled out.

None of that implicates the president. Yet he may suffer for it nonetheless. According to a CNN poll, three-fifths of Americans think Mr Biden was involved in his son's business. Pump out enough smoke and you might create fire. ■

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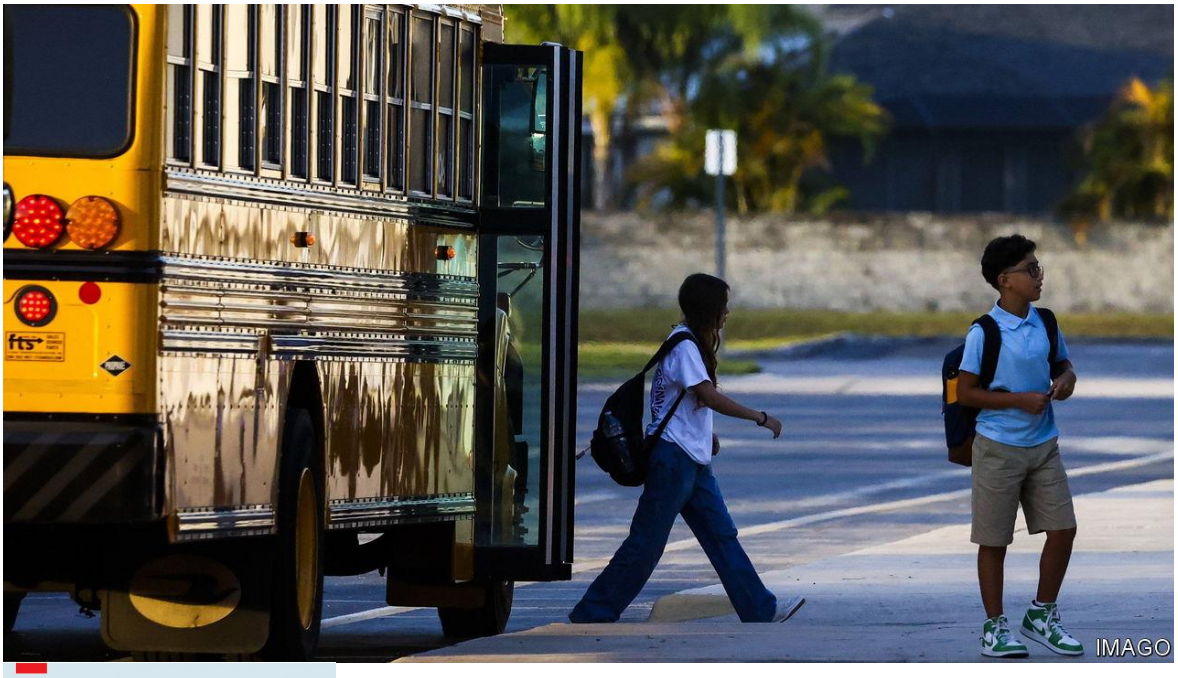
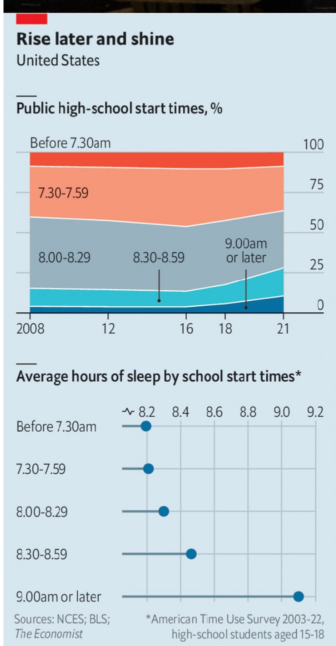
Raising the alarm-clock

America's school day starts too early. That's beginning to change

Help is on the way for sleep-deprived teenagers

Sep 7th 2023





The Economist

THE BACK-TO-SCHOOL season can be hard—not least in Syracuse, New York. On September 6th and 7th high-school students there returned to classrooms at 7.25am, 25 minutes earlier than the year before. According to the National Centre for Education Statistics (NCES), most American public schools start a little after 8am; more than a quarter start even earlier. Students in the South are the earliest risers. In Louisiana instruction typically begins at 7.45am.

Such schedules, health experts say, are inappropriate for teenagers, whose internal clocks are wired for an 11pm bedtime and an 8am wake-up. In 2014 the American Academy of Pediatrics recommended that middle and high schools start no earlier than 8.30am. The Centres for Disease Control has concluded that, of all the policies aimed at boosting adolescents' sleep, delaying school start-times could have the greatest impact. Data from the annual American Time Use Survey show that between 2003 and 2022 high-school students who started class after 8.30am logged 33 more minutes of sleep, on average, than those who started sooner (see chart).

A recent paper by Kevin Bastian and Sarah Fuller of the University of North Carolina at Chapel Hill finds that later start times lead to better attendance, fewer disciplinary problems and higher test scores. Some policymakers are getting the message. The NCES's latest data show that the share of American public schools starting after 8.30am rose in the 2020-21 school year. In 2019 California passed a law requiring public middle schools to start no earlier than 8am and high schools no earlier than 8.30am. In May Florida passed a similar law.

Eight other states are mulling such laws. A bill in the New York state Assembly would require public schools to start no earlier than 8.30am. Relief may be on the way for Syracuse's sleepy teens. ■

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A Prozac moment?

Drugs to treat alcohol addiction are underused

Two popular new medications may change that

Sep 14th 2023 | Washington, DC

NEARLY 30M AMERICANS suffer from alcohol-use disorder, meaning that alcohol has a significant and negative impact on their lives. Over 140,000 die from alcohol-related causes each year: alcohol is the fourth-highest cause of preventable death in America. These statistics are especially devastating because for many people the suffering could have been avoided.

For decades drugs have existed to help with alcohol addiction. Disulfiram, also known as Antabuse, was approved by the Food and Drug Administration (FDA) in 1951. It deters alcohol use by causing patients to get ill when they drink. Naltrexone was approved in 1984, and acamprosate 20 years later. They help reduce alcohol cravings and make withdrawal more manageable. These drugs work “fairly well if not dramatically well in most patients”, says Joshua Lee, of New York University Grossman School of Medicine, who specialises in addiction medicine. Other drugs, such as topiramate, are used “off-label” for alcoholism: ie, doctors prescribe them for reasons beyond their approved use by the FDA.

These drugs are as effective for treating alcoholism as selective serotonin reuptake inhibitors (such as Prozac) are for depression. Yet they are rarely prescribed. Fewer than 2% of patients with alcohol-use disorder report using any medication. By comparison, 22% of patients with opioid problems and over half of patients with depression take prescription drugs.

Why the reluctance to use them? They are not covered deeply in medical school, says Dr Lee: “practitioners lack adequate knowledge, training and confidence.” Besides, other common ailments, such as depression, have more FDA-approved drugs, enabling clinicians to mix and match and deal with side effects. “You need as many medications as possible because some will work for some people but not others,” says Lorenzo Leggio, of the National Institute on Drug Abuse and the National Institute on Alcohol Abuse and Alcoholism.

And many sufferers are loth to seek help—only 7% get any treatment (be it counselling, support groups or drugs). “By the time folks seek treatment…it has been lingering for some time,” says Lara Ray, a clinical psychologist at the University of California, Los Angeles. Dr Ray estimates that many wait ten years to get help. Some may not know that drugs are available.

All this could soon change. Semaglutides, more commonly known as Ozempic and Wegovy, have recently become popular drugs to treat diabetes and obesity. (Ozempic is not FDA-approved for weight loss, but some doctors prescribe it off-label.) They may also work for curbing drinking. If approved for alcohol-use disorder, they could change how patients seek help and how doctors respond.

Patients have reported reduced alcohol cravings while on Ozempic and Wegovy, and preclinical trials on rats and monkeys suggest that semaglutide helps reduce such cravings. Of course, anecdotes and trials on animals are not enough to declare them safe and effective. The National Institutes of Health and Oklahoma State University (OSU) have started randomised clinical trials on humans to determine if semaglutide is effective for alcoholism.

“This drug could be a Prozac moment for addiction medication,” says Kyle Simmons, a pharmacology professor at OSU who is running the clinical trial. Before the FDA approved Prozac in 1987, depression drugs were usually reserved for the most serious cases due to their side effects. With Prozac, doctors became comfortable prescribing drugs for depression. Patients started to ask for the medication. Similarly, the popularity of Ozempic and Wegovy could change the way doctors and patients think about drugs for alcohol addiction, if the FDA approves them for that purpose.

Dr Simmons is optimistic about semaglutide's potential, but he cautions patients and practitioners eager to use it for alcohol-use disorder now. "We don't know for certain that it works," he says, and his study's results will not be available for about two years. Fortunately patients do not need to wait to get help: they can turn to the drugs for alcoholism that have been ignored by many for so long. ■

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Crypto cowboys

Wyoming wants to become America’s crypto capital

Even FTX’s implosion has not dented the state’s enthusiasm

Sep 14th 2023 | Los Angeles

IN 2021 GARY GENSLER, the chairman of the Securities and Exchange Commission, told the Senate Banking Committee that cryptocurrency assets were “like the Wild West”. It perhaps makes sense, then, that one of the places most interested in fostering a crypto industry is Wyoming—the Cowboy State.

Wyoming has passed more than two dozen laws on digital assets since 2019, according to Bloomberg, more than any other state. Why does America’s least-populous state want to become a crypto capital? “Wyoming is heavily reliant on our mineral extractive industry,” says Chris Rothfuss, one of two Democrats in the state Senate and the chair of a committee on fintech. Crypto, he argues, could help diversify its economy.

Crypto has bipartisan support: its financial libertarianism appeals to small-government-loving Wyomingites. Digital assets, says Mr Rothfuss, let people “have privacy” and “prevents the government from telling them what to do”. Even the implosion of FTX and crash of crypto markets last year has not dented Wyoming’s dreams. It wants to issue a stablecoin (a class of cryptocurrency) backed by US Treasury bills.

But it is not clear that Wyoming’s enthusiasm for crypto will pay off. Three-quarters of Americans who have heard of cryptocurrencies do not think they are safe, according to Pew Research Centre, a think-tank. The Federal Reserve seems to agree. In 2019 Wyoming passed a law allowing the establishment of state-chartered banks that cater to firms using digital assets such as cryptocurrencies. Earlier this year the Fed denied one such bank’s application to become a member of its system, arguing that the bank’s risk-management framework was shoddy.

Wyoming’s quest to issue a stablecoin by the end of the year is also on shaky ground. Mark Gordon, its Republican governor, allowed a bill creating a stablecoin commission to pass into law without his signature. He expressed concern about the lack of proof that a market for such a token exists in Wyoming. “This is really all about signalling that you’re in the crypto game…and that you’re innovative,” says Chris Odinet, a law professor at the University of Iowa. Much like crypto itself, he says, the race to appear crypto-friendly is “largely a lot of smoke and mirrors”.■

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Before the firing squad

Texas Republicans may oust Ken Paxton, one of their own

The push to bring down the conservative warrior comes from his own side

Sep 14th 2023 | Austin

AS EVERYONE IN the capitol chambers bowed their heads in prayer before opening statements, Ken Paxton looked straight ahead. It is a rare court that Texas's attorney-general seeks justice before. After being impeached by the state's House of Representatives in May for bribery, lying and dereliction of duty, Mr Paxton is now on trial before its Senate, with the lieutenant governor presiding as judge and the lawmakers as jurors. His wife, a senator who in 2016 dubbed herself "a pistol-packin' mama" whose "husband sues Obama", is barred from voting, but sits among her peers who will determine his fate.

On September 5th the senators rejected all 16 motions filed by Mr Paxton's lawyers to dismiss the trial. If that is any indication of how they plan to vote on impeachment, Republicans in the country's biggest conservative state seem poised to oust one of their own. An elected official has not been ejected in Texas in nearly 50 years (when a judge stole funds earmarked for groceries for the poor), and certainly not since the state's legislature and governorship came under Republican control in 2003. "If you're a one-party state," says Jason Sabo, an Austin lobbyist, "eventually the arc of the firing squad comes full circle."

The case centres on an alleged quid pro quo between Mr Paxton and Nate Paul, a property developer. Mr Paul donated $25,000 to Mr Paxton's 2018 campaign, and according to the House impeachment team, bankrolled his home renovations, gave the attorney-general's mistress a job at his firm and made a secret Uber account to help facilitate the affair. In exchange Mr Paxton is accused of using his office to insulate Mr Paul from legal troubles and investigate his rivals.

Though he had 750 in-house lawyers, in September 2020 Mr Paxton hired a novice outsider to look into a complaint that the feds were after his donor-friend. When he ordered staffers to draft a rushed legal opinion to stop foreclosure sales due to covid-19, a position that contradicted the office's opposition to pandemic rules, his second-in-command suspected his hands were tied by Mr Paul, who owned properties set to face foreclosure days later. Seven of the attorney-general's senior deputies reported him to the FBI for bribery and abuse of office that month. By mid-November Mr Paxton had fired four of them; the other three resigned.

Texas Republicans stayed mum for years. As the FBI investigation simmered—he also faces unrelated securities-fraud charges from 2015—Mr Paxton made a name for himself by waging a legal war on Washington. Since 2021 he claims to have sued the Biden administration 50 times, mostly over immigration. In Texas, he has gone after big tech, cartels, election workers and vaccine-makers. This paid off in the polls: after he was endorsed by Donald Trump voters gave him a third term by a near ten-point margin in November 2022.

In February of this year Mr Paxton asked lawmakers for $3.3m to settle a case brought against him by the whistle-blowers fired from his office, who claimed he illegally retaliated against them. The request hit a nerve. The House launched an investigation that culminated in a speedy vote to impeach Mr Paxton just before the session ended, with 60 Republicans joining the Democrats to support his ousting.

No lone star

The attorney-general's defence team argues that the allegations are wrong and blames the "frenzied press" for calling for Mr Paxton's head. To those in the Senate gallery wearing "RINO hunting" T-shirts (short for Republican in name only), the trial epitomises the tussle between Trumpian, America First Republicans and the establishment "Bush mafia" camp of the party. Lauren Davis, an organiser in Dallas who sometimes cries when she sees an American flag, says Republicans ought to put more stock in their elected officials' political wins and less in their morals. The pro-Paxton bloc reckons his behaviour was already litigated by the voters in 2022. They warn that a conviction could prompt more politically motivated removals, which strip voters of their right to elect leaders.

Yet for the trial to be a rebellion against the populism Mr Paxton typifies, his accusers would have to come from the centre. They do not. Andrew Murr, the lead House impeachment manager, is a moustachioed rancher from a district where constituents want to criminalise "abortion trafficking". In March Briscoe Cane, a member of the impeachment committee, helped a man file a wrongful-death lawsuit against women who allegedly helped his ex-wife get an abortion. And Jeff Mateer, the highest-ranking deputy to turn on his boss in 2020 and the first to testify against him, was nominated by Mr Trump to be a federal judge before his candidacy was withdrawn when it came out that he had called transgender children "Satan's spawn" and believes that there is no separation between church and state in the constitution.

Unlike Mr Trump, Mr Paxton himself is not central to the brand of politics he represents. Nor is he likely to be a threat to Texas Republicans—by running as an independent or turning voters against the party—if he is booted out. That may be what is allowing Republicans to deal with his corruption case less timidly. Greg Abbott, Texas's governor, plans to call for a special legislative session on school vouchers, which lawmakers failed to pass earlier this year, once the trial concludes. Some see that as an opportunity for senators to reaffirm their conservative values to their base. Doing so makes it less politically risky to convict the state's main MAGA warrior. ■

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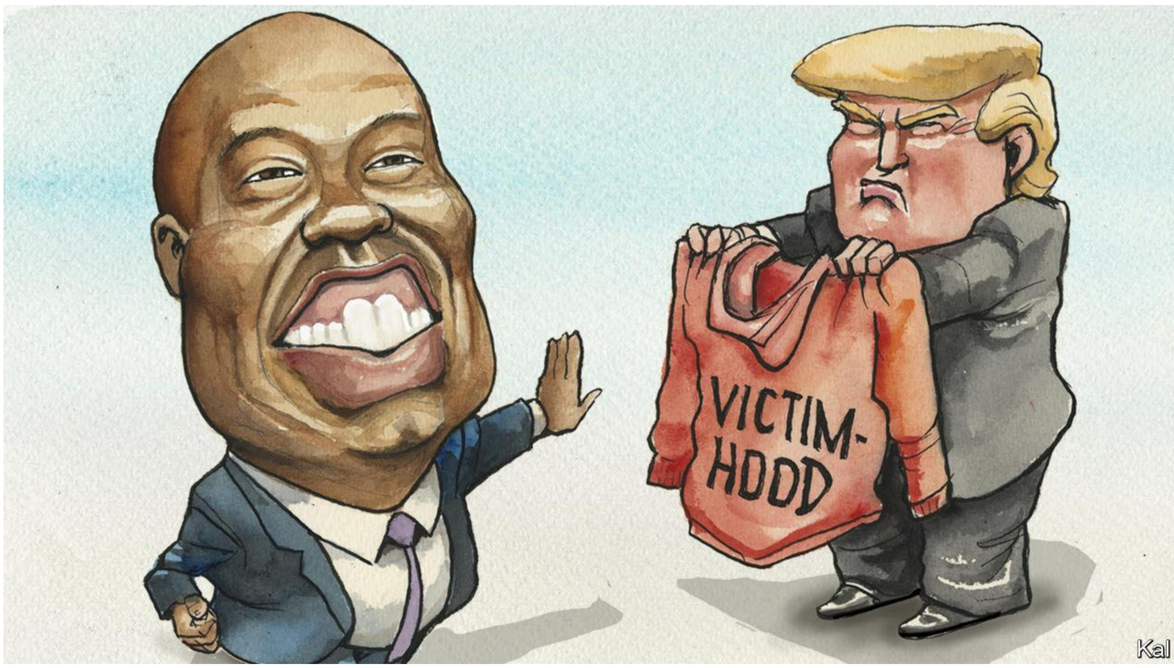
Lexington

Why some GOP candidates don't act as aggrieved as Donald Trump

Spoiler: they're not white

Sep 14th 2023



ONE OF DONALD TRUMP'S signature political achievements, which like most of them owes to his genius for shamelessness, has been to convert self-pity from a Republican vice into a virtue. He has likewise turned claims of victimhood inside out, from confessions of weakness into boasts. "I am a victim," Mr Trump declared twice in announcing his present bid for the presidency. He has called one source of his suffering "the greatest witch hunt in the history of our country", and another, simply, "a lynching". It may be the only Trump whine he has ever managed to sell, but, as he exhorts his supporters to feel sorry for themselves and to rage at their oppressors, and presents himself as their persecuted billionaire champion, they gulp it all down.

As effective as this Trumpian theme has been, one category of Republican politician seems particularly reluctant to adopt it: non-white ones. "No more whining," Nikki Haley, a former governor of South Carolina and a daughter of immigrants from India, likes to instruct voters. “No more complaining. Now we get to work.” Vivek Ramaswamy, a former entrepreneur whose parents also immigrated from India, published a book called “Nation of Victims” in which he regrets that, for Americans of whatever race or ideology, thinking of themselves as victims is “one of the few things we’ve all got left in common”.

Tim Scott, a Republican senator from South Carolina, is campaigning for the Republican nomination on the most classic version of the party’s faith. His America has not become a shadowland in which a heartless, fanged establishment sucks the life out of everyone else. It remains, instead, a sunny upland welcoming anyone with the grit to haul themselves up to it by their bootstraps. “I am *so proud* to be an American,” Mr Scott said recently at a gathering of voters in Rye, New Hampshire, rendering the word “proud” in a hushed, reverent tone. “I am running for president because I *know* America can do for *anyone* what she’s done for me.”

Mr Scott, who is 57, is an effective evangelist for this vision because he can present himself as proof. He speaks of growing up the son of a single mother who worked 16 hours a day as a nurse’s assistant, changing bedpans. “It was not a glorious job,” he said in Rye. “But she took *pride* in helping people. She took *pride* in going to work.” He describes how his mother encouraged him in his studies—“shoot for the moon,” she would say, because “even if you miss you’ll be among the stars”—in order to tee up an emotional high point of his coming-of-age tale: the scene when, after he failed freshman year of high school, she had him choose a branch from a tree outside their home for her to beat him with.

Hard work, stern discipline, overcoming obstacles: for his audiences, each theme of Mr Scott’s story derives more power from the fact that he is black. When Mr Scott gave the Republican response to a speech by President Joe Biden to Congress two years ago, “Uncle Tim” trended, repulsively, on Twitter. But Mr Scott does not deny the persistence of American bigotry. He has spoken of being pulled over repeatedly by police and even barred from entering the Capitol until white colleagues affirmed his credentials.

Yet Mr Scott, an adherent of motivational speakers, tells voters that he has also “been the beneficiary of good people from every community” and has learned to treat racism as another obstacle to be overcome, even to turn it into a source of strength. “Today we are teaching kids how to be victims,” he warned in Rye. “You never escape victimhood. It comes with the drug of despair.”

White crowds in Iowa and New Hampshire hang on Mr Scott’s words. Donors have poured money into his campaign. As of mid-August, Mr Scott had outspent all other Republican candidates on advertising, according to the *Washington Post*. A super PAC, Trust in the Mission, is spending tens of millions of dollars more on advertising to promote him. Yet as of mid-September Mr Scott was far back in the crowd, stuck in single digits in national polls and statewide polls in Iowa and New Hampshire.

Republican voters and operatives fault Mr Scott for not being more forceful in the first Republican debate, on August 23rd. As the other candidates attacked each other, Mr Scott hung back. No doubt, to gain attention, he needed to join the fray. But to do so would conflict with his politics and even his upbringing. “For all of my life and for all of my family’s heritage, we had tried to avoid being confrontational,” Mr Scott writes in his memoir, “Opportunity Knocks”. “Always, we believed, the primary aim should be to find common ground.” Mr Scott may not be able to overcome the handicap of his own inspirational politics. Republican voters may be comforted by his message about America’s fundamental fairness to its non-white citizens, but many of them thrill to Mr Trump’s warnings that they themselves are being screwed.

White man’s burden

At the gathering in Rye, one elderly white man introduced his question by saying he had hoped Barack Obama, as president, would “turn the corner on racism”, but that he had failed to do so. He wondered how Mr Scott would accomplish this. What a heavy burden some Americans place on black politicians, asking them not only to smilingly bear the wounds of their own encounters with racism but to relieve white people of having to worry that racism remains a curse. Mr Scott seemed momentarily taken aback, and resorted to condemning socialism. Then he found his way back to his safe theme, that his achievements confirmed “we live in a nation where the colour of your skin does not determine the outcome of your life.”

It says good things about America, and about the Republican Party, that so many non-white Republican candidates—five of a dozen—are competing this year for the nomination. How sad that an even clearer sign of progress will come when they feel entitled to the same privilege as white candidates: to publicly pity themselves, and campaign on their grievances. ■

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How Donald Trump won the debate he skipped (Aug 24th)

Middle East & Africa

Earth and water

The lethal negligence of politicians in Morocco and Libya

After both disasters, authorities spurned offers of help and left victims to suffer

Sep 13th 2023 | DUBAI

FIRST THE ground shook; then the skies opened. Just before midnight on September 8th an earthquake struck Morocco with a magnitude of 6.8, the strongest there in more than a century. The shallow epicentre was south-west of Marrakesh, under the Atlas mountains, a soaring range that bisects the country. Hilltop villages were reduced to heaps of rubble. At least 2,900 people were killed.

Two days later Storm Daniel, a Mediterranean cyclone, made landfall in eastern Libya. It dumped as much as one metre of rainfall in a single day—two to three times more than the region sees in a typical year. In the port city of Derna, which sits at the end of a long *wadi*, or valley, two dams burst. Floodwaters wiped out entire neighbourhoods. The death toll has already crossed 5,300, with many thousands more missing. More than 10% of the city's population may have drowned.

The back-to-back disasters had a biblical air. Endless scenes of heartbreak played out on Arabic news channels, as people desperately searched for their loved ones in homes flattened or flooded. But as days turned to hours, sadness turned to anger.

Morocco and Libya have little in common. Morocco is a stable monarchy led by the same family since the 17th century. Libya has not one but two governments, an internationally recognised one in the west and a warlord-led one in the east, neither of which can perform the basic functions of a state. One country is a popular tourist destination and a manufacturing hub for Europe; the other a war-torn state that is nonetheless a big oil producer. What they do share is a sluggish response to disasters that were uncommonly ferocious but hardly unimaginable.

The earthquake that shook Morocco came without warning. But if individual quakes are impossible to predict, trends can be spotted. A study in 2007 by a group of seismologists counted more than 1,700 of them in and around Morocco over the past millennium, including dozens in the Atlas mountains. Yet few were prepared.

Building codes have been strengthened in recent years, but many homes are built of simple masonry, which buckles easily during an earthquake. In the villages hit hardest by this month's quake, residents cannot afford to reinforce their houses. The World Bank reckons around one in five rural Moroccans earns less than $3.65 a day, compared with 4% of city-dwellers.

In the hours after the earthquake, dozens of foreign countries offered help. Morocco accepted it from just four: Britain, Qatar, Spain and the United Arab Emirates. A group from Secouristes sans Frontières, a French charity, was blocked from entering the country. Germany organised a 50-man rescue team, only to stand them down hours later.

The Moroccan government has not explained why it rejected or ignored offers of assistance. Some aid workers say too much help can be a bad thing, as different teams get in each other's way. Others see a mix of politics and pride: accepting aid from Spain but not France, for example, seems linked to France's role as Morocco's colonial master from 1912 to 1956.

The army has led relief efforts, but the terrain has made them difficult: clearing roads to reach isolated mountain villages is slow going, and survivors will need regular deliveries of food and medicine. Parts of the bureaucracy seem overwhelmed. Some people report being unable to bury their dead for want of official paperwork, leaving bodies to rot in the sun.

Moroccans are not sure if their king, who spends much of his time in Paris, was even in the country when the earthquake struck. It took him almost five days to pay a quick visit to Marrakesh. Before he arrived, workers could be seen repainting kerbs and zebra crossings—an odd priority.

The doomed dams

If Morocco's response has been slow, Libya's has been shambolic. The authorities had ample warning about Daniel, which poured torrential rains on Greece almost a week before it hit Libya. As it neared Derna, the mayor reportedly asked Khalifa Haftar, a warlord who wields power in the east, to help evacuate the city. He was ignored. Even as waters rose behind the doomed dams, no one was told to flee.

The devastation that followed is best understood from above. Before-and-after satellite photos show that buildings near the *wadi* have gone (see pictures). Bridges were swept away. The waterway's once-orderly path is now a messy sprawl; green parks and black asphalt are a uniform shade of brown, the city coated in mud.

Derna before (above) and after (below)

Foreigners have offered aid to Libya as well, but it will face logistical hurdles. Visas issued in one part of the country may not be valid in the other, for example. After years of civil war, no one is even sure how many people need help: official estimates of the dead and missing are little more than guesses. People in other bits of eastern Libya are nervous, and the government has done little to reassure them. On September 12th Mr Haftar's spokesman warned that another dam, near the city of Benghazi, was close to breaking point. He urged residents to evacuate. Hours later, he told them everything was under control.

The scale of the disaster reflects a particular history of neglect in Derna, a city that Libyan authorities have long regarded as a hotbed of Islamism. Muammar Qaddafi, the dictator deposed in 2011, was happy for Derna's residents to fight in Iraq or Afghanistan. Islamic State conquered parts of the city in 2014, though it was later pushed out by various Islamist rivals. Mr Haftar, who loathes Islamists, then laid siege to Derna to root out those groups.

Much of Libya is in shambles, but there has been notably little investment in Derna's infrastructure—perhaps one reason why the dams, built by a

Yugoslav company in the 1970s, failed without warning. Many Libyans suspect Mr Haftar was not unhappy to see the place submerged.

Moroccans will spend the next few months anxious about aftershocks. In the long term, storms like Daniel may become more common: climate models predict that a warming world will bring fewer but fiercer Mediterranean cyclones, with some creating hurricane-force winds. Wildfires are already a growing problem around the Mediterranean basin. Governments will need to be better prepared. ■

A court of their own

The judge and the attorney-general fighting for Israeli democracy

Two women are leading the opposition to the government’s legal reforms

Sep 14th 2023 | JERUSALEM

AS SHE ENDED the marathon hearing late on September 12th, Esther Hayut, the president of Israel’s Supreme Court, wished the packed courtroom a “*g’mar chatima tova*”. The Hebrew blessing, which means “a good final sealing” in the Book of Life, is usually proclaimed on the eve of Yom Kippur, the Day of Atonement. That is still two weeks away, but her utterance seemed a fitting finish to the proceedings.

For over 13 hours, all 15 justices, sitting together on one case for the first time in the court’s history, heard petitions demanding that they disqualify an amendment passed by the government seven weeks ago, limiting the judges’ powers. The main broadcasters suspended their programming to show the session. Spellbound, Israelis watched the arguments over the future of their democracy.

The judges jousted testily with both the petitioners and the government's representatives, and occasionally even among themselves. The issue at stake was the court's ability to overturn government decisions on the basis of "reasonableness". It is the only part of the coalition's controversial legal reforms that has passed so far. Under pressure from Israelis, who have protested in their hundreds of thousands, the government has paused the rest of its plans. Now, in court, civil-rights organisations and activist groups are asking the justices to disqualify the law on the grounds that it was unconstitutional and undemocratic to weaken the court's powers of judicial oversight.

The government's reform affects a so-called basic law, which has a quasi-constitutional status. The Supreme Court has disqualified laws before, but never one that is related to a basic law. That the judges are in effect being asked to rule on the extent of their own powers makes their job even trickier. Yariv Levin, the hardline justice minister who is the main architect of the judicial overhaul, lambasted them for even hearing the petitions. In court Simcha Rothman, another far-right lawmaker, who chairs the law committee of the Knesset, Israel's parliament, accused the judges of being a "legal oligarchy". Ms Hayut responded tersely that "we are not dealing with our own powers or status but with the public interest, so that our hands are not tied in protecting the public."

The head of the Supreme Court is one of two women who have emerged as the most implacable opponents of the government's reforms. In a month Ms Hayut will turn 70, the mandatory age of retirement for judges. It would be easy for her to leave this mess to her successor. Instead, she and Gali Baharav-Miara, the attorney-general, have become, to many Israelis, the guardians of their country's democracy.

Ms Hayut toyed with becoming a singer (she did her national service in a military band) or a writer but instead became a successful lawyer in the private sector before becoming a judge at the age of 36. Within 13 years she had been promoted to the Supreme Court. Her speedy rise is attributed to her meticulous and well-written rulings, rather than to any legal flamboyance.

"She's simply a professional," says a lawyer who has frequently argued cases in her court. "A stickler for detail who will berate lawyers for arriving unprepared, but is compassionate to plaintiffs."

She has assiduously avoided political labels or any association with either the court's left-leaning activist or conservative wings. She owed her early elevation to the Supreme Court to Aharon Barak, a former court president who greatly extended the court's remit to overrule the government. But Ms Hayut sought to distance herself from his legacy, writing in 2017 that "the law does not extend, cannot extend, and should not extend to all parts of our lives." Her judgments have pleased both progressives—she ruled in favour of allowing Palestinian civilians to live with their families within Israel—and conservatives, when she approved the demolition of the homes of convicted terrorists.

Ms Hayut's vehement response to the government's legal reforms has therefore surprised some observers. But not all. "Esther is not an activist, but has a deep commitment to the court's role in the democratic system," says a legal scholar who knows her well. That is why, he argues, she has rushed to hear petitions against the government before she retires.

Ms Hayut's greatest ally was notable by her absence from the courtroom. Ms Baharav-Miara was appointed attorney-general in 2022 by the right-wing justice minister in the previous (centrist) government. She has been a civil servant for three decades and never given any indication of her political views. She upheld various decisions that were convenient for the previous government, such as allowing it to launch a military operation in Gaza without first convening the cabinet.

But she has refused to support the current coalition's constitutional legislation. The government had to hire a private lawyer to argue its case this week. But as attorney-general, Ms Baharav-Miara nonetheless had to respond to the petitions against the government. That response would usually be in the government's defence. Instead, she supported their opponents, writing that the amendment "shuts the doors of the courts to any individual or group who has been harmed by the government's extreme lack of reasonableness", arguing that it should therefore be nullified.

Disagreements between the government and its attorney-general are not rare, but they are usually settled in private. Ms Baharav-Miara's adamant opposition to the coalition’s judicial programme has brought about an unprecedented rift between the coalition and its legal adviser. Some ministers have called for her resignation, but she sees herself as safeguarding the legal system and will not budge.

Ms Hayut and Ms Baharav-Miara ’have been forced unwillingly into the political arena. Their response hints at the damage they believe Binyamin Netanyahu’s government may inflict on Israel’s democracy.

Pro-democracy protesters have taken to carrying placards depicting the two women. Their opposition to the reform is fierce. But overturning an amendment to a basic law, and thus setting up the court for a direct confrontation with the government, would precipitate a constitutional crisis. Ms Hayut and her 14 colleagues still hope that Mr Netanyahu will agree to a compromise and so avoid such a ruling. Ms Hayut has not been inclined in the past to clash with the government. That she convened the entire court is a sign of how grave she believes the situation has become. ■

Long road to nowhere

The Oslo accords were always doomed to fail

Thirty years on, the promise of Israeli-Palestinian peace remains as elusive as ever

Sep 12th 2023 | DUBAI


Alamy

THEY WERE never meant to live to adolescence, let alone adulthood. The Oslo accords, the peace agreement signed by Israel and the Palestinians in 1993, were meant to fade away. After five years both peoples would settle into sovereign states within fixed borders. The interim deal would become obsolete. But five years came and went, then five more, five more times. The interim became permanent.

On September 13th the accords turned 30. Their lasting achievements have been to create a limited Palestinian government loathed by most Palestinians, and to bring about a measure of mutual recognition between the two sides. The promise of peace is unfulfilled.

Israelis and Palestinians have spent decades arguing over what went wrong. If only their leaders—Binyamin Netanyahu or Ehud Barak, Yasser Arafat or Mahmoud Abbas—had accepted one of the deals put forward in later negotiations. If only Yitzhak Rabin had not been assassinated. If only Hamas and Islamic Jihad had not waged a campaign of suicide-bombings.

But perhaps nothing went wrong. The accords worked as they were designed to, which is to say, they did not work at all. The Oslo process was always flawed—yet it could not have happened any other way.

The accords emerged from a series of meetings in early 1993 in the Norwegian capital. At the start it was illegal for Israelis to talk to the Palestine Liberation Organisation (PLO), which their government saw as a terrorist group. But Norwegian officials convinced Yossi Beilin, Israel's deputy foreign minister, to pursue secret meetings with his longtime enemies.

The Palestinian team was led by Ahmed Qurei (known as Abu Alaa), a mild-mannered apparatchik who was close to Arafat, the Palestinian leader. At first his opposite number was Yair Hirschfeld, an Israeli academic, and then later Uri Savir, the director-general of the foreign ministry.

They lived together for days in Oslo, meeting late into the night, their talks lubricated by wine and fuelled by home cooking (the wife of Norway's foreign minister prepared some of their meals). What emerged was not to be the end of the conflict, but the beginning of the end.

Negotiators could not agree on the thorniest issues, such as the status of Jerusalem, so they deferred them and agreed on interim steps. A new entity called the Palestinian Authority (PA) would assume limited control in the West Bank and Gaza. A string of addendums followed: the Paris protocol in 1994 defined economic ties between Israel and the PA; the 1995 Taba agreement set out security arrangements.

None of this was a final settlement, merely a relationship between occupier and occupied, intended to be short-lived. Both sides agreed to start talks about a final two-state deal which would begin by May 1996 and conclude by May 1999.

This was an exercise in gradualism. After a half-century of conflict, the thinking went, no one could expect Israelis and Palestinians to reach a comprehensive agreement. They needed to build trust.

But the gradual nature of the process left it open to spoilers. Joel Singer, an Israeli legal adviser in 1993, points to the decision to create a Palestinian police force responsible for security in parts of the West Bank. The Palestinians, though, were neither willing nor able to serve as an auxiliary of the Israeli army. More Israeli civilians were killed by Palestinians in the seven years after Oslo than the seven before it—and that was before the worst days of the second *intifada*, or Palestinian uprising.

Qurei often pointed to another fault: the accords failed to stop Israel from building settlements. Rather, they created a sense of urgency. If Israel was to have defined borders by 1999, settlers had only a few years in which to grab more land. Between 1993 and 1999 they established 43 outposts: settlements built without government approval. Some were later authorised or folded into existing settlements.

The number of settlers in the occupied West Bank increased by 58% during those years, from 116,300 to 183,900, even as the country's overall population rose by just 17%. Their numbers continue to grow. In 1993 settlers were 2% of Israel's population and 3% of its Jewish population; today those figures are 5% and 7%, and their political power has grown too.

These developments helped spoil the process—and sour both peoples on the idea of peace. Just 28% of Palestinians support the two-state solution today, down from 53% a decade ago. Half of Palestinians want to dissolve the PA, the most enduring legacy of the accords.

In Israel, too, support is at an all-time low, with only one-third of Israeli Jews in favour of the idea. Young Israelis grew up during a bloody *intifada*; young Palestinians came of age watching settlers gobble up the land meant for their future state. It is no surprise they have both lost faith.

Yet it is also no surprise the process turned out that way. Israelis and Palestinians sometimes liken the idea of a two-state solution to ending an unhappy marriage. Imagine filing for divorce but agreeing to live with your spouse for five more years while you decide how to divvy up the furniture. It is a recipe for deeper enmity.

Amid the optimism of the early 1990s, it perhaps seemed logical that a few brave people could chart a path to peace, and that their governments would follow it in good faith. But a genuine peace agreement needs wider support from both publics.

Such support did not exist in the 1990s, nor does it today—not with a far-right government ruling a bitterly divided Israel, nor with a superannuated Mr Abbas in charge of a feckless PA with no authority in big chunks of Palestine. Western powers have lost interest in playing mediator. Arab leaders want to forget the conflict.

For now, that leaves Oslo. Diplomats invoke the accords like the catechism of a dying faith, as if one more trust-building exercise or round of negotiations will be the one that unlocks a real peace. Inertia will keep them around until new generations of Israelis and Palestinians are ready to try something new—for better or for worse. ■

Kenya, Africa's climate laboratory

Kenya wants to pioneer a new African approach to global warming

But not everyone agrees

Sep 14th 2023 | NAIROBI

ON SEPTEMBER 3RD William Ruto drove himself to a curtain-raiser for the Africa Climate Summit in a small yellow electric car, flanked by bodyguards riding electric motorbikes. Mr Ruto, Kenya's president, sees climate diplomacy as a way of burnishing his reputation in the West. But during the summit—the first dedicated to Africa's response to the warming planet—the motorcades of visiting presidents had a more familiar look. While the politicians talked green inside the venue in Nairobi, Kenya's capital, outside were rows of petrol-guzzling SUVs.

A gap between symbol and substance is common when it comes to Africa and climate change. Foreign politicians often nod to how the continent that has contributed least to warming the planet will be hurt the most. Africa, with 18% of the global population, is responsible for less than 4% of historic carbon-dioxide emissions, but has 16 of the 20 countries most vulnerable to climate change, according to the Notre Dame Global Adaptation Initiative, an American research project. Investors in carbon markets marvel at the Congo basin; renewable-energy types hail the potential of Africa's sun, wind and rivers. Yet neither governments nor money men have matched rhetoric with resources. Meanwhile Africans worry that global efforts to combat climate change will come at the cost of their own economic development.

The summit aimed to change that by looking at what the rest of the world should do for Africa, as well as what Africa can do for the world. African leaders called on rich countries to belatedly fulfil the pledge they made in 2009 to spend $100bn annually by 2020 to help developing countries with climate change, as well as a promise made at the COP summit last year for a fund for "loss and damage". The declaration at the Nairobi summit noted that an "incipient debt crisis" made it hard for Africa to deal with climate change. Some 21 sub-Saharan African states are in debt distress or at high risk of it, according to the IMF. Inflation has led central banks to raise interest rates, raising the cost of capital.

It is not just a lack of cash that irks Africans; they fret about Western policies, too. The IMF reckons that sub-Saharan Africa is the region most at risk from the decoupling of the West from China, since it is relatively reliant on trade with both. African economists worry that American subsidies for renewable energy will make African firms less competitive and raise import costs. The EU's Carbon Border Adjustment Mechanism, which in effect taxes carbon-intensive imports, is seen in some quarters as a brake on African industrialisation. A recent study said that it might reduce African exports to the EU by 6%. "The EU and US are seeking to destroy our export potential," says Mohammed Amin Adam, Ghana's minister of state for finance.

Some African leaders know they must do more than complain. "African countries have a choice," argues William Asiko, a vice-president for Africa at the Rockefeller Foundation, an American philanthropic outfit. "They can focus on things that others are in charge of—or they can focus on the things they can control."

One such is the investment climate. Just $60bn, or 2%, of the $3trn globally invested in renewable energy in the past decade, went to Africa. "We cannot rightfully say there has been a success in attracting climate finance in the continent," says Bogolo Kenewendo, a Botswanan former cabinet minister who is now at the UN.

Clean, green and keen

Kenya hopes to change that, while using climate-related investments to industrialise. It has signed a deal with an Australian firm for a geothermal station that would power the making of "green" fertiliser. In July it amended its climate-change act, Africa's first when it was passed in 2016, to regulate carbon markets. In February the government ended a moratorium on renewables deals and promised an auction system for new projects. In all, Kenya hopes that carbon credits can become a significant source of export earnings.

Kenya's embrace of the market and "green industrialisation" has its critics. African activists worry it takes attention away from calls for "climate justice". Other African leaders mutter that Kenya is an unusually natural fit for green schemes. It generates nearly all its grid electricity from renewables, especially geothermal stations (pictured). Officials from Senegal and Mozambique, say, want to ensure they can develop both gas and renewable sources. Other countries have neither the capacity nor the inclination to overhaul their creaking power utilities.

Yet African leaders ought to be able to have their geothermally heated cake and eat it. Private foreign investment in oil and gas is still flowing into Africa, as Namibia's recent discoveries exemplify. At the same time countries with the right market-friendly policies—such as, notably, Namibia—can still attract investment in green-hydrogen and other projects.

At the summit John Kerry, Joe Biden's climate envoy, backed African efforts to develop carbon markets. Ursula von der Leyen, the president of the European Commission, pledged EU funds for a green hydrogen project in Kenya.

America and Europe hope that other African countries will copy Kenya's efforts to use clean energy and climate finance for industrialisation. Yet Africa's test bed for climate policies is not representative of the wider continent. Many of Mr Ruto's peers still question why they cannot use fossil fuels to get rich—as many others have. The world still owes them an answer. ■

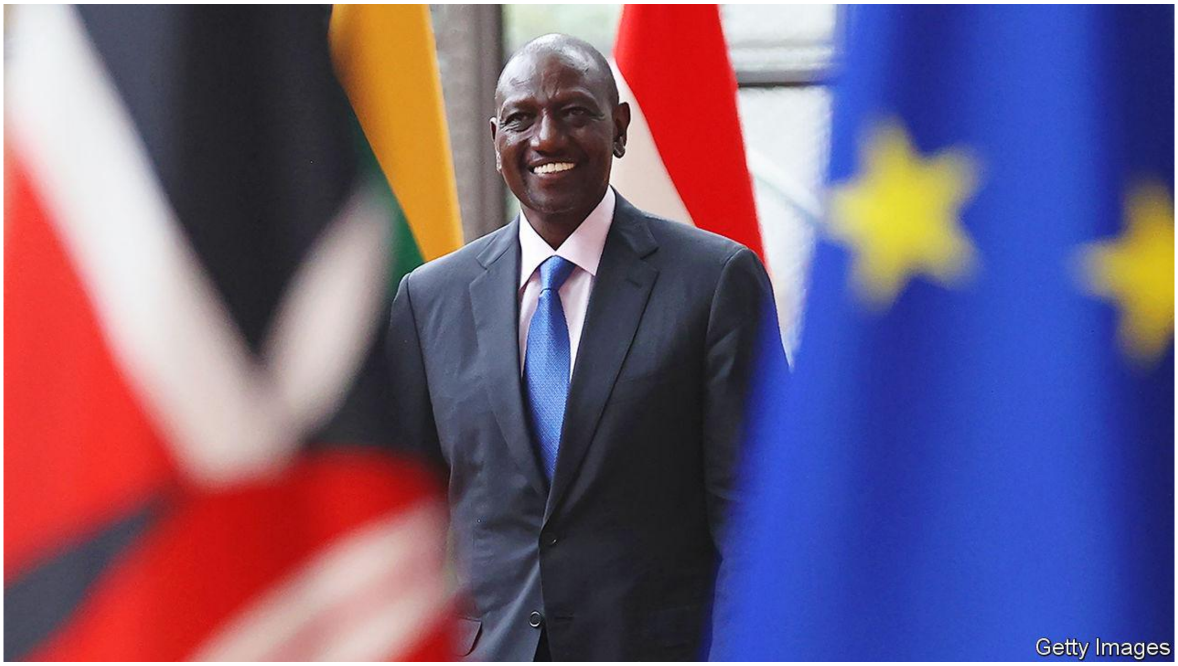
For more coverage of climate change, sign up for the Climate Issue, our fortnightly subscriber-only newsletter, or visit our climate-change hub.

Snarling or smiling

Kenya's president, William Ruto, shows two sides

He is making friends abroad and enemies at home

Sep 11th 2023 | NAIROBI



HE IS A master of inscrutability. While his face often wears a smile, a glance at William Ruto's eyes suggests it is rarely a warm one. A year after he came to power, working out whether Kenya's president is grinning or snarling depends on where one is standing.

Seen from the West, Mr Ruto is a dependable ally. No other African government was as openly critical of Vladimir Putin's withdrawal from a deal that let Ukrainian grain pass unmolested through the Black Sea, a move Mr Ruto's foreign ministry called "a stab in the back". While 17 other African heads of state hurried to a summit with Mr Putin in July, Mr Ruto hung back.

Kenya's president also sounds reassuringly solid to Western ears on China. Unlike his predecessor, Uhuru Kenyatta, who cosied up to it, Mr Ruto looks more comfortable in Western capitals. In a frenetic year he has visited European countries eight times, America twice, South Korea once and China not at all. He did not attend a recent summit convened by the BRICS grouping of Brazil, Russia, India, China and South Africa in Johannesburg.

When America appealed for help to restore order in Haiti, Mr Ruto promptly offered to send 1,000 police officers. He has also emerged as a mediator in Sudan and the Democratic Republic of Congo. He has played a growing role in climate diplomacy. Mr Ruto is proving “indispensable in pretty much every area”, gushes a Western diplomat.

Yet Mr Ruto’s apparent affection for the West is often contingent or transactional. After the International Criminal Court charged him with helping to instigate ethnic violence in which more than 1,000 people perished after a disputed election in 2007, he and his fellow accused, Mr Kenyatta, stirred up anti-Western rhetoric so effectively that it swept them into office. (Both men strongly denied the charges, and the cases against them collapsed.)

During his ten years as Mr Kenyatta’s deputy, Mr Ruto showed few pro-Western instincts. Since becoming president his language has occasionally echoed that of Beijing and Moscow more than Washington’s, as he called for the dethroning of the dollar and objected to Western dominance of global financial institutions. His pro-Western actions are based largely on economic necessity—Chinese largesse has dried up and Russia has little tempting to offer. Kenya’s heavily indebted economy relies on succour from the IMF.

In any event, many Kenyans are loth to applaud him. Mr Ruto was elected on a promise to champion the poor. Annual inflation has indeed slowed to 6.7% from 9.2% when he was inaugurated a year ago, yet many are feeling the pinch. Maize meal, a staple, has gone up by almost 10% in the past year, while electricity prices have increased by 53%. A poll suggests that a mere 15% of Kenyans think their country is heading in the right direction.

Since taking office, Mr Ruto has faced desultory protests called by his beaten presidential challenger, Raila Odinga. However, a cost-of-living crisis and a slew of tax increases have given Mr Odinga’s campaign a boost, letting him claim to be the true advocate of the downtrodden. Having inherited a fiscal deficit of about 6% of GDP, Mr Ruto may have had little choice but to contain spending and increase revenue. Yet “he didn’t have a broad enough mandate for the reforms they are tying to push through," says Kwame Owino of Kenya's Institute of Economic Affairs.

In July violent protests erupted in more than a dozen of Kenya's 47 counties. Denouncing the protesters as hooligans, Mr Ruto told the security forces to take a firm line. They fired tear gas into classrooms and live rounds at stone-throwers. At least 27 people were killed in July.

Eric Theuri, the president of the Law Society of Kenya, says Mr Ruto's recent tactics echo the "dark days of repression" under Daniel arap Moi, Kenya's president from 1978 to 2002, especially after police locked up two MPs and charged them with subversion. A blogger, Pauline Njoroge, found herself in court accused of seeking to "discredit the reputation of the head of state" after a tweet asked Mr Ruto if "this is how low you want to stoop". ■

The Americas

- **Latin America remains a playground for Russian intelligence**
- **Short of cash, Brazil's government may end its gambling prohibition**

Southern spooks

Latin America remains a playground for Russian intelligence

The region is a good spot to nurture spies

Sep 14th 2023

OVER THE past 18 months suspected Russian spies have been unearthed in Europe, from the Netherlands to Norway and Sweden to Slovenia. Many have something in common: a link to the Americas. The arrests show that Latin America remains, as it was in the cold war, a springboard for Russian spies who go on to snoop around the United States and Europe.

Consider Victor Muller Ferreira, a Brazilian man who arrived in The Hague in April 2022 to take up an internship at the International Criminal Court, only to be promptly deported. He was alleged to be Sergey Vladimirovich Cherkasov, an "illegal"—an intelligence officer working under a false identity, rather than under diplomatic cover—of the GRU, Russia's military intelligence service.

Other suspects tumbled out of the closet. Norway arrested José Assis Giammaria, a Brazilian academic who had graduated from a Canadian university that October. He was Mikhail Mikushin, also a GRU officer. In December Slovenia rounded up Maria Mayer and Ludwig Gisch, an Argentine couple in Slovenia who were really members of the SVR, Russia's foreign spy agency. In January Gerhard Daniel Campos Wittich, an Austrian-Brazilian living in Rio de Janeiro, vanished. He was a Mr Shmyrev and married secretly to Irina Shmyrev, another GRU officer, who herself posed as Maria Tsalla, a Mexican woman in Athens.

Russian spies have long viewed the Americas as a good place to launder, ie, build up a false identity for, such deep-cover officers. Konon Molody enjoyed a successful espionage career in Britain as Gordon Lonsdale, ostensibly a Canadian businessman, from 1953 to 1961. When the United States identified a dozen illegals in 2010, one claimed to be a Uruguayan-born Peruvian and four others Canadians.

"For many years, Canada was the place to go to get a passport," says Kevin Riehle of Brunel University in London, who spent much of his career as a counter-intelligence analyst at the FBI. The country's passports were not only simple to acquire but also allowed easy travel to the United States and Europe. Canada also lacked centralised record-keeping, explains Stephanie Carvin of Carleton University in Ottawa, making it easy to assume the identity of dead Canadian babies.

Canada was later "shamed" into strengthening its passport security, making it harder to get fake identities and pushing Russia to look to the south, says Mr Riehle. That is probably why "we're seeing so many Latin American [illegals] now". Latin America's higher levels of corruption are also part of the appeal. Mr Cherkasov boasted of bribing a Brazilian, thought to be a local official, with a $400 necklace to acquire citizenship, a birth certificate and a driving licence—all without providing any identification documents.

Latin America is also attractive to snoops based at a Russian embassy—in a *rezidentura* in espionage argot. That is because the region is full of Americans—officials and others—whose activities the Russians want to know about. "There's a rich target pool," says Duyane Norman, who was the CIA's chief of operations for Latin America. General Glen VanHerck, the head of America's Northern Command, observed last year that Mexico has more GRU members than any other foreign country.

It is also possible for Russian intelligence officers to operate in Latin America with less scrutiny than in Europe or the United States. Ten to 20 years ago, says Mr Norman, that was largely because local intelligence services, with some exceptions, were poorly resourced and unsophisticated. Technology has made them more capable. Even smaller and poorer services, says Mr Norman, can use cheap or publicly available tools to conduct “pretty sophisticated counter-intelligence operations”.

But they may not use them to root out Russian spies. Many Latin American services have an attitude of benign neglect towards Russian skulduggery. Brazil’s police eventually investigated Mr Cherkasov’s activities and co-operated with the United States, handing over his electronic gear. But the government refused an American request to extradite the Russian and slashed his sentence from 15 to five years. Argentine and Brazilian intelligence are politicised, with senior intelligence officers often replaced when new governments take office.

For both practical and ideological reasons neither country wants to pick a quarrel with Russia. Brazil gets around a fifth of its fertiliser from Russia, for example. Argentina gets a tenth. Many Latin American governments do not share the United States’ view of Russia as a geopolitical villain. Luiz Inácio Lula da Silva, Brazil’s president, has accused Volodymyr Zelensky, Ukraine’s president, of being “as responsible as Putin for the war” in Ukraine.

The problem could soon get worse. Last year more than 600 suspected Russian intelligence officers were expelled from embassies in Europe. Many are already turning up across Latin America. ■

Rio roulette

Short of cash, Brazil's government may end its gambling prohibition

The illegal sort takes in more than the drugs trade

Sep 14th 2023 | São Paulo

IN 1946 THE glitzy Copacabana Palace hotel in Rio de Janeiro spun its last roulette wheel. That April Eurico Dutra, Brazil's president, banned games of chance, shutting casinos, betting shops and bingo halls. Soon such places may reopen. On July 24th the current president, Luiz Inácio Lula da Silva, issued a provisional decree to regulate sports-betting websites, which until now have operated in a legal grey area. This is the first step, perhaps, in a process that will allow all sorts of gambling.

Congress has until November to amend and vote on Lula's decree. The government wants to charge an 18% levy on the revenue of sports-betting websites and a 30m-real ($6m) fee for a five-year licence to operate one. It would create a regulator, the National Secretariat for Games and Betting. Opposition in Congress comes mainly from evangelical Christian lawmakers. There are too few to block the measure.

The main goal is to raise cash. Lula wants to eliminate the federal government's primary deficit, which is forecast to be 1.4% of GDP this year, by 2024. His promise not to increase income tax makes that harder. The quest for cash became more urgent this month, when the government published a budget for 2024 that contains expensive promises, like a big increase in the minimum wage. That has shaken investors' confidence in Lula's macroeconomic management, which had recently been high. Sports betting could eventually bring 15bn reais a year in revenue, said Fernando Haddad, the finance minister. That is a tenth of what would be needed to erase the deficit next year.

Currently, Brazil allows "games of skill", like poker and wagering on horse-racing. They constitute a big business, though most of the companies engaged in it operate from offshore. Legal betting companies' turnover is expected to be 12bn reais this year, 70% higher than in 2020, according to BNLData, a Brazilian group that provides information about the industry. The country is thought to be the world's eighth-biggest market for online gambling. Betting websites sponsor 19 of the 20 teams in the top domestic football division. Lula's decree closes a loophole that lets offshore companies operate in Brazil without regulation or paying tax.

It does not soften the hard line that Brazil has taken since Dutra's day on "games of chance", such as dice, bingo and roulette, most commonly played in casinos or other venues dedicated to gambling. But that prohibition may fall. A bill to legalise all gambling, languishing in Congress since 1984, has recently gained powerful supporters, including the presidents of both houses and, according to the tourism minister, "the majority of the government".

Such a step would itself be a gamble. In Brazil the betting business has been a spur to crime. The country's first mafia arose in the early 20th century to operate the *jogo do bicho* (animal game), which involves punters guessing which animal's image will be chosen in a draw and is especially popular in Rio. An estimated 27bn reais a year is spent on illegal gambling in Brazil, more than the drugs trade takes in.

Even legal forms of gambling pose problems. Criminals use sports-betting websites as unwitting tools in money-laundering and match-fixing schemes. Brazil has a gambling-addiction problem, though it is not as big as in some other countries. A quarter of adult Brazilians who own smartphones wagered on a match last year. An estimated 0.5% of adults are addicted, a psychiatrist told Congress in 2021. That compares with 0.7% in Britain and more than 1% in the United States.

A big question is whether such ills will get better or worse as Brazil opens up betting further. Lula's sports-betting decree appeals to cautious supporters of liberalisation like Jorge Kajuru, a senator who chairs the committee considering it. But he draws the line at permitting "hard gambling", which he says enriches organised crime. "*Bicheiros* and sleazy politicians will mostly be the owners of the casinos," Mr Kajuru says.

If wider liberalisation happens despite such qualms, Brazil would join a global trend. Countries such as America, Japan and Thailand are in the process of liberalising gambling. Casino groups are queuing up to invest. Brazil, if it opens up, could "quickly become one of the world's largest" gambling markets, says a spokesman for Playtech, a gambling-software company.

Advocates contend that, unlike gambling itself, liberalisation is a win-win proposition. It would curb criminality by introducing regulation and enrich the government. Some of the extra revenue could be spent on treating addiction. "By legalising gambling the state has more power to mitigate the negative effects," says Ricardo de Paula Feijó, a legal consultant. That sort of argument is gaining adherents. Rio's roulette wheels may spin once more. ■

Europe

- **Donald Trump will “never” support Putin, says Volodymyr Zelensky**
- **Ukraine’s small Jewish community is thriving**
- **Italy needs more migrants, but has trouble admitting it**
- **Germany’s rampant hard-right AfD puts other parties in a fix**
- **Meet Matus Vallo, Bratislava’s hipster mayor-architect**

Staying the course

Donald Trump will "never" support Putin, says Volodymyr Zelensky

But Ukraine's president fears that some of his country's Western backers are losing faith

Sep 10th 2023 | KYIV

The Presidential Office of Ukraine

VOLODYMYR ZELENSKY does not want to think about a long war, let alone talk about the possibility to Ukrainians, many of whom still dream of winning fast. But that is what he is preparing for. "I have to be ready, my team has to be ready for the long war, and emotionally I am ready," Ukraine's president says in an interview with *The Economist*. Speaking on the margins of the YES conference, an international pow-wow in Kyiv, he is composed and sombre. At the same setting a year ago, the mood was euphoric; news of Ukrainian forces' success in pushing Russia back from the Kharkiv region was pinging on every smartphone in the room.

This year, the atmosphere is very different. Three months into its counter-offensive, Ukraine has made only modest progress along the all-important southern axis in the Zaporizhia region, where it is trying to sever Vladimir Putin's "land bridge" from Russia to Crimea. The questions of how long that will take, and whether it will succeed, weigh on the minds of Western leaders. They still talk the good talk, pledging that they will stand with Ukraine for "as long as it takes". But Mr Zelensky, a former TV actor with a keen sense of his audience, has detected a change of mood among some of his partners. "I have this intuition, reading, hearing and seeing their eyes [when they say] 'we'll be always with you,'" he says. "But I see that he or she is not here, not with us." Some partners might see Ukraine's recent difficulties on the battlefield as a reason to force it into negotiations with Russia. But "this is a bad moment, since Putin sees the same."

The Economist

Having failed to overwhelm Ukraine quickly, Mr Putin seems determined to exhaust the country and to wear out its partners' resolve to keep funding and supplying it with arms. He aims to make Ukraine a dysfunctional, depopulated state whose refugees cause problems in Europe. But Mr Zelensky says Russia itself is fragile. Mr Putin "does not understand that in the long war, he will lose. Because it does not matter that 60% or 70% [of Russians] support him. No, his economy will lose." As Ukraine increases its strikes inside Russia, Russians will start asking awkward questions about their army's inability to protect them, "because our drones will land".

At the same time, Ukraine's president is aware of the risks to his country if the West starts to withdraw its economic support. That would damage not just Ukraine's economy, but its war effort, too. He puts it in stark terms. "If you are not with Ukraine, you are with Russia, and if you are not with Russia, you are with Ukraine. And if partners do not help us, it means they will help Russia to win. That is it."

Ukraine's president has excelled at appealing to Western publics, often over the heads of their politicians. He still believes that the best way "to convince governments, [to make them] believe they are on the right side, is by pushing them via the media. People read, people discuss, people make up their minds and people push," he says. It was public opinion that drove politicians to increase arms supplies to Ukraine in the early days of the war. Scaling down that help, he argues, may anger not just Ukrainians but Western voters. They will start asking what the whole effort was for. "People will not forgive [their leaders] if they lose Ukraine."

If Mr Putin hopes that a win by Donald Trump in America's presidential election in 2024 would deliver him military victory, he is mistaken. Trump would "never" support Vladimir Putin. "That isn't what strong Americans do." He expects Joe Biden will stay the course if he is re-elected. ("Do they want Afghanistan, part two?") And he hopes that the European Union will not only keep supplying aid, but will open negotiations over the accession process for Ukraine this year. (That is widely expected to happen at a summit in December.) "It will support morale in Ukraine. It will give this energy to people."

Keeping morale high is crucial. This is why, Mr Zelensky says, even limited progress on the front line is essential. "Now we have movement. It's important." After heavy initial losses, and hastily adapted tactics, Ukrainian soldiers have finally pierced the first of Russia's three main defensive lines in the Zaporizhia region. A big breakthrough can still come, Mr Zelensky insists: "If we push them from the south, they will run."

On the counter-offensive's secondary front, near the eastern town of Bakhmut, Ukrainian forces are also slowly taking back territory. "During the first days of the full-scale war, we kept being pushed back. Each day. They took some cities, hundreds of villages," he says. Now, Ukrainian forces are crawling forward. But troops face a Herculean task to turn advances along either axis into a strategic breakthrough.

In answer to Western complaints about the offensive's slowness, Mr Zelensky says it reflects the extreme level of danger. Winning back territory needs to be balanced with preserving as many lives as possible. Soldiers need to reduce the risks: to carry out reconnaissance, to use drones, to avoid direct clashes. Ukraine would have lost "thousands" had it followed advice to commit many more troops, he says. This is not the sort of war where "the leader of a country says the price doesn't matter." That is the difference between him and Vladimir Putin. "For him, life is nothing."

After months of building up expectations for the counter-offensive, Mr Zelensky is adjusting his message to reality. Victory will not come "tomorrow or the day after tomorrow", he says. But it is not some fantastical dream. Ukraine deserves to win, and the West should back it. The Russian army is losing "lots of people'' and redeploying its reserves to stop the Ukrainian advance, he says: "It means they lose."

Tapping loudly on the table, Mr Zelensky rejects outright the idea of compromise with Vladimir Putin. War will continue for "as long as Russia remains on Ukrainian territory", he says. A negotiated deal would not be permanent. The Russian president has a habit of creating "frozen conflicts" on Russia's borders (in Georgia, for example), not as ends in themselves but because his goal is to "restore the Soviet Union". Those who choose to talk to the man in the Kremlin are "tricking themselves", much like the Western leaders who signed an agreement with Hitler at Munich in 1938 only to watch him invade Czechoslovakia. "The mistake is not diplomacy. The mistake is diplomacy with Putin. He negotiates only with himself."

Curtailing aid to Ukraine would only prolong the war, Mr Zelensky argues. And it would create risks for the West in its own backyard. There is no way of predicting how the millions of Ukrainian refugees in European countries would react to their country being abandoned. Ukrainians have generally "behaved well" and are "very grateful" to those who sheltered them. They will not forget that generosity. But it would not be a "good story" for Europe if it were to "drive these people into a corner".

Meanwhile, a long war of attrition would mean a fork in the road for Ukraine. The country would lose even more people, on the front lines and to emigration. It would require a "totally militarised economy". The government would have to put that prospect to its citizens, Mr Zelensky says; a new social contract could not be the decision of one person. Almost 19 months into the war, the president says he is "morally" ready for the switch. But he will only broach the idea with his people if the weakness in the eyes of his Western backers becomes a "trend". Has that moment come? No, not yet, he says. "Thank God." ■

Not so Nazi

Ukraine’s small Jewish community is thriving

After centuries of discrimination Jews are proud to be Ukrainian

Sep 11th 2023 | KYIV

NOTHING RUSSIA can throw at them will deter tens of thousands of mostly foreign Jews from making their annual pilgrimage to the Ukrainian town of Uman, 200km south of Kyiv, this week. Rosh Hashanah, the Jewish new year, falls on September 15th-17th, and the visitors will mark it by praying at the grave of Nachman of Breslov, a rabbi who founded an important branch of Hasidism over 200 years ago. Despite the war, Jewish-Ukrainian relations are enjoying something of a golden era.

For a start, Ukraine’s president, Volodymyr Zelensky, is Jewish. That fact is “very disturbing” for the Kremlin, says Rabbi Moshe Azman in Kyiv. It exposes its stated war aim of “de-Nazifying” Ukraine as nonsense. Still, Vladimir Putin persists in repeating it. On September 5th Russia’s president went into full conspiracy mode, saying that Mr Zelensky had been put in his position by his “Western curators” and that this made “the whole situation extremely disgusting, in that an ethnic Jew is covering up the glorification of Nazism.”

Last year, one day before the invasion, Kharkiv's Jewish school celebrated its 30th anniversary. A few days later it was damaged in a Russian attack; a nearby yeshiva, or religious college, suffered a direct hit. "Our schools aren't able to function because rockets are hitting them," says Miriam Moskovitz, director of the school. "It is nothing to do with Nazis."

Before the second world war, Jews were a large minority in the lands that now comprise Ukraine; 1.5m of them were to perish in the Holocaust. Tens of thousands of Ukrainian auxiliaries helped the Germans commit this crime, though more than 7m fought the Nazis as troops in the Red Army.

For older Jews the name Ukraine is almost synonymous with the word "pogrom". National heroes of Ukraine like Bohdan Khmelnytsky, a 17th-century Cossack commander, are remembered by Jews as responsible for the deaths of thousands. Today many Ukrainians revere Stepan Bandera, whose followers fought the Red Army after 1944. They know, or choose to know, little about the murder of Poles and Jews at the hands of Bandera's followers.

In the past Ukrainians often blamed Jews for everything, including the hardships of communism. Now, says Yevhen Hlibovytsky, a founder of pro.mova, a think-tank, anti-Semitism is fading; so is Jewish fear of Ukrainians. "The generation of those who grew up in the Soviet Union reflected a lot of the anti-Semitism that the Soviet Union practised. My generation is much freer of that and the generation of my children treats ethnic and religious diversity as normal."

The Pew Research Centre, an American institute, has found that Ukrainians are among the least anti-Semitic people in Europe. One of its polls found that just 5% of Ukrainians said they were not prepared to accept Jews as fellow citizens. That compared with 14% in Russia, 18% in Poland and 16% in Greece.

No one knows exactly how many Jews are left in Ukraine, and anyway the numbers depend on who counts as one. In 1989 the "core" Jewish population—those who identify as fully Jewish—was 487,000, according to the London-based Institute for Jewish Policy Research. Most emigrated after the disintegration of the Soviet Union, leaving an estimated 43,000 by 2021. (Tallies that use broader definitions go above 200,000.)

In Dnipro, in central Ukraine, families identifiable as Orthodox by their clothes can be seen in the streets around the Menorah Centre, a building that houses a Jewish museum, kosher hotels, a kosher shop and a synagogue. Men in uniform sporting kippahs smoke outside. Some of Ukraine's Jewish soldiers were born or brought up in Ukraine before emigrating to Israel. Now they have returned to fight.

An huge change for Ukraine's Jews in the past three decades has been that of identity. For many years after the second world war most Jews in Ukraine spoke Russian and identified as Soviet Jews. Now, those who remain identify as Ukrainian Jews. Jewish prayer books are being translated into Ukrainian for the first time.

In Ukraine today, Russians are the enemy. It is increasingly common to hear Israel, a thriving economy surrounded by enemies, cited as a model for Ukraine's future. Yet although Jews in Ukraine have never been freer from anti-Semitism, one deep-seated fear remains. If things go badly wrong in the war, runs the argument among some, Mr Zelensky's heritage could become a lightning rod for renewed anti-Semitism, with Jews being blamed for Ukrainian defeats. One more reason for them to pray for victory. ■

Help wanted

Italy needs more migrants, but has trouble admitting it

Under Giorgia Meloni irregular immigration has increased

Sep 14th 2023 | ROME

FRANCESCO LOLLOBRIGIDA, Italy's agriculture minister, is seen as one of the most radical ministers in the hard-right government headed by his sister-in-law, Giorgia Meloni. In April opposition politicians accused him of propagating white supremacism after a speech in which he seemed to endorse a conspiracy theory that claims global capitalists are conniving to replace Europeans with poor immigrants so as to suppress wages. Yet three months later Mr Lollobrigida said something few if any of his more liberal cabinet predecessors have dared to say publicly. "We need immigration," he told a youth convention.

And how. The number of births In Italy last year, 393,000, was the lowest ever recorded. Already, a big gap has opened up in the labour market: a survey of employers for Italy's chambers of commerce found they expected to have 531,000 vacancies this month, but thought almost half could remain unfilled, largely because of a lack of applicants. That in turn slows growth.

Ms Meloni faces two difficulties tackling these challenges. The first is Matteo Salvini, her coalition ally and leader of the League (previously called the Northern League). Struggling to recover the support he has lost to Ms Meloni's Brothers of Italy party, he has pressed for more drastic measures against irregular immigration like those he adopted, and which earned him great popularity, as interior minister from 2018 to 2019. He had doubtless hoped that, as the minister in the present government responsible for ports, he could impose such measures himself. But last month Ms Meloni handed the entire immigration portfolio to Alfredo Mantovano, a junior minister in the prime minister's office.

Ms Meloni's second problem is that she and her followers are caught in a web of their own making. It comprises earlier undertakings and enduring anti-foreigner prejudice. Until last year, the Brothers advocated a naval blockade of North Africa. In July Mr Lollobrigida outlined the party's way of reconciling this with the realities it now faces: immigration had to be legal, he said, "And the best way to have it is to combat the illegal kind."

Since 1998, Italy has permitted a trickle of legal immigration from outside the EU. The club's rules mean movement within the EU is not controlled at all, but neither kind is enough to meet the economy's needs. On July 19th the cabinet agreed to increase the number of legal arrivals this year by 66%, to 136,000, and to keep boosting the number over the next two years. By 2026 452,000 people will have been given leave to enter Italy by its most conservative government since the second world war. Even so, the number of legal entrants will be barely half the authorities' estimate of how many are needed.

That makes the other half of the government's immigration policy seem contradictory, if not downright cruel. The government has restricted the time NGO ships can spend rescuing migrants in the Mediterranean by forcing them to deliver their human cargoes to ports in the north. It has also collaborated with the EU on a deal whereby Tunisia will get €1bn in return for curbing departures from its shores. Since it was struck, hundreds of sub-Saharan Africans have reportedly been expelled from Tunisia and dumped in the Sahara without food or water in temperatures of more than 40°C (104°F). At least 27 have died.

Yet none of this has made a difference. By the end of August, 114,589 people had reached Italy by sea this year—only slightly fewer than the 115,068 who had arrived at the same point in 2016, the peak year so far. That presents Ms Meloni with yet another headache. She, her allies and the conservative media have for years sought to persuade Italians that migration from Africa (which by no means accounts for all of Italy's irregular immigration) is a dire threat. The government's response to rising seaborne arrivals this year was to declare a national state of emergency. The parties of the right have also won power by convincing a large part of the electorate that they alone can hold back the tide. Between now and the European elections next year, Ms Meloni needs to find a way to explain why they cannot. ■

Running with wolves

Germany’s rampant hard-right AfD puts other parties in a fix

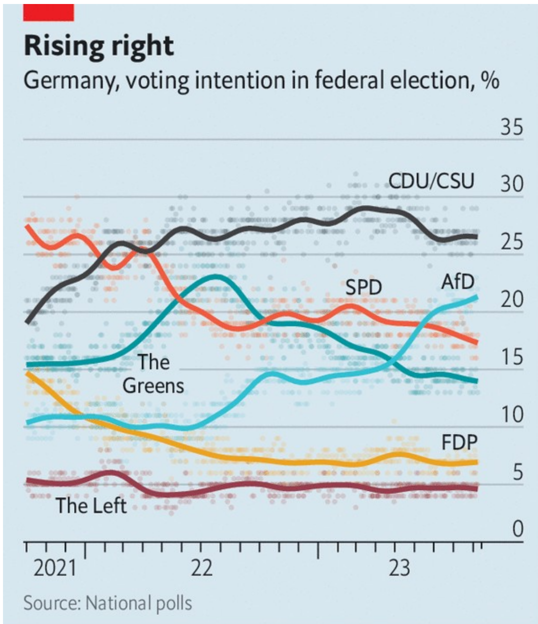
Co-operate or shun?

Sep 14th 2023 | Nordhausen


IMAGO

SEPTEMBER 10TH WAS a good day for Jörg Prophet, but not a great one. Opinion polls had promised that the trim 61-year-old engineer might win in the first round and romp home as the new mayor of Nordhausen, a quiet town of 42,000 in the lee of the rolling Harz Mountains in eastern Germany. Instead he got 42% of the vote, more than any challenger but short of a majority. Now, in a run-off, Mr Prophet may find all the opposing stripes united to keep his Alternative for Germany (AfD) out.

That would be no surprise to the hard-right party. Founded in 2013, the AfD has struggled to turn the liking of many Germans for its folksy fear-mongering into actual political power. The party’s popularity surged in 2016 as conservatives recoiled against an influx of Syrian refugees. But in the absence of another emotive issue it then plateaued at around 10%, enough to keep AfD deputies in state and national assemblies with proportional representation, but not to win local elections .



The Economist

Its prospects have brightened since last year. National polls show a doubling of support, to over 21%. That puts the AfD just behind the right-of-centre Christian Democratic Union (CDU) but ahead of all three parties—Social Democrats, liberal Free Democrats and the Greens—in Germany's ruling coalition. In four of the five states that once made up East Germany, including Thuringia, where Nordhausen lies, the AfD is now number one.

Three of these four states will hold elections next year, and this could put the AfD in power at state level for the first time. Its rising popularity is already bringing results on the ground. The party won its first two local elections this summer. Yet as Mr Prophet now worries, too much success can also hurt. In August the AfD lost another local race precisely because opposing voters united to block its candidate.

That is no comfort to its rivals, and particularly not to the CDU. The party that put an East German, Angela Merkel, into the chancellor's office for 16 years has been slowly sinking on her home turf. Its candidate in Nordhausen trailed in 4th place, at 11.2%. The reality is that the CDU now needs coalition partners to remain relevant. Not surprisingly, a growing number of its supporters whisper that it should lower the "firewall" against dealing with the AfD that all of Germany's mainstream parties have so far voluntarily maintained. At the very least, they suggest, the CDU could start to work out quiet deals to accept the AfD's support. The alternative, cobbling together alliances with Greens and others that are even more unpopular in the east, would hurt the party more.

Gunnar Lindemann, one of 17 AfD deputies in Berlin's 159-member local assembly, knows why the CDU is lagging. Voters have not shifted further right, says the rotund 53-year-old, who hosts a YouTube cookery show in his spare time. It is the mainstream that has shifted left. "The AfD is no different from the CDU in the 60s or 70s," he says, noting that West German conservatives used to call for restoring Germany's 1937 borders—that is, for annexing bits of what are now Poland and Russia. Even East Germany's ruling socialists were more conservative on immigration than today's CDU, he says approvingly: foreigners could come to study or work, but then had to leave. Mr Lindemann says there have indeed been talks between other parties and the AfD, and thinks it a matter of time before these are out in the open.

He may be right, but there are barriers to be crossed. Mr Lindemann tends to shy away from big issues and focus on local concerns such as schools and public safety. The AfD's top leaders are not so squeamish. Their language is often Trumpian. Germany is being "wrecked" by "the most idiotic government ever". A new law to replace gas and oil boilers with electric heat pumps is "green fascism". The EU is so rotten that it must "die" in order to "save" Europe.

Worse than the fake outrage is the party leadership's flirtation with Germany's darker side. A former chairman, Alexander Gauland, revealingly dismissed the Nazi era as "a speck of birdshit on German history". Alice Weidel, one of its two current heads, recently said that she stayed away from a party at the Russian embassy marking the end of the second world war, unlike the AfD's Russophile co-leader Tino Chrupalla (pictured, with Ms Weidel), not in solidarity with Ukraine but because it was inappropriate "to celebrate the defeat of one's own country". Björn Höcke, the Thuringia party chief, was charged on September 13th with the alleged use of a banned Nazi slogan. Knife-murderers walk while patriots go to court for an out-of-context phrase, he tweeted back, in a well-worn allusion to supposedly violent immigrants.

Surveys show most Germans would not consider voting for the AfD. Among those who would, loyalty can be flimsy. One recent poll suggests that if Sahra Wagenknecht, a radical-left anti-war activist, formed a party, perhaps a quarter of AfD supporters would switch over to her. Polling also suggests that it is less ideology than noise on hot topics that wins the AfD support. Its numbers shot up by 50% in mid-2022 as the party raised fears of hyperinflation, of a Russian nuclear strike or of an energy crunch that would strangle German industry. Support then flatlined until this spring, when the ill-timed heating bill offered a nice new punch-bag.

On the tidy streets of Nordhausen, AfD voters tend to shun journalists. A volunteer at a fundraiser for a local theatre is less shy. "People vote for them because they can't be bothered to do something useful like this," she says, gesturing at a trestle table heaving with cakes and flyers. "They just sit around and complain to each other, and think they are so smart." ■

Meet Matus Vallo, Bratislava's hipster mayor-architect

Can better public spaces revolutionise the way we live?

Sep 14th 2023

IN THE MANNER of a child rebuilding an unloved Lego set, Matus Vallo ponders a model of a Bratislava streetscape in a corner of his office. Carefully, he positions a rectangular plate the width of his palm on a section of highway that has run through the capital of Slovakia since the 1970s. Just like that, a park over 200 metres long, suspended above the road, has eradicated a traffic-laden scar in the heart of the city. The transformation seems fanciful, an urban planner's daydream. To turn it into reality would require the combined talents of an architect, a civic activist and a popular mayor. By some fluke Mr Vallo happens to be all three—and the answer to the question: what happens when an expert in building public spaces gets given the reins of a European capital?

To run a city requires a plethora of political talents, from baby-kissing to haggling with central government for more funding. Mr Vallo brings different skills to the job. In 2018, as an architect with a thriving practice, the self-described "urban activist" rode a wave of political discontent into office (he had previously been more famous as the bass player for a popular rock band). His pitch to the citizens of Bratislava focused on the need to improve the look and feel of the place. "If you design better public spaces, you change the relationship residents have with a city, but also with each other," he explains. A metropolis where children start walking to school, or locals meet at new outdoor cafés, is one whose fabric changes in untold ways. Mere politicians think residents shape the built environment to suit their lifestyle. It takes an architect to think it is the built environment that shapes its residents.

With his trendy beard, sneakers tied with fluorescent shoelaces and fold-up Brompton bike, the 45-year-old exudes metropolitan hipster idealism. The city needs it. Though blessed with a delightfully pretty Old Town at its centre—including a neoclassical mayoral palace where Mr Vallo works—Bratislava endured decades of communist architectural drabification. After 1989, property developers did their best to make capitalism look even worse; uninspiring office towers went up alongside uniform shopping malls. Indifferent management by mayors using the town hall as one more step on their career paths hardly helped. In time the city was not only missing the cycle lanes and pleasant outdoor spaces found in other European capitals: it had no soul, no sense of itself.

One design decision at a time, that is being rectified. Some schemes championed by Mr Vallo are hard to miss. The city's Freedom Square had long been dominated by a forbiddingly monumental fountain, better to take up space the communist authorities feared might one day be filled by protesters. A clever redesign inaugurated this summer turned the fountain into an inviting aquatic playground where kids can splash around. Part of the city's embankment is being turned over to cyclists. Parking charges have become the norm, annoying car users but giving more public space to wheelchairs and prams (perhaps not coincidentally, Mr Vallo became a dad while in office). A crusade against "visual smog" has resulted in hundreds of garish billboards being cleared.

But the mayor reserves his capacity for excitement—no politician bar Donald Trump uses the word "fantastic" quite so freely—for subtler improvements to his city. As streets get rebuilt, grey asphalt is being replaced by light-hued paving stones featuring patterns commissioned by the town hall. Few guests to Mr Vallo's office have been spared mayoral tirades extolling this design, your columnist included. There is new street-lighting and hundreds of stylish park benches worthy of further mayoral gushing. In most cities decisions on how such things should look are taken haphazardly. In Bratislava these days a coherent vision is applied from the top. A slew of architectural manuals lying on the mayor's desk explain to city staff what traffic islands should look like from now on, or the apparently Platonic ideal of a Bratislava flower bed. Street by street, a theme is emerging.

Mr Vallo has done two clever things. The first was to prepare for the job. For two years before he won office, he led a "collective" of around 70 like-minded creative types to devise "Plan Bratislava", a sort of blueprint for fixing its problems, now being enacted. The second was simply to pinch what the world's well-run cities have already done. Some of Mr Vallo's best ideas are proudly filched: the cycling embankment from Paris, those stylish benches were first seen in Prague, and so on. "You don't need to experiment if other cities have made the mistakes for you," he says. Mr Vallo's stints living in Rome (as the son of a diplomat), London (for work) and New York (a Fulbright scholarship at Columbia) no doubt helped. In New York he fell under the spell of Mike Bloomberg, the three-term mayor. Now Bratislava is tapping the billionaire's philanthropic arm for advice on how world-class cities are administered.

Bratislava, mon amour

Mr Vallo is palpably frustrated at the pace of change. Cycle lanes take ages to build; the road-replacing park he toys with in his office remains elusive—though Mr Vallo insists it will happen. Covid slowed down many schemes. No matter: he was re-elected with over 60% of the vote last year. That may prove a political high point. Robert Fico, a Kremlin-loving populist who was swept out as prime minister by the same wave that brought in Mr Vallo five years ago, is leading the polls ahead of national elections on September 30th. That might leave Mr Vallo as an isolated liberal mayor in a country drifting to extremes. Such is the lot of many of his peers these days in illiberal central Europe: the mayors of Bratislava, Budapest, Prague and Warsaw have even formed a "pact of free cities". The quartet travelled together to Kyiv in January.

It would take decades of relentless Vallo-ism for Bratislava to turn into Vienna, its stunning neighbour just 55km away. Fans of the city swear it is like Berlin a generation ago, the up-and-coming city then undiscovered by the masses. There is much to do to get there, but nearly as much enthusiasm to keep at it. ■

Read more from Charlemagne, our columnist on European politics:
The EU's rotating presidency should be scrapped (Sep 6th)
A sexism scandal in Spanish football hides the country's progress (Aug 29th)
Italy's beaches are a battleground of the European economy (Aug 24th)

Also: How the Charlemagne column got its name

Britain

Welfare

Why Britain has a unique problem with economic inactivity

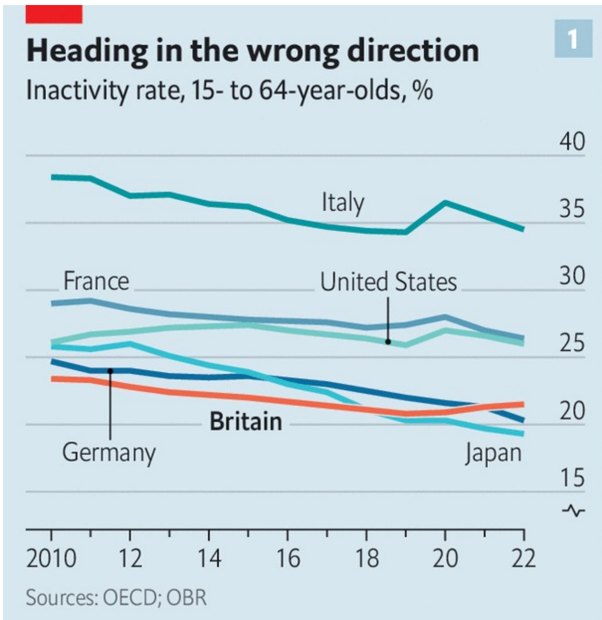
A series of policy blunders is to blame

Sep 14th 2023

FEW SUBJECTS whip up the tabloids as much as welfare claimants—supposedly an army of shirkers is out to cheat honest taxpayers. A recent academic study of the popular press, from the late 1990s to the 2010s, found coverage of welfare had been almost universally negative. Not coincidentally, politicians have long understood that talk of "crackdowns" on welfare, though not on the state pension, may be a vote winner. Conservative strategists often sought to make benefit terms a defining issue, putting Labour on the wrong side of public opinion.

Until recently, however, that popular discussion looked odd to anyone who studied the economic data. In contrast to most other rich countries, benefits for those of working age were rather stingy. Meanwhile, rates of labour-force participation were admirably high. The inactivity rate—the proportion of working-age people not working or actively seeking a job—was among the lowest internationally and on a downward path from the mid-1990s until

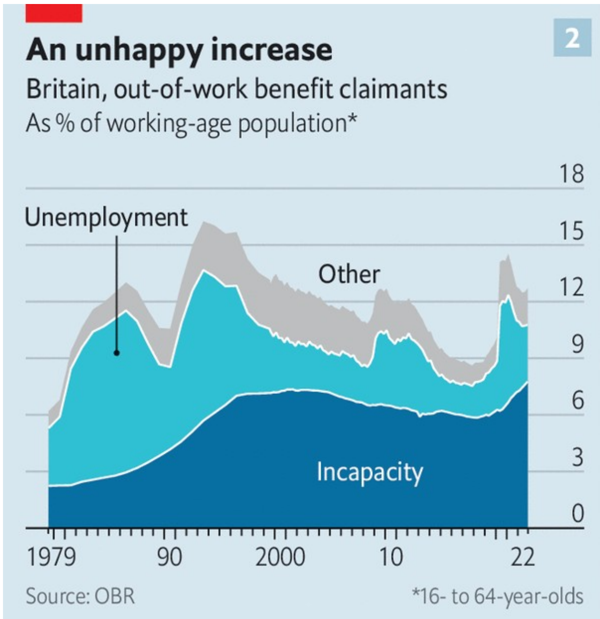
2019. In the past few years, though, the story has changed. Various decisions, taken in response to short-term political pressures and the pandemic, have combined to create an economic problem.



The Economist

Data released on September 12th showed that 2.6m people—equivalent to more than the entire adult population of Wales—are listed as economically inactive because they are sick. That's a record: the tally is up by 476,000 since the first quarter of 2020. A rise in long-term sickness after a pandemic might not appear particularly surprising. But other rich countries have seen no similar trend. Inactivity rates fell elsewhere in 2021; only in Britain they have continued to rise (see chart 1).

Suspicion had first pointed at the NHS, which struggles with its own labour squeeze and pandemic-related backlog of cases. The waiting list for elective treatments has risen from 4.6m in February 2020 to 7.6m. It was plausible to think that delayed care explained the increase in long-term sickness. But analysis of the data has cast doubt on the idea. For a start, more than half of those on the waiting list at any moment are not of working age. The Office for Budget Responsibility (OBR), the fiscal watchdog, also estimates that only around one quarter of the long-term sick are awaiting treatment. Nor does the composition of those on the waiting lists by "treatment function" tally well with the health complaints of the inactive. Problems in the NHS may be behind some of the rise in inactivity, but they are not the predominant cause.



The Economist

Look instead at the perennial tabloid favourite: the welfare system, in particular incapacity benefits for those deemed unfit for work. Take-up rates for these benefits started to grow in the early 1990s (see chart 2). Then, from the mid-2000s on, policymakers toughened up, making it harder to get them. Under pressure to lower welfare bills (other than for pensions) rules became significantly tighter in the 2010s.

Charities for the disabled, welfare campaigners and doctors eventually argued that the system had been tightened too much. Ministers had to respond to prominent cases in which a potential claimant had been assessed as fit for work only to die from their underlying condition months later. In August 2019, Philippa Day, a 27-year-old single mother with severe mental-health problems, took her own life. The coroner concluded that the welfare system was “the predominant factor and the only acute factor” behind her suicide.

The system is no longer too tough. Britain has swung back to a regime which appears, by accident not design, to be behind a large rise in economic inactivity at a time of labour shortages.

One problem was a decision, that took effect in 2017, to save money by doing away with additional payments made to applicants for benefits who were judged to have "limited capacity for work". These were claimants considered to be only temporarily unfit to be in the workforce. In the past, the short-term unwell were given benefits at a slightly higher rate than the unemployed. After that distinction was done away with, claimants who really had only short-term problems were, in effect, given an incentive to seek the status of being long-term sick instead.

That was followed by another step. Bowing to pressure from campaigners, ministers then eased the overall assessment criteria for incapacity benefits. In the financial year ending in March 2020 over 80% of claims for incapacity benefits succeeded, compared with a 35% success rate a decade earlier.

Taken together, these two decisions created a situation whereby long-term incapacity benefits became more attractive than previously (and more than unemployment benefits) and more easily available. When the pandemic hit, the wider benefit system became swamped and claims for incapacity were waved through with almost no rejections. The OBR, in its annual fiscal risks report, noted that if the approval rate had remained constant at 2016-17 levels there would have been 670,000 fewer approved claims since.

The result is a high stock of incapacity claimants that will be hard to reduce. The government has promised a shake-up, with measures announced on September 5th. Supposedly there will be new thinking by welfare staff on home working, which could allow more people to find some form of remote employment. But such measures would only come into effect in 2025 and, crucially, only apply to new claimants. Talk of crackdowns sounds simple, but genuine reform is not. ■

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Britain and China

A spy for China in Britain's Parliament?

Politicians' attitudes towards China are only likely to harden

Sep 12th 2023


Panos

THE NEWS that a parliamentary researcher had been arrested on suspicion of spying for China seemed like a throwback to the cold war when the Soviet Union would recruit young men and women as agents. The *Sunday Times*, which broke the story, said the aide previously had access to MPs including Tom Tugendhat, the security minister, and Alicia Kearns, who heads the foreign-affairs select committee. Both are known for hawkish stances on China. Though the suspect denied all, the case focused attention on how Britain should engage with the Chinese Communist Party (CCP).

China has made nefarious attempts to influence decision-makers before. In 2022 it emerged that a Labour MP took donations from Christine Lee, a solicitor whom the security agencies said spent years cultivating links to politicians on behalf of the CCP. This case is different: it involved a British national, possibly recruited when he was in China; unlike Ms Lee, who was openly pro-CCP, the suspect does not seem to have expressed such views.

A report by the House of Commons Intelligence and Security Committee (ISC) in July slammed the response to Chinese intelligence services that, it said, were targeting Britain “prolifically and aggressively”. Elsewhere it has taken a scandal like the one besetting Westminster to shift policy: Australia and New Zealand toughened laws and changed political priorities after revelations of Chinese interference.

The British aide was arrested in March, as was another man, but sparse details were made public only on September 10th. Some Conservative MPs called for Rishi Sunak, the prime minister, to designate China as a formal “threat” rather than merely a “systemic competitor”. The government has hardened its stance on China since the period under David Cameron when commercial interests dominated.

In July a new National Security Law updated the Official Secrets Act to include a wider range of espionage work, notably “political influence activity”—undisclosed attempts to change how people behave. Designating China as a threat would mean anyone in Britain who works for China’s government, or a body with links to it, having to be recorded under a planned Foreign Influence Registration Scheme. This will come into force next year.

Much of the fuss over branding, however, belies the fact that Britain lacks a clear policy on China. James Cleverly, the foreign secretary, just paid the first visit to Beijing by a high-level official since 2018. After the suspected-spy revelations Mr Sunak told China’s prime minister, Li Qiang, that efforts to undermine British democracy were “completely unacceptable”.

The government lacks the means to prevent malign influence by China. A report on September 13th by researchers at King’s College London, notes universities’ dependence on collaborations with Chinese ones. Yet the ISC observed that such institutions are ill-equipped to assess the potential risks from doing so. Official efforts to protect critical infrastructure from Chinese meddling do exist, as do attempts to stop Chinese firms from buying sensitive British ones. But those efforts are poorly co-ordinated.

Martin Thorley of the Global Initiative against Transnational Organised Crime, an NGO, says the incident is potentially embarrassing for the government, but at least the arrest (and steps taken against Ms Lee) may show authorities' willingness to confront Chinese efforts. Parliament will remain vulnerable, however. MPs have to scrutinise foreign policy, but have tiny budgets for staff. They rely, typically, on help from poorly paid young graduates who are usually recruited with little formal process. The system remains susceptible to further meddling. Those grabbed by the drama should expect a sequel.■

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Local government crisis

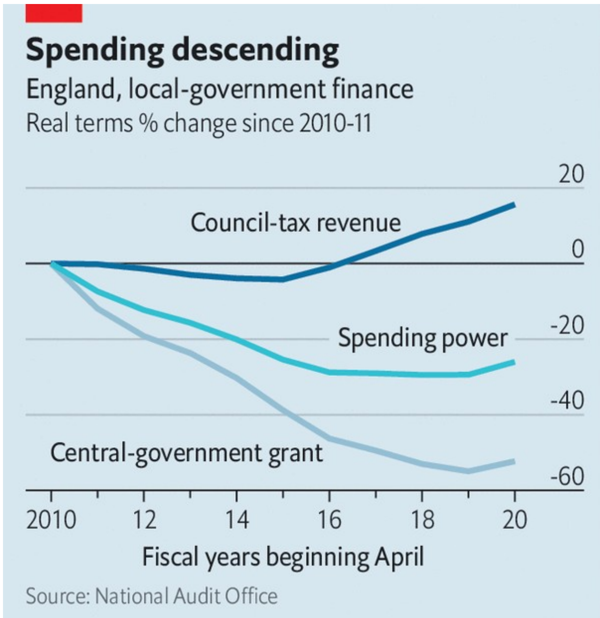
Why more English councils will go bust

Central, not local, mismanagement is mostly to blame

Sep 14th 2023 | Maidstone, Kent

COUNTY HALL in Maidstone was built in grand style, all stone and tall sash windows. Home to the county council since the 19th century, part of it was designed by Robert Smirke, the architect of the British Museum. But it has become costly and impractical. Anyway, Kent needs to find £86m (or $107m) in savings this financial year, around 15% of its budget. If not, bankruptcy may loom. Selling the hall is one option. "We are open to offers," says Peter Oakford, the council's deputy leader.

Going bust used to be rare. Unlike most public bodies, councils are legally bound to balance their books, so the issuing of a section 114 notice is a last resort, once assets are sold, reserves depleted and other options exhausted. It is typically followed by sharp cuts to services and tax rises; often Whitehall parachutes in new managers. Five years ago few had heard of this niche device. From 2001 until 2018, no council issued one. Nine have been issued since, four in the past year. The latest council to do so, on September 5th, was Birmingham, Britain's second city. At least 25 English councils, of 318 in all, warn they could follow within two years (councils in Northern Ireland, Scotland and Wales are managed separately).



The Economist

The strain on local finances has grown steadily. Between 2010 and 2021 ministers more than halved grants for local authorities in real terms (see chart). Councils introduced cuts and efficiencies, and tried to make up for lost revenues by raising taxes. Their core spending power still fell by more than a quarter. That was despite a 6% increase in population and rising demand. In the past two years, inflation has added to costs and made it harder to provide services such as social care.

Still, the councils that have struggled worst since 2018 have each shared some of the blame. Some, like Woking, which issued its 114 notice this summer, made reckless commercial investments. Northamptonshire had wasted money on empty care-home beds. Thurrock lent millions to a fast-living solar tycoon. Poor governance was common, too. Birmingham's particular problems are over its historic failure to pay women and men in the same sorts of jobs equally. It must find at least £650m (or $810m) to pay out compensation. It is not the only council at fault on this, but lawyers call it an outlier for "burying its head in the sand".

What is looming, however, is the prospect of well run councils also going broke. Many of those now issuing warnings have simply run out of services to cut. City and county councils—such as Stoke, Coventry, Somerset and Devon—are struggling with the costs of social care and children's services. In Kent, England's largest authority, social care now accounts for 70% of the budget. Funding has not kept up with rising costs, says Mr Oakford.

Demand for services, including in leafier areas, has risen. Parents of children with special educational needs and disabilities (known as SEND) understandably ask for help. When councils try to limit their statutory spending on the vulnerable they are often hit with expensive legal challenges. Smaller councils can be overwhelmed by other problems. The council in Hastings, a Kent town of 90,000, says over 1,000 people there are homeless.

Not every council is at risk. Some in wealthy areas are fine. Inner city boroughs in London, especially, have done well from a 2013 change that lets them keep half of the value of business rates they collect. Wealthier residents may also object less to increases in council tax. Partly as a result, funding for local government is now badly mismatched with local need, says the Institute for Fiscal Studies, a think-tank.

More than 3m people in England are covered by councils that have gone bankrupt. More will join them; the only question is when. Councils are supposed to submit an audit of accounts each September, but only 12% filed them on time in 2021-22. In Thurrock the public realm has grown more tatty as rubbish piles up and streets go uncleaned. Kent has already burned through most of its reserves and sold off much of its public estate, including land, libraries and youth centres.

Will ministers grapple with the broken system of local-government finance? No chance. That would mean reforming hugely regressive council tax, which is still based on property valuations from 1991. Deciding who pays for social care and children's services would need to be re-examined, too. A fair funding review launched in 2018 has been kicked beyond the next election. Instead MPs trade barbs about mistakes made by councils run by "the party opposite".

“The government’s position could become very difficult” if a wave of 114s were issued, says Tony Travers of the London School of Economics. Short-term wheezes should be expected. Councils have been allowed to leave their rising spending on SEND off their balance sheets, for example. Rather than end that as planned in 2025, it may be extended. Some that go bust may be quietly bailed out. Just don’t expect long-term reform ■

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Prisons in Britain

The (not so) great escape

Getting out of jail is harder than ever

Sep 14th 2023

DANIEL KHALIFE, a suspected terrorist, enjoyed about 75 hours of freedom after escaping from HMP Wandsworth, in south-west London, on September 6th. Three days later a police officer yanked him off a bike in north-west London. On September 11th he was charged with escaping custody. The court was told that Mr Khalife may have used bedsheets to tie himself to the undercarriage of a food-supply van that had made a delivery.

Such prison breaks are now remarkably rare: numbers have fallen precipitously since the 1990s. (Oddly, official data exclude escapees who manage to stay on the lam for less than 15 minutes and who fail to commit a crime.) This is largely the result of technology, such as scanners at gates, and cameras covering every corner of the prison estate, whose displays are permanently monitored from central control rooms. Probable candidates for escape bids are made to wear blue and yellow harlequin-style outfits.

The Economist

It is not clear if Mr Khalife had any direct help. But he does seem to have been aided by his circumstances. As a terror suspect he should have been in HMP Belmarsh, with higher security than Wandsworth, where many prisoners awaiting trial in London are held. He was also allowed to work in the prison kitchens, where frequent deliveries from the outside world are received. That suggests he was not seen as a flight risk.

Prison authorities get wiser with each attempted escape. But they are hampered by the age of their estate and staff shortages. The 172-year-old HMP Wandsworth holds some 1,600 prisoners but staff absences are high. Inspectors have said this is the source of many problems at the "crumbling" and overstuffed prison. Of the 85,000 men and women locked up in Britain, 23% are in overcrowded cells.

Alex Chalk, the justice secretary, has said that the relevant security positions were staffed on the day of Mr Khalife's escape. The issue, therefore, is whether proper procedures were followed. An investigation will follow. Still, few escapees stay away for long. Not counting his foray, of 146 prisoners who have escaped since 2012, just 23 remained at large after 30 days. Mr Khalife managed not even four.■

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New universities

Britain's surprising, upstart universities

A handful of new institutions are set on upending higher education

Sep 11th 2023 | MALMESBURY AND ROTHERHITHE

SIR JAMES DYSON, a designer of whizzy home appliances who became a billionaire, has long complained that Britain pumps out too few engineers. So a few years ago he set out to mint graduates of his own. A mini-university he created at his company's glassy research facility in Wiltshire now has about 160 youngsters enrolled, all in engineering. They spend two days a week in lessons and the rest working on real products, for which they earn a salary. They pay no fees and incur no loans. Instead of residential halls, newcomers live in timber "pods" stacked near Dyson's labs; on a sunny September afternoon they stand ready for incoming freshers. Two undergraduates say they turned down Cambridge for the chance to attend.

The Dyson Institute in Malmesbury, one of a clutch of universities that have opened in recent years, saw its first students graduate in 2021. In the past it was almost impossible for such outfits to hand out degrees unless they first partnered with an existing institution. Now upstarts may apply to operate independently from day one—a consequence of rule changes the government introduced in 2017. Having lifted caps that limited how many people could attend university, policymakers hoped that new providers would keep incumbents on their toes and encourage innovation in higher education. The result, so far, is a handful of energetic new institutions. But the campaign for their expansion needs another shove.

So far seven new bodies have received “degree awarding powers”, though they are not yet supposed to use the term “university”, which remains a tightly protected title. Most teach only one or two degrees, usually in technical subjects whose graduates are in the most demand from employers. In Hereford the New Model Institute for Technology and Engineering (NMITE) offers bachelor’s degrees that can be finished in two years—and upgraded to a master’s degree with one additional year. That saves students money; NMITE’s classes run daily from nine to five, and pause only briefly in the summer.

There are no lectures at The Engineering & Design Institute (TEDI-London), which operates from a waterside campus in east London that is packed with 3D printers. Its students spend 85% of their time doing practical projects, says Judy Raper, its boss. TEDI-London expects applicants to its engineering courses to have decent grades, but does not insist they have A-levels in both maths and physics, as is standard elsewhere. That helps to attract clever candidates, including girls, who might otherwise overlook the discipline.

Perhaps the most novel degrees are offered by the London Interdisciplinary School (LIS) in Whitechapel, whose first cohort of polymaths graduate next year. Each term its students examine a different thorny issue: inequality, say, or sustainability. Rather than pick one subject, they study things as diverse as philosophy and data science; eventually they earn a degree in “interdisciplinary” studies. Ed Fidoe, a LIS founder, says that nurturing broad thinkers is crucial to solving big problems.

If these new outfits are zingy, for the moment they are all still very small. There are also fewer of them than reformers a few years ago had hoped. It takes uncommon gumption to get a new university off the ground. “There’s no guidebook,” says James Newby of NMITE. Before creating LIS, Mr Fidoe set up a London secondary school; he says that breaking into higher education has been a lot tougher. New entrants have to battle big incumbents, including some with the "oldest brands in the world".

The bigger challenge is that, despite promises, regulation continues to hamper the new providers. Though upstarts are no longer forced into partnerships with their competitors, they must convince the Office for Students (OfS), Britain's newish universities regulator, that they are made of the right stuff. That process has sometimes taken years. Jo Johnson, a former universities minister whose reforms helped to create the OfS, says that in too many cases the regulator has saddled new providers with "endless delays, mindless bureaucracy, and unreasonable demands". Innovators say the box-ticking has been hardest for outfits unwilling to promise they will do things the same way as everyone else.

The pandemic slowed things. Worst of all are failures in government, reckons Nick Hillman of HEPI, a think-tank. Conservatives once championed "challenger" institutions, but no longer talk about them much. Ruling politicians have been preoccupied with a crackdown on "rip-off university degrees". This rouses their base, but hardly encourages the regulator to welcome new entrants. It doesn't help that ministers have given the OfS lots of new tasks, such as policing academic freedom and monitoring policies on harassment. That limits the time and resources it can use for working with startups.

The zeal for "challenger" universities deserves to be rediscovered (it may be easier once employment data for their graduates show that they create a successful pathway to well-paid jobs). After a baby boom early this century, the number of 18-year-olds in Britain is rising swiftly. By 2030 there will be 25% more of them than at the start of this decade. With the right policies, this demographic bulge could be used to plant universities in cities that presently go without one, and increase competition everywhere else. ■

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Doomsday

How to get ready for the end of the world

Britain's latest risk register anticipates the apocalypse in detail

Sep 13th 2023 | Brentwood, Essex

TERRORIST ATTACKS on transport score 3. The delicately euphemistic "Nuclear miscalculation" beats that with a stronger "impact" score of 4. By contrast, the "Accidental…release of a hazardous pathogen" and "Assassination of a high-profile public figure" feel barely worth bothering with: each scores a paltry 2. Highest-scoring of all is "Pandemic", with a splendidly robust 5. Admittedly "Civil Nuclear Accident" scores 5 too. But "Pandemic" also threatens "up to 840,000 deaths". So it wins.

To read the British government's risk register is like sifting through a game of apocalyptic Top Trumps. It lists the many, varied, and sometimes splattery ways in which Britons might be wiped out—then assigns scores to them. As with Top Trumps, some entries are more eye-catching than others: few will suffer sleepless nights over a "major outbreak of African Horse Sickness" (unless you keep mules, in which case: be worried). Others are less ignorable. Few, for example, could read the entry for "Pandemic", with its talk of tests, waves and hospitalisations, without a dull sense of dread. The apocalypse—once entertainingly abstract—feels considerably less remote than it once did.

Britain’s risk registers were first published in 2008, when they felt less like an essential tool than an eccentric bureaucratic hobby. Since then, Russia has invaded Ukraine; AI has threatened to develop godlike intelligence with Old Testament consequences; and the pandemic has killed 25m people worldwide. Toby Ord, a philosopher at Oxford, puts the odds of humanity suffering some sort of existential catastrophe within the next century at about one in six. The end, if not yet nigh, feels rather nigher than before.

Which means planning for it matters. Britain’s risk register is widely considered to be good—not perfect; but not bad. It is more detailed, more precise and less secretive than before. It has flaws: its methodology is still too opaque; its production a little too cloak-and-dagger. Worse, slow-moving cataclysms (antimicrobial resistance, AI) aren’t on it. And it isn’t clear who is responsible for dealing with each risk. But one of the biggest criticisms is of its presentation. This sounds trivial; it is not.

Each risk receives two scores for “likelihood” and “impact”—the latter runs from 1 (“minor”) to 5 (the less reassuring “catastrophic”). These are then plotted on a matrix. But that “catastrophic” category is capacious. The scale is logarithmic, so within a single square are threats that might cause 1,000 deaths and ones that might cause 100,000. This looks foursquare and tidy on the page but is a problem, thinks Martin Rees, the co-founder of the Centre for the Study of Existential Risk in Cambridge and author of “If Science is to Save Us”. To reflect megadisasters fairly the doom-o-meter ought “to have some extra grades” to make people “think sufficiently urgently” about them. Perhaps even a fold-out flap.

There are other quirks. The advice the register offers to individuals feels faintly feeble; at times almost eccentric. For a “marauding terrorist attack”, it refers to advice that tells people to “run” then “hide”, which, though sensible, is not wholly comforting. It also suggests that to prepare for disaster people might like to stash wind-up radios and bottled water at home, or join “a community group or social club that is active in emergency preparedness”. What those who don’t have a local nuclear fallout club should do for fun is not clear.

To understand what governments can do when they really want to, go to Brentwood, in Essex. Go past the golf courses and the garden centres and, at the foot of a hill, is a boring-looking bungalow. Step inside and it is surprisingly cool: its walls are thick; its windows blocked off by steel shutters. Go down the steps and cold air creeps around your ankles. You are standing at the start of a 100-odd-metre tunnel leading to the British government's nuclear bunker. You are standing at the foot of what taking risk really seriously looks like.

This is the Kelvedon Hatch underground bunker, built in 1952 to house politicians and civil servants in the event of a nuclear attack. Today, its eerie, mazy corridors smell of floor polish and the past. There is a decontamination unit by the door; Geiger counters hang on hooks. In a large communications room, signs on the walls show what the desks below represented: this table was to be the "HOME OFFICE"; that one the "JUDICIARY"; a third the "ARMY". Upstairs, the sign on a dingy dorm-room door reads "PRIME MINISTER". An entire country, reduced to corridors.

Kelvedon is an example of doing risk very well indeed. It is also an example of why governments don't bother with most risks. The bunker is extraordinary—it was also useless. Never needed, it was decommissioned in 1994; now it is a museum. There is a cost to not taking risks seriously; there also is a cost to taking them very seriously. A lose-lose situation that feels dispiriting. Though on the bright side, if a truly terrible unforeseen risk arrives, at least no one will be around to criticise. ■

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Bagehot

Centrists need to stop worrying and learn to love politics

Grubby politics destroyed moderate Conservatism. Only grubby politics can save it

Sep 14th 2023

READERS OF RORY STEWART'S memoir, "Politics on the Edge", are given a sense of what it must be like for a Parisian to come across a sweating, vomiting and disillusioned Japanese visitor. "Paris syndrome" can strike tourists who have spent years dreaming of the French capital, only to be sent insane by the reality of a city that contains the Louvre as well as homelessness, public urination and dog poo. Mr Stewart, a former cabinet minister and poster boy of centrist Britons, suffers from Westminster syndrome. Years of longing for a career in politics led to impossible expectations. The reality turned Mr Stewart a bit mad.

Indignities are heaped on the ex-soldier, alleged spook, acclaimed writer and former Harvard professor. David Cameron, then the prime minister, was unfussed that a man with a glittering CV wished to be an MP. After Mr Stewart's maiden speech, in which he compared himself to Scott of the

Antarctic, no one cheered. A government whip refused Mr Stewart, who had been a member of the conference-hopping global elite, permission to attend Bilderberg. When Mr Stewart reached ministerial office, he found amateurism, obstinacy and arse-covering by superiors and underlings. To cap it off, upon leaving the Foreign Office, he discovered his father's antique Chinese vases had been pinched.

Mr Stewart's memoir is only the splashiest of a trio of books published this month that reveal the psyche of his moderate, anti-populist and centrist ilk. Theresa May, the prime minister Mr Stewart most admired, produced a stolid book on the "The Abuse of Power". David Gauke, a former cabinet minister whom Mr Stewart lathers in praise, has edited a collection of essays titled "The Case For The Centre Right".

Each abhors the rise of "populism" and what has happened to the Conservative Party. Each despairs at how Brexit was handled and loathes Boris Johnson, who rose to power via half-truths, full-lies and low cunning (and who kicked Mr Stewart and Mr Gauke out of the party). Each writes with the impotent fury of a toddler who has had just had their sandcastle stamped on by a tubby, blond brother. Above all, each shares contempt for the often grubby but always needed art of politics.

In the trio's telling, cynical politics is at the heart of Britain's problems. In his book, Mr Gauke tuts when a Brexiteer colleague waits for the most damaging moment to come out for Leave. Mr Stewart's perfect vision of Westminster is one unsullied by petty party politics. Politicians spend too long trying to be MPs and then too long sucking up to party leaders, in the knowledge that principle and career progression are opposites in Westminster. In short, politicians spend too much time on politics.

Oddly for someone who rose to the top of politics, Mrs May hates it. In "The Abuse of Power", she spells out how MPs abused their position in refusing to pass her Brexit deal. By refusing her deal, Labour put itself ahead of the national interest, complains Mrs May. So did the Conservative MPs who thought it was too much of a break with Europe. As did the Conservative MPs who thought it left Britain shackled to the EU. What Mrs May terms the abuse of power is simply a failure of politics. Mrs May was a politician. It was her job to convince them. She failed.

Likewise, a naive view of the political past leads to a naive view of the present. Mr Gauke deplores the divisive politics of Brexit, arguing that it rubs against the stable and certain politics that Conservatives stand for. Yet such stability was absent during the 1980s when Margaret Thatcher launched her righteous war against trade unions and a left-wing Labour Party. Mr Johnson's divisive politics was a return rather than an aberration. The sin of centrists is that they think they are above politics, dealing in a realm of objective truths rather than a bare-fisted scrap over power.

Seeing politics as a problem rather than an answer means that Mr Stewart comes up with solutions that are both unlikely and unnecessary. In his view a radical overhaul of Parliament is in order: slash the number of MPs to 100, with all but crucial national matters decided at a local level. Knotty problems should be thrown to Citizens' Assemblies, because random juries of voters would succeed where professional politicians fail. Proportional representation would loosen the chokehold the Conservatives and Labour have on British democracy.

A far easier path is available for moderate Conservatives who wish to improve the country: take back control of their party. Conservative MPs are followers rather than thinkers. In the past decade alone, the bulk of them have shifted from being austere metro-liberals under Mr Cameron to spendthrift Brexiteers under Mr Johnson, with a brief stint as One Nation-types under Mrs May. A moderate turn would be followed just as meekly.

If you can't join them, beat them

The blueprint already exists. Under Jeremy Corbyn, Labour was in hock to its radical wing; now, under Sir Keir Starmer, the centrists rule supreme. When running for leader, Sir Keir promised Corbynism without Corbyn to appeal to Labour's leftie members. Almost all these policies—from higher taxes on high earners to nationalised utilities—have since been ditched. Jeremy Corbyn, under whom Sir Keir served, was kicked out of the party. Sir Keir's tenure as Labour leader is a performance of breathtaking political cynicism that Mr Stewart, Mrs May and Mr Gauke would deplore and Mr Johnson would applaud. Yet the result is that moderates now run Labour. Low politics put Sir Keir in a high place.

For comparison, Mrs May sits dutifully in the Commons, hoping an arched eyebrow here and there will be enough. Mr Gauke was mooted as a potential prime minister. He now moonlights as a freelance journalist for the *New Statesman*, a political magazine. Mr Stewart left Parliament in 2019, writes entertaining books and hosts a popular podcast. By contrast, Sir Keir is likely to occupy Downing Street. Perhaps grubby politics is worth it after all. ■

Read more from Bagehot, our columnist on British politics:
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Britons are not all in it together (whatever they might think) *(Aug 23rd)*
What happens to comedy when British politics becomes a joke? *(Aug 17th)*

Also: How the Bagehot column got its name

International

- **Are Ukraine’s tactics working?**

Counsels of war

Are Ukraine’s tactics working?

Slow progress on the battlefield prompts quarrels over strategy

Sep 12th 2023 | Kyiv and Washington, DC

DMYTRO KULEBA, Ukraine’s foreign minister, is a smooth and affable diplomat, unruffled by the trickiest questions. But on August 31st his patience snapped. “Criticising the slow pace of the counter-offensive equals…spitting into the face of the Ukrainian soldier who sacrifices his life every day,” he told journalists. “I would recommend all critics to shut up, come to Ukraine and try to liberate one square centimetre by themselves.” That outburst was prompted by weeks of stories in the American press, in which anonymous officials took issue with Ukraine’s slow progress on the battlefield and questioned its military tactics. The row is unseemly. But is Ukraine’s approach working?

Allied debates over strategy are hardly unusual. American and British officials worked closely with Ukraine in the months before it launched its counter-offensive in June. They gave intelligence and advice, conducted detailed war games to simulate how different attacks might play out, and helped design and train the brigades that received the lion’s share of Western equipment. Even so, Ukraine—stung by a big leak of American intelligence documents unearthed in April—kept its own counsel. It delayed the start of the offensive and held plans close to its chest.

One big point of contention was Ukraine's earlier decision, over the first half of the year, to keep fighting for Bakhmut, a town in the eastern Donbas region that has limited strategic significance but became a symbol of resistance. Ukraine's decision to defend the town at all costs had a "big influence" on the subsequent counter-offensive, argues Konrad Muzyka of Rochan Consulting, a firm that tracks the war. Ukraine burned through its stockpile of shells while Russia gained time to build up its formidable defences in the south—the so-called Surovikin line, named after a now-fired Russian general.

Quarrels persisted even after the counter-offensive began. American officials had encouraged Ukraine to concentrate its forces on the main axis of attack in the south, towards the Sea of Azov. Instead Ukraine split its forces with the aim of stretching the Russians over a longer front. The most experienced brigades, armed mostly with older gear, were kept in Bakhmut, where they are making modest progress on the town's flanks. One source says that politics is playing an unhelpful role in military strategy, with well-connected brigades around Bakhmut getting a larger share of scarce ammunition than military considerations alone might warrant.

Meanwhile Ukraine deployed less experienced brigades on the more important southern axis, armed with newer kit. They quickly became bogged down in dense minefields covered by Russian artillery, drones and helicopters. Untested commanders made a series of mistakes, such as running into friendly mines and mistiming attacks. "If more experienced Ukrainian brigades were given the new equipment, they may not have committed many of the errors the new brigades made," write Michael Kofman and Rob Lee, both experts on Russia's armed forces, in an essay for War on the Rocks, an online journal.

Some blame for early missteps lies with those who helped plan the counter-offensive. In a recent paper Jack Watling and Nick Reynolds at the Royal United Services Institute (RUSI), a think-tank in London, argue that the assault relied in part on outdated assumptions that did not take into account the threat from new sorts of sensors and drones. They conclude: "Much of the data supporting the tactics that Ukraine's international partners sought to train Ukrainian forces to adopt was based on operational analysis from the 20th century that did not contend with a range of technologies employed in Ukraine." Russian fortifications were also far more substantial than Western planners assumed.

Wherever the fault lies, it is clear that something went wrong. "It seems that Kyiv had no contingency plans that could be quickly implemented in case the attack stalled," notes Mr Muzyka. Eventually Ukrainian commanders decided to hold back their heavy armour and switch to a simpler approach. Groups of sappers, often crawling on their bellies, now clear minefields by hand. Platoons and companies, rather than brigades, fight tree line to tree line, advancing on foot so as to present a smaller target. This has helped limit losses of men and equipment, but allows only 700 to 1,200 metres of progress every five days, notes the RUSI paper, giving Russian troops time to "reset" their defences (the rate may have picked up a little of late).

That leads to two debates. One is whether Ukrainian commanders have been too risk-averse. Some Western officials argue that if Ukraine had stuck with bolder and larger-scale attacks, as planned, they would have taken higher casualties at first but had more luck breaking through Russian lines, shortening the offensive and reducing the overall toll. Ukrainian officials retort that this would only have led to more bloodshed, and that officers could not expect a heavily depleted citizen army to mimic Russian human-wave attacks.

A second debate is whether Ukraine should emulate a Western way of war or carve out its own path. Western armed forces prize the idea of combined-arms manoeuvre, in which armoured forces synchronise their movement with infantry, artillery, air defence and (increasingly) electronic and cyber-attacks. The five weeks of pre-offensive training given to Ukrainian troops in Germany was not nearly enough to make them proficient in this sort of warfare.

"The Ukrainians are still tied to Soviet doctrine," complains an American official. Heavy artillery barrages, in place of more judicious and precise attacks, are one source of tension, not least because America is playing the lead role in sourcing ammunition for Ukrainian guns. "It's going to take time for their mindset…and tactics to change," says the official.

In fact the Ukrainian approach is fit for purpose, says B.A. Friedman, a retired artillery officer in the US Marine Corps and author of a book on military tactics. In the spring of 1918, after years of stalemate on the western front of the first world war, the German army realised that large units were too vulnerable to artillery fire. Their solution was smaller, nimbler and well-drilled "storm troopers" who could cross enemy lines and grab territory, with heavier units moving up later. "Since Ukraine doesn't have the ability to use air power on any kind of relevant scale, it makes total sense to solve the problem the way it was solved before air power matured," says Mr Friedman. Many European officers acknowledge that their own better trained and equipped armies would struggle to break the Surovikin line.

Fighting about fighting

American officials are not well placed to offer lessons on tactical best practice, says Mr Friedman. The bulk of their recent experience of combat has been in mountainous or desert areas where small units cannot take advantage of cover to advance in this way. The two main training centres for America's ground forces, the army's site at Fort Irwin and the marines' location at Twentynine Palms, are both in Californian desert environments, he points out. "US forces have very little experience facing anything like what Ukraine is facing, whether in combat or in training."

The problem is: nor does Ukraine. Mr Watling and Mr Reynolds argue that attrition of officers and the dramatic expansion of Ukraine's army over the past 18 months mean that it lacks sufficient junior leaders with expertise in offensive operations. The result, they say, is that decisions are thrown up to more senior officers, overwhelming brigade headquarters that already have a lot on their plate.

The Economist

They give the example of a Ukrainian attack on the village of Rivnopil in Donetsk province earlier in the summer. Attackers are supposed to release smoke to cover their movement and confuse the enemy. But only 3% of Ukraine's artillery-fire missions involved smoke—in part because senior commanders did not want to obscure their own view of the battle from drones circling overhead. The lesson is that Ukraine needs more junior officers who can be trusted to take the initiative even when their bosses cannot watch from afar.

The quality of training is important, too. Western training facilities are hobbled by a "safety culture in NATO", argue Mr Watling and Mr Reynolds. Drones are central to Ukraine's tactics, allowing artillery units to spot targets and infantry to perform reconnaissance. Yet most NATO training areas impose tight restrictions on when and how drones may be flown, for fear they will veer off course. Safety rules also mean that artillery skills are typically taught later in courses. But in Ukraine "troops who are not prepared to deal with artillery are not prepared for the fight," write the RUSI analysts. Europe's health and safety rules are not a good fit for a war of national survival.

Most of these issues will not be resolved during the current counter-offensive. Ukraine will eventually need to reintroduce mechanised and armoured forces if it is to exploit any breakthroughs. That could get easier: minefields are less dense beyond the first line of defence. It is thought to have enough ammunition to fight through the autumn. But on September 10th Mark Milley, America's top general, said that Ukraine probably had 30 to 45 days of combat left before rain and mud would make it too difficult for vehicles to advance.

In recent weeks Ukraine has made faster progress in the south by piercing the first of Russia's three defensive lines in Zaporizhia around the village of Robotyne, widening the resulting salient by pressing east to Verbove and then attacking towards the village of Novoprokopivka (see map). On September 13th it struck with missiles a shipyard in Crimea used by Russia's Black Sea fleet, setting vessels ablaze. Russia has had to commit reserves from its 76th air assault division; but it has been able to because Ukraine threw in its own in August.

It is not clear how much fresh manpower either side has left. Rates of attrition appear to favour Ukraine over Russia, but sources suggest that Russia can probably still scrape together enough reserves to plug holes. "Unless there is a collapse of Russian lines, the battles we have seen for the past three months are the ones we will likely continue to see over the next few months," concludes Mr Muzyka, who argues that only the deployment of larger formations, beyond Ukraine's capacity, would speed things up. Dozens of Western officials consulted by *The Economist* are also sceptical that a major breakthrough will come before winter. "We've got to extend our timeline," says one of them. "This could be a very long struggle." ■

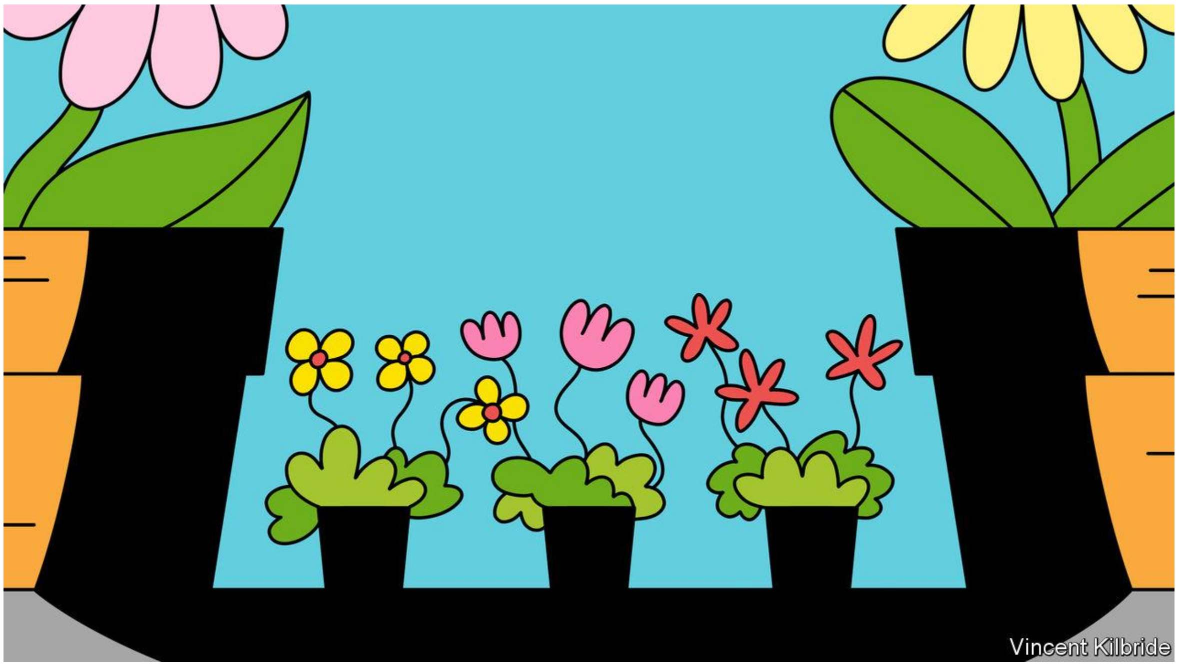
Business

Survival guide

The plucky firms that are beating big tech

Garmin, Dropbox and MercadoLibre show carving out a lucrative niche is possible

Sep 12th 2023

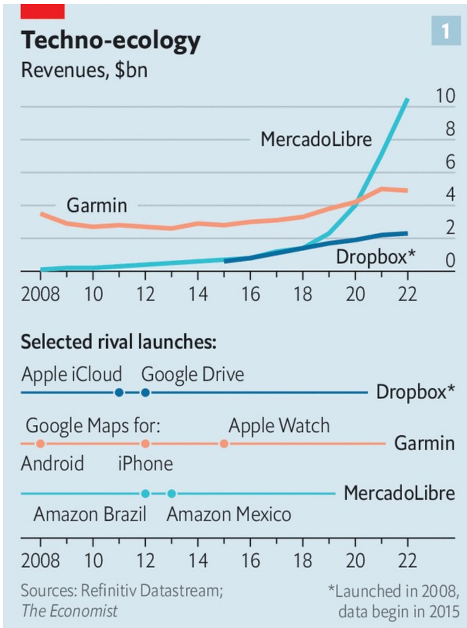


BIG TECH keeps getting bigger. So far this year the combined market value of America's five digital behemoths—Alphabet, Amazon, Apple, Meta and Microsoft—has soared by half, to around $9trn. That is almost a quarter of the total for the S&P 500, an index of America's largest companies (which has risen by just 17% in the period). The five account for almost 60% of sales, profits and spending on research and development of all the technology firms in the index. They are widely expected to be the main winners from the artificial-intelligence (AI) revolution.

Governments view this dominance with increasing trepidation. On September 12th America's Department of Justice began a [courtroom showdown] with Google and its corporate parent, Alphabet, in the biggest antitrust case in two decades, accusing it of abusing its internet-search monopoly). This month an EU law labelled the big five as digital "gatekeepers", which bars them from bundling some services and discriminating against third parties on their platforms, among other things. The giants have grown so gigantic, the world's trustbusters argue, that they suck all the oxygen out of the tech ecosystem, driving challengers to extinction or, at best, making it hard for anyone else to prosper. Just ask Snap, Spotify or Zoom.

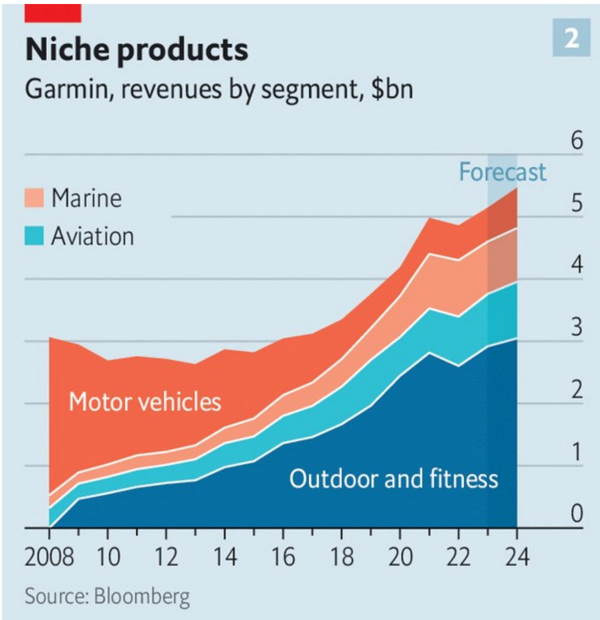
Like natural ecosystems, though, commercial ones present opportunities for newcomers. To keep growing at the blistering rates their investors expect, the big five pay most attention to markets vast enough to make a meaningful difference to their revenues, which collectively touched $1.5trn last year. That means they ignore certain areas that are smaller but potentially still lucrative. The ingenious companies that identify such niches and are able to exploit them don't just get by, but thrive in the shadow of the giants.

Take Garmin. Founded in 1989, it pioneered the commercial use of GPS-navigation systems. By 2008 it had nabbed almost a third of the market for portable navigation devices, mostly dashboard-mounted units for cars, which were some 72% of the company's sales. Then Google released its Google Maps app, first, in 2008, for Android smartphones and then, four years later, for the iPhone. Motorists could simply use their phones to find their way, rather than forking out for a dedicated device. By 2014 Garmin's revenues from its automotive segment had slumped by half compared with six years earlier, to $1.2bn.



The Economist

A year later big tech delivered another blow. Apple launched its first smartwatch, which risked undermining Garmin's growing business of selling devices for fitness and outdoor enthusiasts. This time, however, the smaller company withstood the assault (see chart 1). It focused on high-end watches and fitness trackers, some of which sell for several times the price of the top-end Apple Watch. In doing so it has built a loyal user base of mountaineers, runners and other assorted fitness fanatics; in April Mark Zuckerberg, Meta's exercise-fanatical boss, posted a photo of his Garmin watch after finishing a 5km run in good time.



The Economist

George Livadas of Upslope Capital, an investment firm, believes that Garmin is one of the few companies that has created a premium brand in a market with an available Apple alternative. Today its total annual revenues of almost $5bn are roughly twice what they were when the first Apple Watch hit the shelves. Smartwatches and fitness trackers contribute almost 60% of the firm's sales (with most of the rest coming from professional navigation systems for ships and aircraft, see chart 2).

Another company to successfully exploit an underserved tech niche is Dropbox. Steve Jobs, Apple's co-founder, once dismissed the San Francisco-based cloud-storage firm as a "feature, not a product". Founded in 2008, it has battled Apple, Google and Microsoft (and for a while, Amazon) throughout its life. Its bigger rivals all bundle cloud storage with other services; customers who sign up for Google's Gmail, for instance, receive some free online storage. But those offerings, though often free, lack Dropbox's functionality.

According to Rishi Jaluria of the Royal Bank of Canada, early on Dropbox recognised that many users needed more than just a place to stash files. Photographers and other creative types want to store high-resolution files without worrying about file size, for example. These users are often ready to pay for the convenience. By developing features that appeal to them, most recently an AI-powered search tool to find and summarise documents, Dropbox has continued to attract new subscribers.

An exploitable niche can also be geographic. MercadoLibre, an Argentine e-commerce firm, is a case in point. Its days might have seemed numbered when Amazon entered Brazil and Mexico, its biggest markets, in 2012 and 2013, respectively. Not so. A decade later MercadoLibre accounts for a quarter of all e-commerce trade in Latin America. The closest Amazon has come to challenging the regional shopping giant is in Mexico, but even there its market share is half that of its rival.

MercadoLibre has succeeded by adapting its business model to local conditions. It quickly identified poor infrastructure, which raised costs for sellers and degraded the buying experience for shoppers, as a hindrance to growth. The firm has invested in its own logistics network, which transports 90% of its parcels. Its payments service, MercadoPago, is a popular option in a region with rampant fraud. Small innovations like offering points towards free delivery have helped it win over price-conscious Latin Americans. The company also plays up its local roots to win over customers. Ariel Szarfsztejn, its head of commerce, describes it as "built by Latin Americans". In April, as Amazon was slashing its workforce worldwide, MercadoLibre announced plans to hire 13,000 people.

Witness the fitness

Finding a niche is not enough to guarantee success. Garmin, Dropbox and MercadoLibre have other things going for them. All three still have at least one of their founders in executive roles. Winning against big tech requires an obsessive focus on product development and the stomach for long-term investments. It helps to have experienced operators at the helm who aren't swayed solely by quarterly targets.

Crucially, the three companies also make money—a big selling point for investors at a time of rising interest rates, which make the promise of tech hopefuls' future profits less attractive than earnings in the here and now. In 2022 Garmin, Dropbox and MercadoLibre raked in $974m, $553m and $480m, respectively, in net income. That is peanuts next to Alphabet's $60bn or Apple's $100bn. But the trio's operating margins look healthy for smartwatch, cloud and e-commerce businesses. The market capitalisation of Garmin has tripled since 2015, to over $20bn. MercadoLibre's has quintupled, to $70bn. Dropbox is worth $10bn, not too far off its peak amid the pandemic-era mania for all things digital. Who said anything about extinction? ■

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Search in the dock

A showdown between the DoJ and Google begins

The stakes are high for tech. They may be higher for the trustbusters

Sep 13th 2023

AMERICA'S TRUSTBUSTERS have long had their sights set on big tech. On September 12th in Washington they at last fired their opening shots in the first courtroom battle of the modern internet era. The Department of Justice (DoJ), along with 38 state attorneys-general, accuses Google of abusing its online-search monopoly to extract bigger profits, snuff out competition and slow innovation.

The case hinges on Google's deals with smartphone makers and other firms that, the DoJ claims, perpetuate its dominance of search. Google allegedly pays more than $10bn a year to companies like Apple to make its search engine the default on devices. Although the arrangements are not exclusive, they add friction for those who might have preferred another search provider. More users bring more data, enabling Google to improve its products and lock in more users still. This flywheel, as Silicon Valley types refer to the notion that digital scale begets more scale, "always turns to

Google's advantage", intoned Kenneth Dintzer, the DoJ's lead courtroom counsel in the case.

The stakes are most obviously high for Google and its $1.7trn corporate parent, Alphabet. In the first half of 2023 Google search generated $83bn in revenues, accounting for 57% of the group's top line and virtually all its profits. Although Google's loss would be unlikely to result in its break-up, the company may need to change its ways. No more deals with smartphone-makers, for example.

The threat of such an outcome to Google's business is hard to gauge but unlikely to be existential. In early 2020 Europeans won the right to pick their default search engine when they set up new devices powered by Google's Android mobile operating system. Since then Google's share of European search has edged down from 94% to 90%. Assuming Americans behaved similarly, and given that a percentage point of global market share in search equals some $2bn in annual ad sales, a few billion dollars could be shaved off Google's top line over several years.

The stakes are high for the DoJ, too—perhaps even higher. Its lawyers must first prove that Google is in fact a monopoly. Although the company processes more than 90% of the world's search queries, Alphabet argues that its competition extends beyond just browsers: Amazon, TikTok and ChatGPT are all in the business of search, too, it contends. Second, trustbusters have to show that Google is abusing its monopolistic position. The firm says that users have lots of choice, and choose Google because it is a superior product.

A defeat for the DoJ could undermine the aggressive approach to tech that it and its fellow trustbusters at the Federal Trade Commission (FTC) have pursued under President Joe Biden. Another DoJ lawsuit against Google, over its ad-tech business, could go to trial in January. The FTC is seeking to break up Meta's social-media empire. Amazon and Apple are also under investigation. The result of the Google trial will set the tone—and the precedent—for a lot of trustbusting to come. ■

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Bartleby

Who is the most important person in your company?

Just thinking about this question can be a useful exercise

Sep 14th 2023

QUESTIONS ARE usually more interesting than answers. If you had to identify the most important person in your organisation, there is an obvious answer, a trite-and-untrue answer and a wrong-but-useful answer.

The obvious answer is "the chief executive". No cheese is bigger, no dog is more top. The most important decisions about the long-term direction of a company lie with the CEO; the hardest calls land on their desk; and the biggest pay cheques head their way. A board of directors might control their fate but no one wields more power. That is especially true of a startup: up to a certain point in its history, founders are the company.

The trite answer to the same question is "the customer". This is the kind of thing someone delivering a TED talk would say, after a suitably meaningful pause. It is the kind of thing that people in the audience would nod wisely at. An analysis of earnings-call transcripts of S&P 500 firms by Nandil Bhatia and Stephan Meier of Columbia Business School finds that executives talk about customers ten times more than they do about employees.

But it is also untrue. The customer is patently not in your organisation. Many employees care more about who took their mug from the kitchen than anything else. There is a reason why firms sometimes have someone play the role of “customer advocate” in meetings.

The third category of answer will almost certainly be wrong but it will be the product of an instructive thought process. Firms routinely identify their most talented people across departments, and offer retention bonuses to get them to stay. But they don’t usually ask what might qualify someone for the title of most important person in an organisation (setting the CEO to one side).

If you think customers trump everything, then you might start by looking at the people who interact most with them. In some industries—rainmakers at investment banks, for instance—these folk have lots of status. But in many others, front-line employees suffer from low wages, job dissatisfaction and burnout. The effects can be pernicious, particularly in the public sector: turnover among child-welfare workers in America is persistently high, to take one example, and associated with worse outcomes for kids.

Your search might lead you to the cutting edge: an executive, programmer or researcher working on your most promising new product. It might also take you back in time. The vital employee might be someone who knows the technology equivalent of Sanskrit. A report published in 2021 found that almost half of the British government’s tech spending was devoted to maintaining outdated IT systems. A 60-year-old programming language called COBOL is still in widespread use in many banks; according to Reuters, the average COBOL programmer is between 45 and 55 years old.

Your products might owe their character to one person in particular: the designer who makes the curves of a luxury car distinctive, say. Or, if you think the secret sauce of your company lies in something amorphous like its culture, you might alight on people who embody it. Amazon anoints a special cadre of interviewers known as “bar raisers”, whose purpose is to participate in hiring processes as a kind of culture warrior. Their job is to ensure that successful candidates embrace the firm's code of leadership principles.

You might think of importance in terms of influence within the company—the person who may not have the longest title but does have the most tacit knowledge and social capital. They have the ear of the boss on important issues, but they also know everyone and everything: who is a nightmare to work with, why the firm cut ties with that supplier and who can help you order a new laptop. They are the Panama Canal of the organisation. Things can get done without them, but it takes a lot more time.

This thought exercise is no more than that. As with organs in the body, the fact is that most departments have to run well for the whole company to thrive. You may not think much about your spleen but you would miss it if it suddenly disappeared; the same goes for your head of compliance. And the obvious answer is almost certainly correct: the CEO does matter more than anyone else.

But asking the question might lead you to adjust a bonus here or document how things work there. It might lead you to spot a gap between where value is created and where it is being recognised. Just don't tell everyone where they rank. ■

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Also: How the Bartleby column got its name

New battlegrounds

Apple is only the latest casualty of the Sino-American tech war

The conflict also has some surprising winners

Sep 14th 2023 | SAN FRANCISCO AND SHANGHAI

Getty Images

FEW EVENTS in the tech calendar create as much buzz as the release of the latest iPhone. On September 12th Tim Cook, Apple's boss, unveiled what he called "truly incredible" new devices. Yet it was an earlier, quieter launch of a rival gadget that left the tech world gobsmacked. In late August, with no forewarning, Huawei showed off the Mate 60 Pro. As the first fully Chinese-made smartphone that can tap into 5G networks, it was an instant hit. The processors inside it were made by SMIC, China's chipmaking champion. It is exactly this type of technology that America has been trying to stop Huawei and other Chinese companies from getting their hands on.

If being upstaged by a Chinese rival was not enough to sour Apple's mood, days later news broke that some Chinese government departments and state-owned firms may be banning iPhones. The American giant's share price fell by 6%, wiping around $200bn from its market value.

A ban's direct impact on Apple would be minimal. A tiny fraction of China's 7m or so public servants can afford iPhones, reckons Jefferies, an investment bank. Still, the rumours—and they are still that—signal that not even Apple, whose relations with China have long been cosy, is invulnerable to geopolitics. What is more, China's targeting of America's most valuable company, combined with SMIC's newfound chipmaking prowess, may provoke hawks in Washington to tighten anti-Chinese controls. The Chinese may respond, and so on up the escalation ladder. No wonder investors are spooked.

So far the tit-for-tat has rocked semiconductor firms the most. Last year America restricted exports to China of advanced chips and the tools to make them. Nvidia, a specialist in processors for artificial intelligence (AI) whose market value surpassed $1trn this year, said that trade controls will cut its quarterly revenue by 6%. Tighter controls could hurt its sales of data-centre AI chips. Between 20% and 25% of these go to China. In August Nvidia said that America's government was controlling exports of its most advanced AI chips to the Middle East, possibly to prevent Chinese firms from procuring them there.

The chipmakers have also suffered from Chinese retaliation. In May China barred memory chips made by Micron from certain infrastructure projects. The Idaho-based company said this could cut annual revenue by more than 10%. Talk of the Apple ban has pulled down the share prices of the iPhone-maker's American chip suppliers, such as Cirrus, Qualcomm and Skyworks. Chinese regulators have also been dragging out the approval of big American acquisitions, points out Stacy Rasgon of Bernstein, a broker. As a result, in early August Intel, another chipmaker, gave up its attempt to buy Tower Semiconductor, an Israeli firm, for $5.4bn.

The situation of American makers of chipmaking tools is more mixed. LAM Research and Applied Materials, two such firms, each warned last year of a $2bn hit to sales in 2023, equivalent to around 10% of revenue. But some of that may be offset by rising sales of equipment used in manufacturing less advanced semiconductors. American companies can keep selling these to China, which is stockpiling them while it still can. According to New Street Research, a firm of analysts, Chinese purchases of such tools have increased roughly four-fold between 2019 and 2023.

Further escalation may bruise America’s tech giants, and not just Apple. According to the *Wall Street Journal,* President Joe Biden’s administration is considering curbing China’s access to American cloud computing. That would bring Alphabet, Amazon and Microsoft into the firing line.

The biggest losers were, in American eyes, meant to be Huawei, SMIC and China’s other tech titans. They have certainly suffered. But today they are taking advantage of the techno-nationalism that is a byproduct of the geopolitical strife. Huawei’s share of domestic smartphone sales grew from 7% to 13% in the year to the second quarter of 2023, reckons IDC, a research firm. The new 5G device, which sold out in two days, may boost it further—as would an iPhone ban. Huawei also benefits from SMIC’s efforts to innovate around the American controls. In the week after the Mate 60 Pro’s launch, meanwhile, the chipmaker’s share price jumped by 10%. Not quite what the China hawks in Washington had in mind. ■

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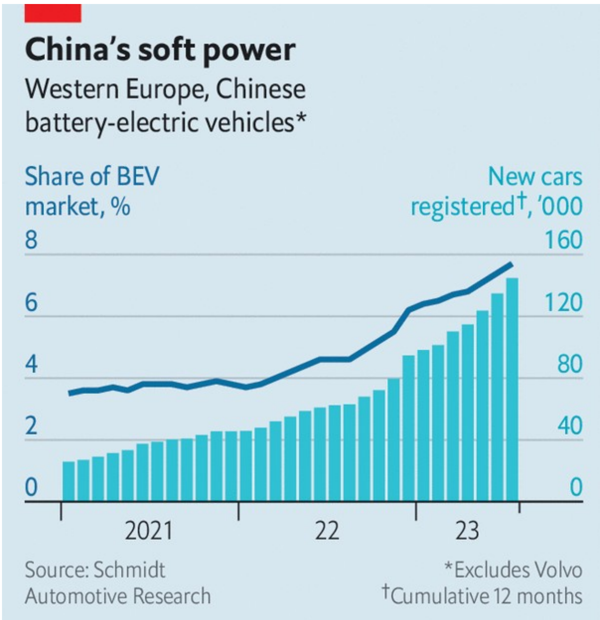
Inspecting under the bonnet

Chinese carmakers are under scrutiny in Europe

The EU launches an anti-dumping investigation

Sep 14th 2023 | MUNICH

FLASHY TEMPORARY pavilions in Munich's city centre displaying the latest models from BMW, Mercedes-Benz and Volkswagen were the public face of IAA Mobility, Germany's biennial motor show, which ended on September 10th. German automotive might was less in evidence in the show halls a few miles away, where the Chinese electric vehicles (EVs) that are making inroads in Europe vied for attention and floor space. The fear of a flood of well-made, decently styled and better-value EVs from the east outcompeting those from Europe's established carmakers has now jolted the EU's lawmakers into action.



The Economist

Suspecting foul play, on September 13th the European Commission announced an "anti-subsidy investigation" into Chinese car firms. Those found guilty may be hit with tariffs far above the 10% now levied on Chinese imports. These imports are small but growing fast. In the first seven months of 2023, 189,000 Chinese cars were sold in Europe, equivalent to 2.8% of all car sales. But Chinese pure battery cars made up nearly 8% of sales for this type of vehicle, reckons Schmidt Automotive Research, a consultancy (see chart). These sales have trebled in the past two years, led by Polestar and MG. Brands like Aiways, BYD, Nio, Ora and Xpeng are also on sale. Others, like Leapmotor, are poised to join them. UBS, a bank, reckons China's share of all cars sold in Europe could hit 20% by 2030. All will be electrified.

China's advance is in part a result of its government's desire to create a global force in carmaking. A slowdown in EV sales at home as the economy weakens and lots of spare capacity have encouraged Chinese producers to look abroad. With America's market protected by heftier tariffs and subsidies favouring domestic carmakers, they are eyeing Europe instead. The more compact Chinese models are anyway more suited to European tastes.

Undoubtedly the Chinese carmakers have benefited from government largesse such as cheap loans. But making anti-dumping charges stick will be tricky. Complaints from a European industry that has long been hooked on all manner of state support look hypocritical. More important, as UBS notes, the 25% cost advantage over European rivals for the BYD Seal, a mid-market EV that will go for as little as €45,000 ($48,000), are mostly the result of the firm's high degree of vertical integration and the low-cost Chinese supply chain, not government handouts.

Europe's carmakers are split on the wisdom of the commission's move. At the top end of the market, where brand loyalty is strong, Chinese firms like Nio are unlikely to challenge Mercedes and BMW, with or without subsidies. But by enraging the government in Beijing, the investigation endangers European companies' Chinese profits. Half of German car firms' net profits come from China, according to Bernstein, a broker. By contrast, marques such as Renault, which do not rely on China but face a daunting challenge in the cut-throat mass market, will probably cheer. Swingeing tariffs may spare them from having to cut costs to compete with a Chinese influx. European car buyers, who probably don't care if China's government had a hand in keeping down the price of EVs, will be the ones to suffer. ■

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Swap teams

Electric two-wheelers are creating a buzz in Asia

Cross-border tie-ups hope to make battery-swapping mainstream

Sep 14th 2023

THE CACOPHONY of small-vehicle engines and horns is one of the most recognisable noises in traffic-choked cities across Asia. Soon that trademark roar may be a thing of the past, even if the horns remain. A wave of cross-border ventures for electric two- and three-wheelers, and the infrastructure required to power them, is rippling across the continent.

The electrification of scooters, motorcycles and auto-rickshaws in poor and middle-income countries is proceeding much more zippily than for larger motors. In China, the biggest market in the world for electric vehicles, about half of two- and three-wheeled machines sold were battery-powered in 2021, compared with 16% of new passenger cars. In India, Indonesia, the Philippines and Vietnam, where two-wheelers outnumber cars by between three and 30 to one, electrifying them can help countries decarbonise and limit air pollution in cities.

That makes the recent flurry of dealmaking a welcome development. On September 6th GoTo Group of Indonesia announced a deal with Selex

Motors, a Vietnamese producer of electric bikes and networks of so-called "battery ATMs". Gojek, GoTo's ride-hailing arm, will use Selex's bikes and charging infrastructure in Vietnam. When its electric vehicles run out of juice, drivers can exchange the removable units for fully charged ones at swap stations. In late August Kymco, a large motorcycle-maker from Taiwan, announced a deal with a Thai state-owned energy firm, PTT, to produce new electric two-wheelers and the battery-swapping services to go with them. Around the same time another Taiwanese company, Gogoro, finalised a joint venture with Ayala, a Philippine conglomerate. This would expand what Gogoro claims is already the largest single battery-swapping network in the world, with more than 12,000 racks, carrying between eight and ten batteries apiece, across more than 2,500 locations in Taiwan.

The biggest prize is India, where the market for electric motorcycles is booming. Despite the phase-out in May of some subsidies for the purchase of e-motorbikes, sales of battery-powered two- and three-wheelers in the world's most populous country reached 5.5m in the first eight months of 2023, a rise of 53% compared with the same period in 2022. This year Gogoro has already announced two deals with Indian food-delivery companies, Swiggy and Zomato, for battery-swapping and scooter technology. The company also signed an agreement with the government of the state of Maharashtra, home to 126m people and to India's commercial capital, Mumbai, promising to invest $1.5bn over eight years in what the two sides are humbly calling the "Ultra Mega Project".

Although some carmakers, such as Nio of China, are experimenting with battery-swapping, the case for it is most clear-cut for smaller rides. Given that few Asian countries have the deep pockets to encourage adoption of electric vehicles with generous subsidies, sellers and buyers alike need the economics to work. Fortunately, the numbers add up. Research published earlier this year by Arthur D. Little, a consultancy, found that total cost of ownership, which measures how much motorists pay for every mile driven over a vehicle's lifetime, is lower for two- and three-wheelers with a battery-swapping arrangement than for similar vehicles which are petrol-fuelled or home-charged.

That is not to say that e-motorcycles with interchangeable batteries will become ubiquitous overnight. Building battery-swapping networks requires a lot of capital spending, which is hard to justify unless people buy the compatible vehicles. And people are unlikely to make such purchases unless they have access to an existing network of charging stations. Solving this chicken-and-egg problem is easier in Taiwan, a densely populated and relatively wealthy nation, than in India, a poor and vast one. Standardisation of battery types will be necessary, too, if needless duplication of infrastructure is to be avoided. EV firms grumble that India's official battery-swapping policy, which would provide incentives and certainty, seems to be stuck. And as on India's streets, no amount of honking is likely to speed things along. ■

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Schumpeter

The Mittelstand will redeem German innovation

Deutschland AG's bright light bulb

Sep 14th 2023

Brett Ryder

TALK TO GERMAN bosses these days and sooner or later one will bring up "Buddenbrooks". Thomas Mann's epic tale of the eponymous clan of grain merchants and their demise is required reading in Germany's business circles, as well as its schools. Today it serves as a convenient metaphor for the country's perceived economic decline. GDP may contract this year. Inflation remains stubbornly high. The anti-immigrant Alternative for Germany party is second in some opinion polls, imperilling Germany's reputation for openness to skilled foreigners. Iconic companies are fleeing abroad. BASF, the world's largest chemicals firm, is building its $10bn state-of-the-art factory in China. Linde, an industrial-gas group, delisted from the stock exchange in Frankfurt to escape its cumbersome rules but kept its listing in New York. BioNTech, which helped develop one of the world's first covid-19 vaccines, is setting up its cancer-research operations in Britain.

Viewed through a tragic Buddenbrookian lens, German decline can seem inevitable. Not to Nicola Leibinger-Kammüller, chief executive of Trumpf, a 100-year-old family company based in Ditzingen, near Stuttgart, which makes industrial tools such as laser cutters and punching machines. In Mrs Leibinger-Kammüller's reading, the Buddenbrooks' downfall was not caused by others. They brought it on themselves, by turning their backs on the virtues of thrift and hard work. That leaves a path to redemption. And this, she believes, runs through the *Mittelstand*, the German economy's enterprising backbone.

The *Mittelstand* is home to some 3.5m small and medium-sized businesses. They are as diverse as their wares, which range from chainsaws to industrial software. Some are large and old: Trumpf has 17,000 employees worldwide and annual revenues of €5.4bn ($5.8bn). Others are small and young, like TeamViewer, an 18-year-old computer-maintenance firm with 1,400 employees, or Marvel Fusion, a nuclear-fusion startup founded in 2019. Despite this diversity, they share two important things in common. They are relentlessly innovative. And, not unrelatedly, their leaders are, like Mrs Leibinger-Kammüller, less gloomy about Germany's prospects than many of their blue-chip counterparts.

More than 80% of *Mittelstand* firms say their situation is stable or good, according to a survey in July by the ZGV, an alliance of such businesses. The mood is not rosy, exactly: half reported that sales were down in the second quarter. But it is hopeful. The *Mittelstand* continues to hire and invest at home. In July Trumpf announced a €380m investment into its headquarters. "People said we have gone mad," recounts Mrs Leibinger-Kammüller.

In fact, Trumpf is coldly rational. "The current wave of pessimism is vastly overdone," says Holger Schmieding, chief economist of Berenberg, a private bank. Germany enjoys record employment and low public debt. Most of all, he says, it has in the *Mittelstand* "one of the best search engines for innovation ever invented". These "hidden champions", world leaders in their market niche, have coped with painful transitions before, such as the aftermath of German reunification in the 1990s. Now they are adapting again, be it to higher energy prices or to chillier relations with China, which has become a large market for the *Mittelstand*'s products but is itself looking economically enfeebled and geopolitically adversarial.

Trumpf spends 11% of revenue on research and development, almost twice the average for German industry as a whole. It is constantly comparing notes with clients to tailor its products to their changing needs. It has worked with one client to develop a way of using lasers to cut metal more directly from the coil, which uses less of the newly costly energy than the conventional method of cutting it from sheets. Karl Haeusgen, chairman of Hawe, a maker of hydraulic pumps, says that conversations with domestic customers are his firm's principal source of innovation. "Our Chinese clients will buy what we have, but our German customers challenge our creativity," he says.

Oliver Steil, chief executive of TeamViewer, agrees that the *Mittelstand* contains some of Germany's most agile and innovative firms. They benefit from closeness to German industrial titans, to which they often act as suppliers, and from the country's deep pool of technological and engineering know-how. Most important in times of change, they are risk-takers, says Mr Steil. Undaunted by the old saw that fusion power is 20 years away and always will be, Marvel Fusion is intent on developing commercially viable power generation by smashing atoms together using lasers.

If there is a Buddenbrook in the latest chapter of the *Mittelstand* story, it is the German government. Policymakers and bureaucrats have become too set in their ways, sighs Mr Steil. They seem wedded to red tape and high taxes, and uninterested in supporting innovation. This is leading some *Mittelstand* firms to sell up or try their luck elsewhere. In April Viessmann, a maker of heat pumps, sold most of its operations to Carrier, an American rival. Even Marvel Fusion recently teamed up with Colorado State University to set up a $150m research site in America.

In search of a novel approach

Heike Freund, Marvel Fusion's chief operating officer, still hopes eventually to build a power plant in Germany. In March the Federal Agency for Disruptive Innovation pledged €90m to support laser-based fusion in Germany, half of which will go to Marvel. At a recent pow-wow in Schloss Meseberg, a castle near Berlin, the government unveiled a "growth opportunities law". This includes a €7bn tax-relief package that would benefit the *Mittelstand*. On September 6th Olaf Scholz, the chancellor, announced a series of measures to digitise public administration, simplify immigration rules for skilled workers and make it easier to start companies, three pet peeves of *Mittelstand* bosses. The faster the government can shake off its own Buddenbrookian complacency, the better. ■

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Also: If you want to write directly to Schumpeter, email him at schumpeter@economist.com. And here is an explanation of how the Schumpeter column got its name.

Finance & economics

Keep digging

How to avoid a green-metals crunch

With ingenuity, a 6.5bn-tonne problem may be dodged

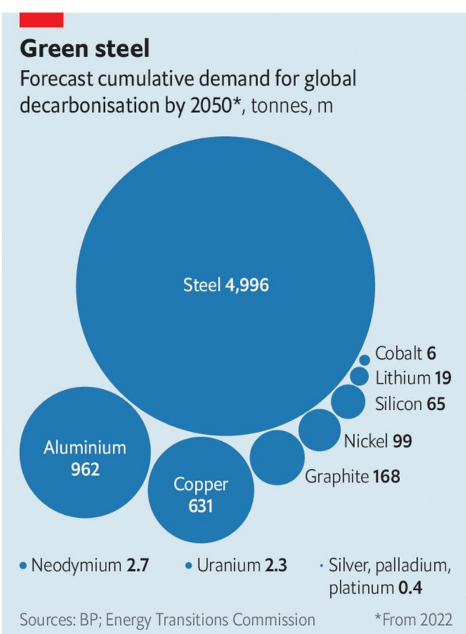
Sep 11th 2023

EVERYONE WANTS more metals. In recent months Britain has inked a deal with Zambia, Japan has sealed one with Namibia and the EU has shaken hands with Chile. The bloc's negotiators also started talks with the Democratic Republic of Congo; America's, meanwhile, visited Mongolia. This scattershot campaign, which is also targeting the Philippines and Saudi Arabia, has a single aim: obtaining the minerals required for rapid decarbonisation.

Seventy-two countries, accounting for around 80% of global emissions, have committed themselves to net-zero targets. According to the Energy Transitions Commission (ETC), a think-tank, hitting them by 2050 will require 15 times today's wind power, 25 times more solar, a tripling of the grid's size and a 60-fold increase in the fleet of electric vehicles (EVs). By 2030 copper and nickel demand could rise by 50-70%, cobalt and neodymium by 150%, and graphite and lithium six- to seven-fold. All told, a carbon-neutral world in 2050 will need 35m tonnes of green metals a year, predicts the International Energy Agency, an official forecaster. Adding aluminium and steel, the ETC expects demand between now and then to exceed 6.5bn tonnes.

This is why policymakers fear an almighty supply crunch. The ETC expects shortages of market-breaking magnitudes by 2030: some 10-15% for copper and nickel, and 30-45% for other battery metals. When dwindling stocks cause prices to rise, producers will lift output and customers will use scarce materials more efficiently. What demand remains unmet after this will be destroyed, however, as would-be buyers that cannot or will not pay higher prices are forced from the market. Too much of such demand destruction will kill the green transition. The question, then, is simple. Can the crunch be minimised?

Start by considering the metals in question. Three are widely used in industry: aluminium and steel for panels and turbines, and copper for everything from cables to cars. Then come those powering EVs: cobalt, lithium and nickel, which make up battery cathodes, and graphite, the main anode element. Except for nickel, which is also an ingredient in stainless steel, all these have only niche applications. The last group features magnetic rare earths like neodymium, found in EV motors and turbine generators. These are required only in minuscule amounts.



The Economist

The search for such metals is made slightly less urgent by a discomforting fact: climate policies are unlikely to restrain global warming to 1.5°C above pre-industrial levels, as assumed by most forecasts. Moreover, many future-gazers also assume that demand for green gear, and thus metals, will rise in a linear fashion, even though some countries will no doubt start to sprint only in the final yards. Steel, for which green uses will remain a drop in the ocean, will probably stay abundant. Cobalt, a byproduct of other sought-after metals, may outpace demand for ever.

But difficulties remain. Industry oracles asked by *The Economist* predict copper-supply gaps of 2m-4m tonnes, or 6-12% of potential demand, by 2030. They also foresee a shortfall of lithium of 50,000-100,000 tonnes, a 2-4% deficit. Nickel and graphite—plentiful in theory—could cause problems because batteries require pure material. There are too few smelters to refine bauxite into aluminium. Outside China, next to no one produces neodymium.

These will be hard problems to overcome. Yet three levers may lower the pressure. First, producers may extract more supply from existing sources, which can be done straight away but will produce limited quantities. Second, firms may open new mines, which could solve the problem entirely but will take time. The limitations of these two levers make a third the most important, at least over the next decade: finding ways to change what customers want.

Quick wins could come from reusing more material. Such gains will be greatest for aluminium, copper and nickel. All are widely recycled, but higher prices will motivate spending in a fragmented industry. BHP, a big miner, has backed a nickel-recycling upstart in Tanzania. Huw McKay, the firm's chief economist, reckons that scrap could represent 50% of the total copper supply in a decade, up from 35% now. Rio Tinto, another mining giant, is investing in aluminium-recycling centres. Last year startups focused on battery-metal recycling raised $500m, a record.

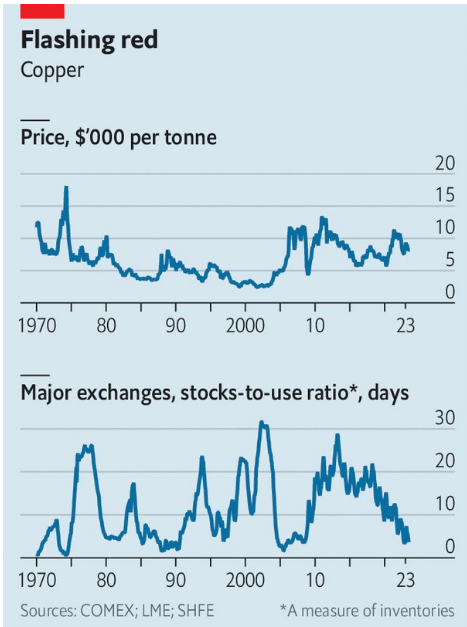
More metal could come from restarting mines. Not many are idle: a post-covid surge in demand has already reduced slack. Even if prices double, cost curves for copper and nickel indicate that just a few mines would reopen. But aluminium is an important exception. Since December 2021 soaring energy costs have caused 1.4m tonnes in annual smelting capacity (2% of the world's) to shut in Europe. A 25% rise in prices would lure much of that back, reckons Graeme Train of Trafigura, a trader.

The greatest hope lies in technologies that squeeze supply from deposits. New firms are developing chemical processes that extract copper from ores with low metal content, making waste exploitable. Using the tech at scale could yield an extra 1m tonnes of copper a year without much cost, says Daniel Malchuk of Jetti Resources, one such firm. Meanwhile, in Indonesia, the world's largest nickel producer, miners are using "high-pressure acid leaching" to turn low-grade ores into material fit for electric cars. Three billion-dollar plants have been built, and nearly $20bn-worth of projects have been announced. Daria Efanova of Sucden Financial, a broker, reckons that Indonesia could produce 400,000 tonnes more of top-grade nickel by 2025, filling part of the 900,000-tonne supply gap she projects by 2030.

Yet these new techniques are uncertain, and in some cases come with drawbacks such as pollution. Starting new mines, the second lever, would bring larger gains, even if slowly. McKinsey, a consultancy, calculates that if the 382 projects in cobalt, copper, lithium and nickel that have at least commenced a pre-feasibility study were to be finished by 2030, it would keep markets just about balanced. These projects would represent a huge increase in production: there are around 500 cobalt, copper, lithium and nickel mines operating at present. To open on time, they will have to overcome a number of difficulties.

Full metal racket

The first is a lack of funds. McKinsey estimates that to fill supply gaps by 2030 annual capital expenditure in mining will have to double to $300bn. CRU, another consultancy, reckons that spending on copper alone must hit $22bn in 2027, compared with an average of $15bn in 2016-21. Although not yet fast enough, investment by big miners is rising. Customers are entering the fray, too. General Motors, a carmaker, is investing $650m in Lithium Americas, a miner in Nevada. CATL, a Chinese battery firm, is spending billions to source cobalt and lithium. Since the start of the year pension and sovereign funds have invested $3.7bn in private mining assets, the most since 2013. And about $21bn in capital raised by private-equity firms since 2010 is also chasing deals.



The Economist

This will take time to make a difference, however, since digging new mines takes ages—from four to seven years for lithium to an average of 17 for copper—and delays have been worsened by a paucity of permits. Egged on by activists, governments and regulators are increasingly blocking projects on environmental grounds. Between 2017 and 2021 it took an average of 311 days for new mines in Chile to gain approval, compared with 139 in 2002-06. Meanwhile, the metal content of copper ores mined in stable countries is falling, forcing miners to look to dicier locations. Two-thirds of the new supply planned by 2030 sits in countries that in 2020 ranked below 50th in the World Bank's "ease of doing business" index. Reko Diq, a project led by Barrick Gold, a Canadian firm, containing one of the world's largest untapped copper deposits, sits between Iran and Pakistan.

As a result, new supply will be a solution only in the long run, perhaps after a spell of high prices. The lion's share of adjustment in the next decade will come down to demand—the third lever. This side of the equation, which is more difficult to model than future production, is poorly understood. But it is probably more flexible than is commonly realised.

Auto- and battery-makers are a type of buyer the metals market has never had before. Fiercely innovative and price-sensitive, such firms tackle issues at the first sign of a supply squeeze. They have already achieved a lot by "thrifting", or discovering small ways to use less metal. The typical electric-car battery now contains just 69kg of copper, down from 80kg in 2020. Simon Morris of CRU reckons that the next generation may need just 21-50kg, saving up to 2m tonnes of copper a year by 2035.

More can be achieved through substitution. Nickel-manganese-cobalt chemistries that contain as much cobalt as nickel, known as NMC 111, are being phased out in favour of NMC 721 and 811, which contain more nickel. These account for a quarter of EV-battery cathodes, up from zero in 2017. Meanwhile, a cheaper but less energy-dense lithium-iron phosphate (LFP) mix is conquering the booming Chinese market, where city-dwellers are less concerned by a shorter driving range. Indeed, LFP now represents 30% of EV cathodes worldwide.

Graphite anodes are also being doped with silicon, which is hyperabundant. In March Tesla, an EV-maker, said it would build a motor that did not need rare earths. Sodium-ion batteries, which replace lithium with sodium, the sixth-most abundant element on Earth, may in time triumph. Because of their low energy density, they will first be used for stationary storage, where volume is less of a constraint.

Customer preferences will play a part. People like to be able to drive their EV for 600km on a single charge—but few travel such distances often. As lithium runs scarce, carmakers may build short-range vehicles that can be boosted by a portable battery, slimming the standard pack. At the right price, adoption could be fast.

Copper, which cannot easily be engineered out of grids, is the chief problem. But here, too, consumption shifts could help. CRU estimates that green demand as a share of total copper demand will rise from 7% to 21% in 2030. That is a big chunk, but leaves lots of supply that could move to green applications when shortages emerge. As the cost of metal rises, sales of phones and washing machines, which also contain copper, will probably decline sooner than those of wires and solar panels, especially if the clean-tech market is propped up by governments.

By the late 2030s there will probably be enough new mines and recycling. The question is how big the disruption will be in the interim. Things will surely be tight. Since supply will be concentrated, local unrest, geopolitical conflict or bad weather could hit markets. Simulations by Liberum Capital, a bank, suggest a miners' strike in Peru, or three months of drought in Indonesia, could tip the copper or nickel markets in 2028 into 5-15% supply deficits. But with nimble buyers, steadfast governments and luck, the green-metal bump need not cause an electric-car crash. ■

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Buttonwood

Why diamonds are losing their allure

As an investment category, at least

Sep 13th 2023

THE APPEAL of a diamond, for a ring on a finger or to string on a necklace, rests on its sparkle. Its precise value is determined by how well the stone is cut, its colour, its size (also called its "carat") and whether it contains flaws. The clearer, heavier, closer to colourless and more perfectly cut the rock, the better.

The appeal of a diamond for an investor is that, in addition to being nice to look at, it has historically offered a steady return on investment. Given the opacity of the market, and the broad variety of gems that are available, long-run price data are scarce. But a paper by Luc Renneboog of Tilburg University, which was published in 2015, analysed thousands of auctions each year, finding that the average return between 1999 and 2012 rivalled those of stocks and property. Holders of diamonds would have earned a handsome 8% or so a year.

Recently, though, these steady returns have given way to enormous volatility. De Beers, a consortium that has long monopolised the supply of diamonds, has reduced the price of two-to-four carat uncut stones—a popular category because they can be made into one-to-two carat engagement rings—by 40%, according to Bloomberg, a news service. On September 13th the company announced that it would re-run its iconic "a diamond is forever" advertising campaign in an attempt to boost demand.

Stable returns in the past were partly brought about by steady demand. Just as with the investment case for gold, another rare and precious commodity, the logic for holding diamonds tends to be strongest during periods of economic uncertainty. At the same time, the main use of diamonds is in jewellery, which means that prices have tended to do well during periods of prosperity, too.

But the most important factor was monopolistic supply. For more than a century De Beers managed to dominate the production of gems. This market structure facilitated steady price increases in two ways, as Mr Renneboog has noted. First, by stockpiling supplies De Beers created scarcity. Second, the firm curbed speculation, and the volatility it brings. Although De Beers controlled some 80% of the global supply of diamonds in the 1980s, since then its share has been eaten into by competitors, which include Alrosa, a Russian rival. The company now produces just a third of supply.

Another problem is emerging from laboratories. They are producing artificial gems, which are made by applying pressure to carbon, rather than digging stones from the ground, and are identical to the naked eye. Such stones have been available since the 1980s, but even as recently as 2018 made up a tiny fraction of the market, at just a few percentage points. In the years since, more lab-grown jewels have entered the market—and their market share has risen to around a tenth.

De Beers may have inadvertently hastened this transition. The company began to sell lab-grown diamonds at rock-bottom prices in 2018, when such stones fetched about 80% of the price of mined ones. The goal was to differentiate between the two types of gems, in order to diminish the appeal of lab-grown stones. The Clear Cut, a New York-based purveyor of engagement rings, has adopted guerrilla marketing tactics to make the same point. It offers customers who buy a ring worth $10,000 or more a free lab-grown alternative, which can be used as a "travel ring" when visiting dubious places. Many lab-grown stones now fetch just 20-30% of the price of similar mined stones.

De Beers argues that, as the supply of lab-grown gems accelerates, the price gap between the two types of stone will continue to widen, making the newcomers unappealing for engagements. If recent price movements are anything to go by, though, the tactic appears likely to backfire—after all, mined prices are plunging in the wake of lab-grown ones.

Admittedly, this may not be entirely the result of a structural shift in the market. American couples date for about three years before getting engaged, and thanks to covid-19 very few people were out and about meeting potential husbands or wives in 2020. An unusually small number of people are probably getting engaged this year.

But this is the sort of fluctuation an all-powerful diamond cartel would have been able to smooth out by reducing supply. Slashing prices instead is a clear indication of diminished market power. That is good news for those looking to pop the question or acquire a new trinket. It is rather less appealing for those considering investing in the gems. ■

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High bond yields imperil America's financial stability *(Aug 29th)*
Why investors are gambling on placid stockmarkets *(Aug 17th)*

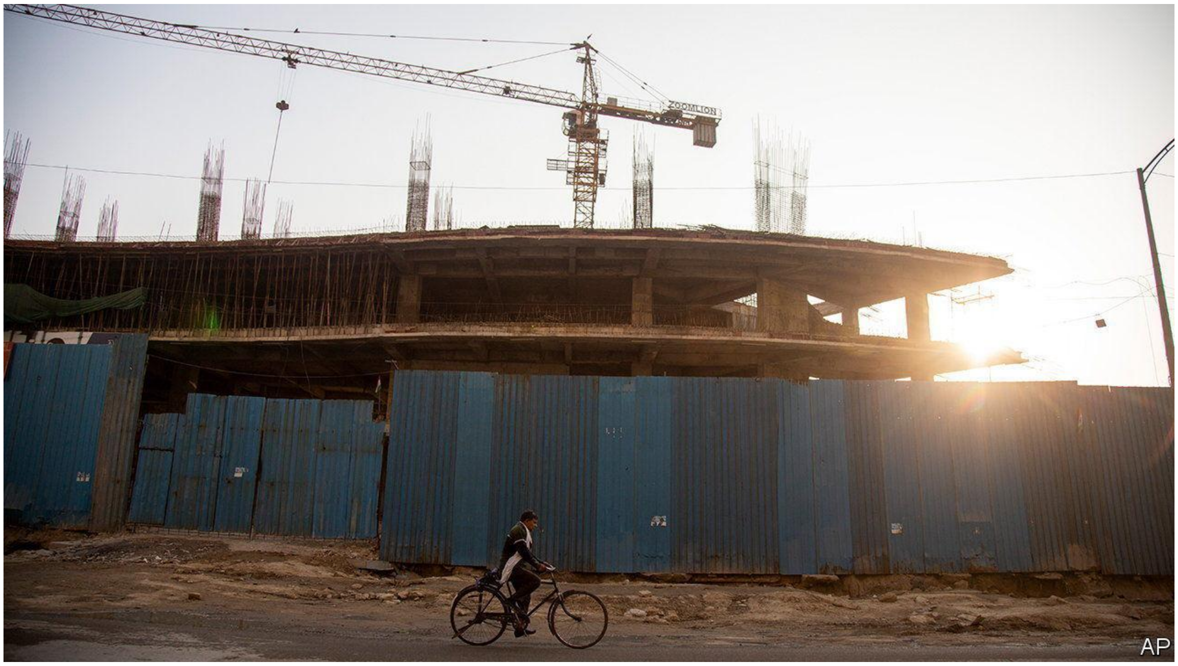
Also: How the Buttonwood column got its name

Upwards

India's property market is ready for take-off

A clean-up by Narendra Modi's government shows signs of success

Sep 14th 2023 | Mumbai



AP

A VISITOR DOES not have to look far for signs of India's property resurgence. Cranes dot the skylines of Delhi, Hyderabad and other cities. In Bandra, a swish suburb of Mumbai, more than 100 buildings are being redeveloped. Across the country, the number of new projects has hit a level last seen in 2012. Pre-sales by big developers are rising at double-digit rates.

Behind the increasingly frenetic activity are all the catalysts you would expect in India: demand from the country's growing population of well-to-do people, insufficient supply and deterioration of existing buildings in the harsh climate. But if the catalysts have not changed, the underlying structure of the market very much has. Attempts by Narendra Modi's administration to clean up after a property crash in the mid-2010s seem to be paying off.

Before the crash, India's property industry had a rakish edge. An army of small developers had emerged who were known for sharp suits, Bollywood ties and, beneath their glitz, lots of grit. Stories spread of money derived from padded construction bills and dodgy bankers, along with complicated land purchases routed via family members. Later, court cases provided evidence that such tales might not have been fanciful. As a result of corruption, projects were derailed, people waited years for flats and demand for properties fell.

Among the changes introduced by Mr Modi's government in 2016 were requirements for developers to pay above-market interest rates on deposits for flats in delayed projects, creating an incentive for completion. Diverting deposits for different projects was banned. Financial institutions were pressed to tighten lending and monitoring. The clean-up is far from complete: in the state of Maharashtra, home to Mumbai, officials recently noted that 308 projects involving 60 firms are in some stage of insolvency. But slowly bankruptcies are becoming less common.

After a period of stagnation, developers with plausible claims to fulfil projects have seen their valuations soar over the past three years: Delhi Land & Finance from $5.1bn to $15.8bn, Godrej Properties from $3bn to $5.5bn and Oberoi Realty from $2bn to $5bn. Confidence is returning to the broader market, too. Data tracked by Morgan Stanley, a bank, and JLL Research, a consultancy, indicate that purchases in the most recent quarter were a fifth higher than the average over the previous year. Activity has been especially strong in Bangalore, Hyderabad, Mumbai and Pune.

In the same way a depressed residential market can have a broader impact on a country's economy—as is supremely evident in China at the moment—the opposite is true as well. The current healthy housing market in India helps explain why growth has remained strong, and the stockmarket registered large gains, despite a slowdown in exports and crucial industries, not least technology. Construction in India employs more than 50m people and comprises 7% of GDP. The property industry is a big customer for cement, steel, glass and white goods, along with credit. Past problems may have rightfully cast the sector in a negative light. Now, much like Mumbai's towers, it is on the up. ■

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Tuition drag

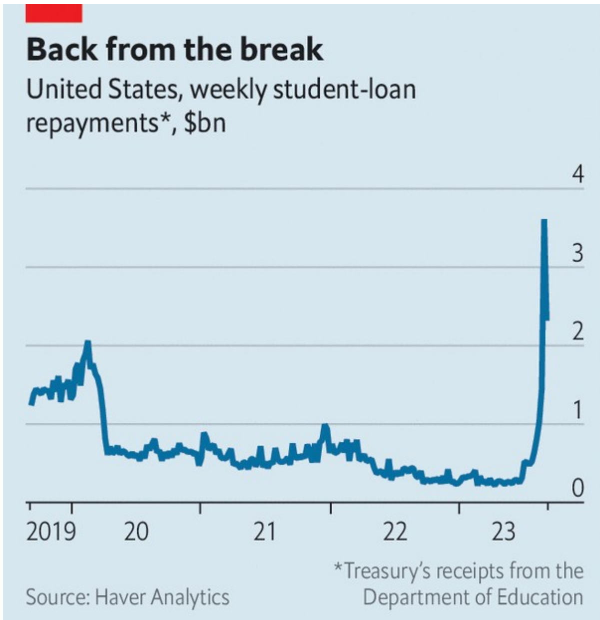
The resumption of student-loan payments will hit American growth

It is not just borrowers who face a return to reality

Sep 14th 2023 | Washington, DC


Reuters

PEOPLE ARE mostly pleased by the return of normal life after covid-19. In America, though, borrowers of student loans will miss one aspect of the pandemic. Sitting on $1.6trn of debt owed to the government, they have enjoyed a break from both repayments and interest since March 2020. The holiday is now over. Interest on student loans started to accrue again this month; repayments will resume in October. Given that there are about 43m borrowers, this will drag on the American economy.



The Economist

Exactly how big the drag will be is a matter of debate. In 2017 the Federal Reserve calculated that the average monthly payment on student debt was $393; other estimates put it closer to $250. Cash has already started flooding into the Treasury as some rush to pay off their debts (see chart). Multiplied by all borrowers, the higher average would add up to a total monthly repayment of $17bn, or about 1% of household consumption. Assuming that only part of the repayments comes from savings, that would imply a cut to America's quarterly annualised growth rate of 0.7 percentage points—or a third of its annualised pace in the first half of this year.

Yet such a drag should be viewed as an upper bound. Students in university need not repay loans, reducing the number of borrowers facing an imminent crunch. Other deferrals are also available—such as for those in the armed forces. In 2019 the Fed calculated that three in ten borrowers did not need to make monthly payments.

Moreover, the Biden administration has introduced a new repayment plan that expands a previously existing programme for reducing the debt burden on poor Americans. Borrowers making $32,800 a year or less will be exempted from payments. Totted up, analysts at Capital Economics, a consultancy, reckon that the bill to households will work out at $6bn or so a month—closer to shaving off about 0.3 percentage points from America's growth.

Even this drag will be felt when coupled with other looming hits to consumers. At long last Americans are running down savings from the pandemic. The federal government may be on the brink of a temporary shutdown because of political gridlock. And high interest rates are heaping pressure on borrowers: the delinquency rate on credit cards has reached its highest in a decade. For now, America is on track for a robust third quarter, with some indicators even pointing to annualised growth of above 5%. But the resumption of student-loan payments, combined with the other headwinds, may make for a weaker fourth quarter. The median forecast of economists is just 0.6% annualised growth, according to Blue Chip, a survey of estimates.

By next year, student-loan payments will drop out of growth calculations, because monthly bills will be part of the baseline. Yet for folk struggling to make payments, the holiday will be difficult to forget. According to Dan Collier of the University of Memphis, who studies the impact of student debt, many borrowers saved money to buy a first home or decided that they could afford to have more children.

Although some still cling to hope that the Biden administration may revive a plan to forgive up to $20,000 per borrower after it was blocked by the Supreme Court in June, the political and legal obstacles are formidable. The more likely scenario is that student-debt payments will proceed much as they did before the pandemic: month after month, for years, until graduates have paid down their tuition costs. Normal life is such a drag. ■

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Whatever it wants

Has the European Central Bank become too powerful?

From monetary policy to geopolitics to climate change, its responsibilities are growing

Sep 13th 2023

"NOTHING IS POSSIBLE without people. Nothing is lasting without institutions," noted Jean Monnet, one of the European Union's founding fathers. The growth of the European Central Bank (ECB) from humble beginnings, as the guardian of a nascent currency, to one of the great powers in European politics might have surprised even the master technocrat himself. Having recently turned 25, the institution is so mighty that it now faces a tough question. Does it know when to stop?

The ECB is unique in that it has no political overlord or fiscal counterpart. Its independence is enshrined by treaty, the closest the EU has to a constitution. Its mandate puts price stability front and centre. In a second part policymakers are instructed "to support the general economic policies of the EU", which include growth and employment, in a manner similar to the dual mandate of the Federal Reserve, but may also be stretched to take in climate policies or "de-risking" relations with China.

Throughout the ECB's history, its officials have assumed additional responsibilities. In many cases they were forced to do so. In the midst of market turmoil during the sovereign-debt crisis of the early 2010s, Mario Draghi, then the bank's president, calmed investors by promising to do "whatever it takes" to protect the euro. During covid-19 and under Christine Lagarde, the current president, the ECB bought €1.7trn ($2trn) in public debts to arrest doubts about euro-zone governments' liquidity. She followed this up by announcing another bond-buying programme last year, when inflation threatened to send interest rates on Italian bonds soaring.

In all but name, then, the ECB has become the lender of last resort to euro-zone governments. The bank is at pains to stress that its bond-buying programmes come with strings attached. Indeed, in order to sidestep the treaty's ban on financing governments, officials must combine a monetary-policy justification with adherence to the EU's fiscal rules and the need for sustainable debt. As such, "ECB lawyers have to be among the most innovative in the world," says Sander Tordoir of the Centre for European Reform, a think-tank. Rather than governments leaning on the central bank to help out, as can happen elsewhere in a crisis, the ECB enforces "macroeconomic reasonability", as Francesco Papadia, a former ECB official, puts it.

Geopolitics is now pushing the ECB into a still more sensitive role. Take swap lines. The bank decides whether to set them up. If European banks urgently need dollars, for example, the ECB could swap euros for the currency with the Fed. Of the two large non-euro EU members, Poland benefits from a limited swap line with the ECB; Hungary does not. "Whether Ukraine, for example, gets [one] should be a joint decision with finance ministers, and not the ECB's alone," argues Shahin Vallée of the German Council on Foreign Relations, another think-tank. Similarly, the ECB is a powerful voice in a debate about what should happen to Russia's frozen central-bank assets, preferring to leave them untouched. It also objects, on legal grounds, to attempts to rechannel some IMF special-drawing rights, which can be used as foreign-currency reserves, to development banks.

Yet the ECB is not just responding to events. This can be seen in its promotion of the euro—something for which its mandate does not explicitly call. As Ms Lagarde recently told *The Economist*: “If there is more trade in euros, we need to provide the liquidity supporting that trade. An international euro is a force for stability.” One way in which the bank is planning to boost the euro is through a digital currency, which may help facilitate international transactions. It has gone further than the Fed, which is nowhere near to issuing one and is more worried about political approval.

Climate change is another area where the ECB is playing a role. As the EU’s main banking supervisor, it must assess emerging risks. “It is no longer controversial that the climate crisis translates into financial risk, and is thus squarely within our mandate,” says Frank Elderson of the ECB’s executive board. The results of an ECB climate stress test, published on September 6th, show that a faster energy transition will lower banks’ credit risks in the medium term. Thus green thinking will increasingly inform the ECB’s risk management, bond-buying and collateral policies.

Ms Lagarde argues more could be within the bank’s mandate: “All European bodies, from the European Parliament to member states, are committed to the Paris Agreement’s climate targets.” One policy being debated is a green version of the ECB’s targeted-lending operations. These have been employed so far as monetary-policy tools, encouraging financial institutions to lend to companies and households. Taking green considerations into account when handing out cash would mean the bank conducts outright climate policy, which would go beyond anything the Fed would consider doing.

The danger in all this is that the ECB does too much. There is no desire among national governments to put the bank on a leash. Indeed, it may offer a way to achieve things that politicians cannot, for fear of public backlash. Perhaps aware of its increasing power, countries are nominating former politicians to the ECB’s governing council. The president herself was previously France’s finance minister; Luis de Guindos, the bank’s vice-president, was Spain’s. Yet the more the ECB ventures into controversial areas, the greater the risk its legitimacy is eroded. For the moment, both politicians and central bankers are happy. Will citizens one day start to object? ■

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Free exchange

Does China face a lost decade?

Xi Jinping has the tools to escape Japan's fate. He should use them

Sep 10th 2023

"EVER SINCE the Chinese housing bubble burst," said Richard Koo of the Nomura Research Institute in a recent talk, "I've been getting tons of calls from Chinese journalists, economists, investors and sometimes policymakers asking me, 'Are we going the way of Japan?'"

Mr Koo is a good person to ask: he has devoted his career to studying the aftermath of financial excess. When the American economy's recovery from the first Gulf war faltered in 1991, his then boss at the New York Federal Reserve, Edward Frydl, began to worry about an overhang of debt and commercial property. This was "feeding a pervasive financial and economic conservatism among businesses and consumers", Frydl argued. Demand for credit was subdued, because firms were "directing their efforts towards balance-sheet restructuring". To describe these strains, he coined the term "balance-sheet recession".

Mr Koo later realised that Japan was suffering from the same overhangs, only far worse. After its stockmarket bubble burst in 1989, share prices plunged by 60% in less than three years. Property prices in Tokyo fell for over a decade. Deflation, by some measures, persisted even longer. Even the price of golf-club memberships—tradable on organised exchanges in Japan—tumbled by 94%. Many companies, which had borrowed to buy property or shares in other firms, found themselves technically insolvent, with assets worth less than liabilities. But they remained liquid, earning enough revenue to meet ongoing obligations. With survival at stake, they redirected their efforts from maximising profit to minimising debt, as Mr Koo put it.

In a healthy economy, corporations use funds provided by households and other savers, ploughing the money into expanding their businesses. In post-bubble Japan, things looked different. Instead of raising funds, the corporate sector began to repay debts and accumulate financial claims of its own. Its traditional financial deficit turned to a chronic financial surplus. Corporate inhibition robbed the economy of much-needed demand and entrepreneurial vigour, condemning it to a deflationary decade or two.

So is China going the way of Japan? Chinese enterprises have accumulated even more debt, relative to the size of the country's GDP, than Japan's did in its bubble era. China's house prices have begun to fall, damaging the balance-sheets of households and property firms. Credit growth has slowed sharply, despite cuts in interest rates. And flow-of-funds statistics show a narrowing in the financial deficit of China's corporations in recent years. In Mr Koo's judgment, China is already in a balance-sheet recession. Add to that a declining population and a hostile America and it is easy to be gloomy. Perhaps Japan is a best-case scenario.

Look closer, though, and the case is less conclusive. Much of the debt incurred by China's corporations is owed by state-owned enterprises that will continue to borrow and spend, with the support of state-owned banks, if required by China's policymakers. Among private enterprises, debt is concentrated on the books of property developers. They are reducing their liabilities and cutting back on investment in new housing projects. But in the face of falling property prices and weak housing sales, even developers with robust balance-sheets would be doing the same.

The end of China's property boom has made households less wealthy. This is presumably breeding conservatism in their spending. It is also true that households have repaid mortgages early in recent months, contributing to the sharp slowdown in credit growth. But surveys show that households' debts are low relative to their assets. Their mortgage prepayments are a rational response to changing interest rates, not a sign of balance-sheet stress. When interest rates fall in China, households cannot easily refinance their mortgages at the lower rates. It therefore makes sense for them to repay old, relatively expensive mortgages, even if that means redeeming investments that now offer lower yields.

What about the switch in corporate behaviour revealed by China's flow-of-funds statistics, which show the corporate sector moving to a financial surplus? This narrowing is largely driven by the crackdown on shadow banks, point out Xiaoqing Pi and her colleagues at Bank of America. When financial institutions are excluded, the corporate sector is still demanding funds from the rest of the economy. Chinese businesses have not made the collectively self-defeating switch from maximising profits to minimising debts that condemned Japan to a deflationary decade.

Japanese lessons

These differences show that China is not yet in a recession akin to Japan's. And Mr Koo is himself keen to emphasise one "huge" difference between the two countries. When Japan was falling into a balance-sheet recession, nobody in the country had a name for the problem or an idea of how to fight it. Today, he says, many Chinese economists are studying his ideas.

His prescription is straightforward. If households and firms will not borrow and spend even at low interest rates, then the government will have to do so instead. Fiscal deficits must offset the financial surpluses of the private sector until their balance-sheets are fully repaired. If Xi Jinping, China's ruler, gets the right advice, he can fix the problem in 20 minutes, Mr Koo has quipped.

Unfortunately, Chinese officials have so far been slow to react. The country's budget deficit, broadly defined to include various kinds of local-government borrowing, has tightened this year, worsening the downturn. The central government has room to borrow more, but seems reluctant to do so, preferring to keep its powder dry. This is a mistake. If the government spends late, it will probably have to spend more. It is ironic that China risks slipping into a prolonged recession not because the private sector is intent on cleaning up its finances, but because the central government is unwilling to get its own balance-sheet dirty enough. ■

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Argentina needs to default, not dollarise *(Sep 7th)*
How will politicians escape enormous public debts? *(Aug 31st)*
Which animals should a modern-day Noah put in his ark? *(Aug 24th)*

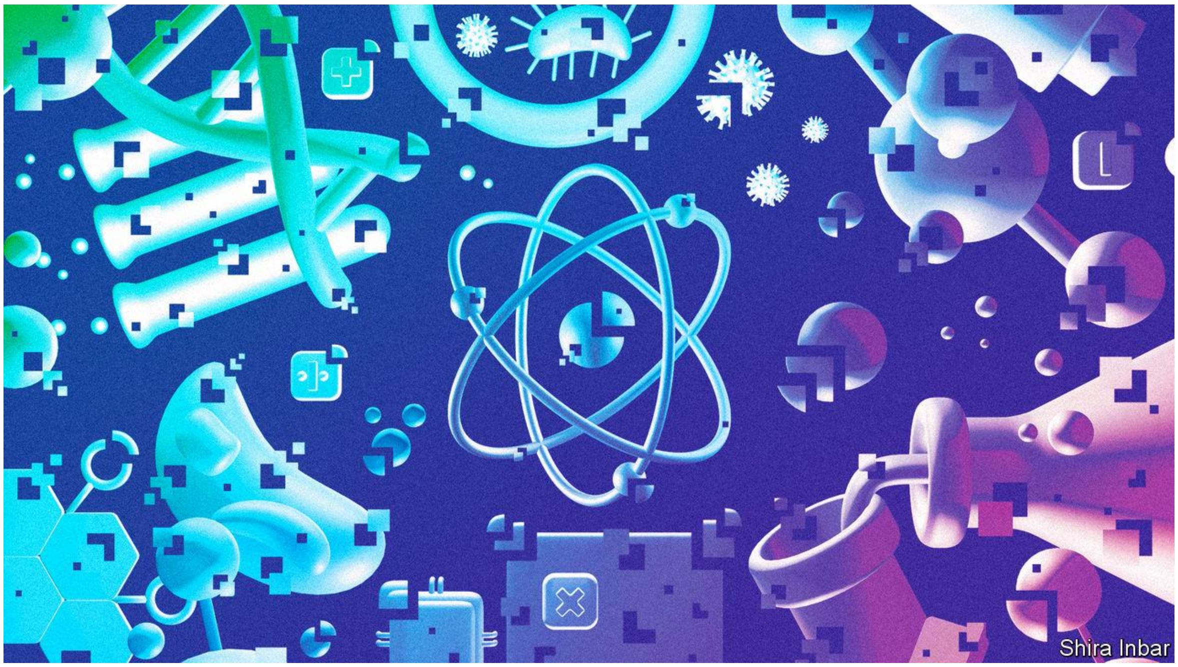
Science & technology

AI Science (1)

How scientists are using artificial intelligence

It is already making research faster, better, and more productive

Sep 13th 2023



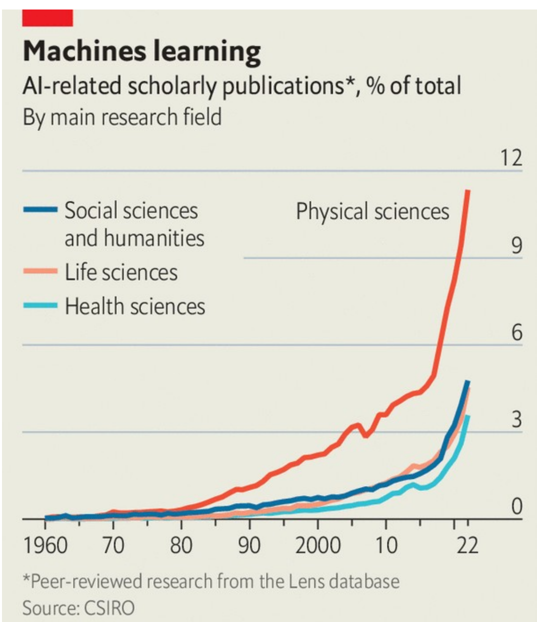
IN 2019, scientists at the Massachusetts Institute of Technology (MIT) did something unusual in modern medicine—they found a new antibiotic, halicin. In May this year another team found a second antibiotic, abaucin. What marked these two compounds out was not only their potential for use against two of the most dangerous known antibiotic-resistant bacteria, but also how they were identified.

In both cases, the researchers had used an artificial-intelligence (AI) model to search through millions of candidate compounds to identify those that would work best against each "superbug". The model had been trained on the chemical structures of a few thousand known antibiotics and how well (or not) they had worked against the bugs in the lab. During this training the model had worked out links between chemical structures and success at damaging bacteria. Once the AI spat out its shortlist, the scientists tested them in the lab and identified their antibiotics. If discovering new drugs is like searching for a needle in a haystack, says Regina Barzilay, a computer scientist at MIT who helped to find abaucin and halicin, AI acts like a metal detector. To get the candidate drugs from lab to clinic will take many years of medical trials. But there is no doubt that AI accelerated the initial trial-and-error part of the process. It changes what is possible, says Dr Barzilay. With AI, "the type of questions that we will be asking will be very different from what we're asking today."

Drug discovery is not alone in being jolted by the potential of AI. Researchers tackling many of the world's most complicated and important problems—from forecasting weather to searching for new materials for batteries and solar panels and controlling nuclear-fusion reactions—are all turning to AI in order to augment or accelerate their progress.

The potential is enormous. "AI could usher in a new renaissance of discovery," argues Demis Hassabis, co-founder of Google DeepMind, an AI lab based in London, "acting as a multiplier for human ingenuity." He has compared AI to the telescope, an essential technology that will let scientists see farther and understand more than with the naked eye alone.

Where have you been?



The Economist

Though it has been part of the scientific toolkit since the 1960s, for most of its life AI has been stuck within disciplines where scientists were already well-versed in computer code—particle physics, for example, or mathematics. By 2023, however, with the rise of deep learning, more than 99% of research fields were producing AI-related results, according to CSIRO, Australia's science agency (see chart). "Democratisation is the thing that is causing this explosion," says Mark Girolami, chief scientist at the Alan Turing Institute in London. What used to require a computer-science degree and lines of arcane programming languages can now be done with user-friendly AI tools, often made to work after a query to ChatGPT, OpenAI's chatbot. Thus scientists have easy access to what is essentially a dogged, superhuman research assistant that will solve equations and tirelessly sift through enormous piles of data to look for any patterns or correlations within.

In materials science, for example, the problem is similar to that in drug discovery—there are an unfathomable number of possible compounds. When researchers at the University of Liverpool were looking for materials that would have the very specific properties required to build better batteries, they used an AI model known as an "autoencoder" to search through all 200,000 of the known, stable crystalline compounds in the Inorganic Crystal Structure Database, the world's largest such repository. The AI had previously learned the most important physical and chemical properties required for the new battery material to achieve its goals and applied those conditions to the search. It successfully reduced the pool of candidates for scientists to test in the lab from thousands to just five, saving time and money.

The final candidate—a material combining lithium, tin, sulphur and chlorine—was novel, though it is too soon to tell whether or not it will work commercially. The AI method, however, is being used by researchers to discover other sorts of new materials.

What did you dream?

AI can also be used to predict. The shapes into which proteins twist themselves after they are made in a cell are vital to making them work. Scientists do not yet know how proteins fold. But in 2021, Google

DeepMind developed AlphaFold, a model that had taught itself to predict the structure of a protein from its amino-acid sequence alone. Since it was released, AlphaFold has produced a database of more than 200m predicted protein structures, which has already been used by over 1.2m researchers. For example, Matthew Higgins, a biochemist at the University of Oxford, used AlphaFold to figure out the shape of a protein in mosquitoes that is important for the malaria parasite that the insects often carry. He was then able to combine the predictions from AlphaFold to work out which parts of the protein would be the easiest to target with a drug. Another team used AlphaFold to find—in just 30 days—the structure of a protein that influences how a type of liver cancer proliferates, thereby opening the door to designing a new targeted treatment.

AlphaFold has also contributed to the understanding of other bits of biology. The nucleus of a cell, for example, has gates to bring in material to produce proteins. A few years ago, scientists knew the gates existed, but knew little about their structure. Using AlphaFold, scientists predicted the structure and contributed to understanding about the internal mechanisms of the cell. "We don't really completely understand how [the AI] came up with that structure," says Pushmeet Kohli, one of AlphaFold's inventors who now heads Google DeepMind's "AI for Science" team. "But once it has made the structure, it is actually a foundation that now, the whole scientific community can build on top of."

AI is also proving useful in speeding up complex computer simulations. Weather models, for example, are based on mathematical equations that describe the state of Earth's atmosphere at any given time. The supercomputers that forecast weather, however, are expensive, consume a lot of power and take a lot of time to carry out their calculations. And models must be run again and again to keep up with the constant inflow of data from weather stations around the world.

Climate scientists, and private companies, are therefore beginning to deploy machine learning to speed things up. Pangu-Weather, an AI built by Huawei, a Chinese company, can make predictions about weather a week in advance thousands of times faster and cheaper than the current standard, without any meaningful dip in accuracy. FourCastNet, a model built by Nvidia, an American chipmaker, can generate such forecasts in less than two seconds, and is the first AI model to accurately predict rain at a high spatial resolution, which is important information for predicting natural disasters such as flash floods. Both these AI models are trained to predict the weather by learning from observational data, or the outputs of supercomputer simulations. And they are just the start—Nvidia has already announced plans to build a digital twin of Earth, called "Earth-2", a computer model that the company hopes will be able to predict climate change at a more regional level, several decades in advance.

Physicists trying to harness the power of nuclear fusion, meanwhile, have been using AI to control complex bits of kit. One approach to fusion research involves creating a plasma (a superheated, electrically charged gas) of hydrogen inside a doughnut-shaped vessel called a tokamak. When hot enough, around 100m°C, particles in the plasma start to fuse and release energy. But if the plasma touches the walls of the tokamak, it will cool down and stop working, so physicists contain the gas within a magnetic cage. Finding the right configuration of magnetic fields is fiendishly difficult ("a bit like trying to hold a lump of jelly with knitting wool", according to one physicist) and controlling it manually requires devising mathematical equations to predict what the plasma will do and then making thousands of small adjustments every second to around ten different magnetic coils. By contrast, an AI control system built by scientists at Google DeepMind and EPFL in Lausanne, Switzerland, allowed scientists to try out different shapes for the plasma in a computer simulation—and the AI then worked out how best to get there.

Automating and speeding up physical experiments and laboratory work is another area of interest. "Self-driving laboratories" can plan an experiment, execute it using a robotic arm, and then analyse the results. Automation can make discovering new compounds, or finding better ways of making old compounds, up to a thousand times faster.

You've been in the pipeline

Generative AI, which exploded into public consciousness with the arrival of ChatGPT in 2022 but which scientists have been playing with for much longer, has two main scientific uses. First, it can be used to generate data. "Super-resolution" AI models can enhance cheap, low-resolution electronmicroscope images into high-resolution ones that would otherwise have been too expensive to record. The AI compares a small area of a material or a biological sample in high resolution with the same thing recorded at a lower resolution. The model learns the difference between the two resolutions and can then translate between them.

→ Across the universe

Many types of artificial intelligence are already being deployed across a wide range of scientific disciplines

Counting endangered animals
Wildlife conservation
Neural networks identify harmful starfish in photos and count endangered species in drone pictures. In one study, automatically classifying 3.2m images saved 8.4 years in human labour.

Understanding the brain
Neuroscience
"Geometric" deep learning deciphers how groups of neurons work together. Looking at the brain in terms of shapes could allow scientists to better understand both diseases and normal functioning.

Uncovering hidden patterns in knots
Pure mathematics
A neural network was used to find a hitherto-unknown connection between the geometric and algebraic representations of knots. The AI also found new aspects of their underlying structure.

Detecting anomalies
Fundamental physics
Particle collisions at the Large Hadron Collider generate more data each hour than Facebook does annually. Machine learning helped scientists sift through it to discover the Higgs boson in 2012.

Decoding whale sounds
Linguistics
Researchers use generative adversarial networks to infer which sounds in sperm-whale vocalisations are most meaningful to the animals, a step towards decoding the whales' communication system.

Quantifying uncertainty
Research methods
AI can track uncertainties and errors through a complex experiment or observation. For example, from an initial measurement in a telescope to the last step of a computer analysis.

And just as a large language model (LLM) can generate fluent sentences by predicting the next best word in a sequence, generative molecular models are able to build molecules, atom by atom, bond by bond. LLMs use a mix of self-taught statistics and trillions of words of training text culled from the internet to write in ways that plausibly mimic a human. Trained on vast databases of known drugs and their properties, models for "de novo molecular design" can figure out which molecular structures are most likely to do which things, and they build accordingly. Verseon, a pharmaceutical company based in California, has created drug candidates in this way, several of which are now being tested on animals, and one—a precision anticoagulant—that is in the first phase of clinical trials. Like the new antibiotics and battery materials identified by AI, chemicals designed by algorithms will also need to undergo the usual trials in the real world before their effectiveness can be assessed.

A more futuristic use for LLMs comes from Igor Grossmann, a psychologist at the University of Waterloo. If an LLM could be prompted with real (or fabricated) back stories so as to mirror accurately what human participants might say, they could theoretically replace focus groups, or be used as agents in economics research. LLMs could be trained with various different personas, and their behaviour could then be used to simulate experiments, whose results, if interesting, could later be confirmed with human subjects.

LLMs are already making scientists themselves more efficient. According to GitHub, using tools like its "Copilot" can help coders write software 55% faster. For all scientists, reading the background research in a field before embarking on a project can be a daunting task—the sheer scale of the modern scientific literature is too vast for a person to manage. Elicit, a free online AI tool created by Ought, an American non-profit research lab, can help by using an LLM to comb through the mountains of research literature and summarise the important ones much faster than any human could. It is already used by students and younger scientists, many of whom find it useful to find papers to cite or to define a research direction in the face of a mountain of text. LLMs can even help to extract structured information—such as every experiment done using a specific drug—from millions of documents.

Widening access to knowledge within disciplines could also be achieved with AI. Each detector at the Large Hadron Collider at CERN in Geneva requires its own specialised teams of operators and analysts. Combining and comparing data from them is impossible without physicists from each detector coming together to share their expertise. This is not always feasible for theoretical physicists who want to quickly test new ideas. Miguel Arratia, a physicist at the University of California, Riverside, has therefore proposed using AI to integrate measurements from multiple fundamental physics experiments (and even cosmological observations) so that theoretical physicists can quickly explore, combine and re-use the data in their own work.

AI models have demonstrated that they can process data, and automate calculations and some lab work (see table). But Dr Girolami warns that whereas AI might be useful to help scientists fill in gaps in knowledge, the models still struggle to push beyond the edges of what is already known.

These systems are good at interpolation—connecting the dots—but less so at extrapolation, imagining where the next dot might go.

And there are some hard problems that even the most successful of today's AI systems cannot yet handle. AlphaFold, for example, does not get all proteins right all the time. Jane Dyson, a structural biologist at the Scripps Research Institute in La Jolla, California, says that for "disordered" proteins, which are particularly relevant to her research, the AI's predictions are mostly garbage. "It's not a revolution that puts all of our scientists out of business." And AlphaFold does not yet explain why proteins fold in the ways they do. Though perhaps the AI "has a theory we just have not been able to grasp yet," says Dr Kohli.

Despite those limitations, structural biologists still reckon that AlphaFold has made their work more efficient. The database filled with AlphaFold's protein predictions allows scientists to work out the likely structure of a protein in a few seconds, as opposed to the years and tens of thousands of dollars it might have taken otherwise. According to Google DeepMind, scientists who use AlphaFold publish around 20% more papers than those in the same field who do not.

And speeding up the pace of scientific research and discovery, making efficiencies wherever possible, holds plenty of promise. In a recent report on AI in science the OECD, a club of rich countries, said that "while AI is penetrating all domains and stages of science, its full potential is far from realised." The prize, it concluded, could be enormous: "Accelerating the productivity of research could be the most economically and socially valuable of all the uses of artificial intelligence."

Welcome to the machine

If AI tools manage to boost the productivity of research, the world would no doubt get the "multiplier for human ingenuity" predicted by Dr Hassabis. But AI holds more potential still: just like telescopes and microscopes let scientists see more of the world, the probabilistic, data-driven models used in AI will increasingly allow scientists to better model and understand complex systems. Fields like climate science and structural biology are already at the point where scientists know that complicated processes are happening, but researchers so far have mainly tried to understand those subjects using top-down rules, equations and simulations. AI can help scientists approach problems from the bottom up instead—measure lots of data first, and use algorithms to come up with the rules, patterns, equations and scientific understanding later.

If the past few years have seen scientists dip their toes into the shallow waters of AI, the next decade and beyond will be when they have to dive into its depths and swim towards the horizon. ■

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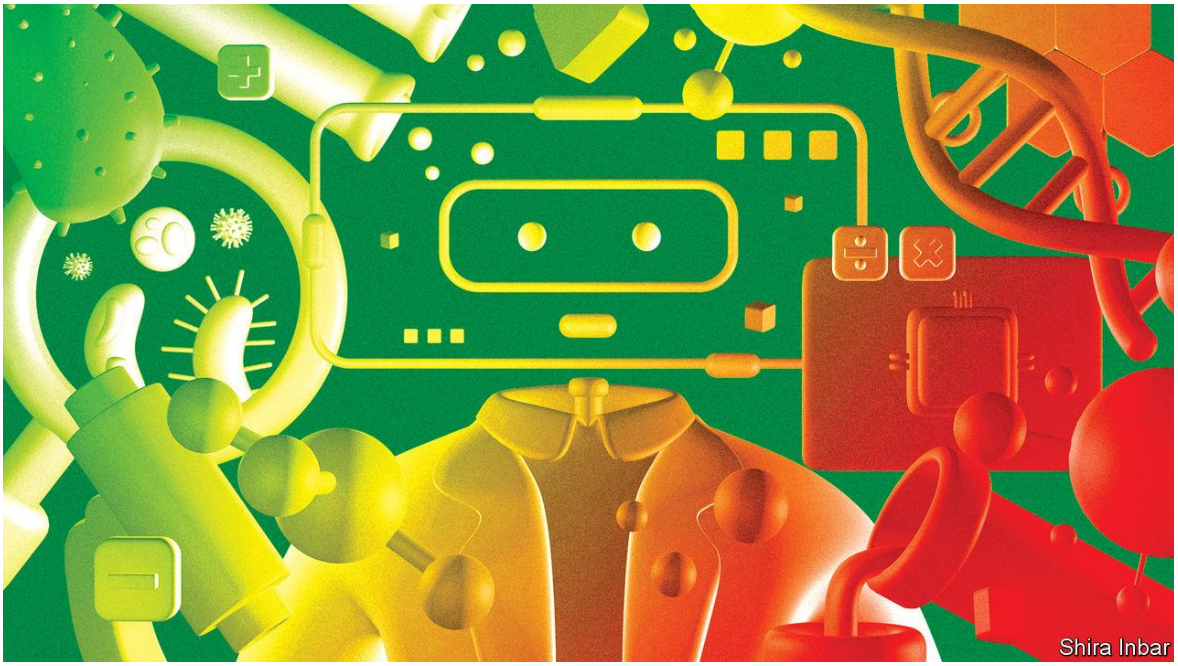
Robot scientists

Could AI transform science itself?

Previous scientific revolutions have been led by academic journals and laboratories. Robots might create the next one

Sep 13th 2023


Shira Inbar

"BY AMPLIFYING HUMAN intelligence, AI may cause a new Renaissance, perhaps a new phase of the Enlightenment," Yann LeCun, one of the godfathers of modern artificial intelligence (AI), suggested earlier this year. AI can already make some existing scientific processes faster and more efficient, but can it do more, by transforming the way science itself is done?

Such transformations have happened before. With the emergence of the scientific method in the 17th century, researchers came to trust experimental observations, and the theories they derived from them, over the received wisdom of antiquity. This process was, crucially, supported by the advent of scientific journals, which let researchers share their findings, both to claim priority and to encourage others to replicate and build on their results. Journals created an international scientific community around a shared body of knowledge, causing a surge in discovery known today as the scientific revolution.

A further transformation began in the late 19th century, with the establishment of research laboratories—factories of innovation where ideas, people and materials could be combined on an industrial scale. This led to a further outpouring of innovation, from chemicals and semiconductors to pharmaceuticals. These shifts did more than just increase scientific productivity. They also transformed science itself, opening up new realms of research and discovery. How might AI do something similar, not just generating new results, but new ways to generate new results?

A promising approach is "literature-based discovery" (LBD) which, as its name suggests, aims to make new discoveries by analysing scientific literature. The first LBD system, built by Don Swanson at the University of Chicago in the 1980s, looked for novel connections in MEDLINE, a database of medical journals. In an early success, it put together two separate observations—that Raynaud's disease, a circulatory disorder, was related to blood viscosity, and that fish oil reduced blood viscosity—and suggested that fish oil might therefore be a useful treatment. This hypothesis was then experimentally verified.

We're charging our battery

But Dr Swanson's LBD system failed to catch on outside the AI community at the time. Today AI systems have become far more capable at natural-language processing and have a much larger corpus of scientific literature to chew on. Interest in LBD-style approaches is now growing in other fields, notably materials science.

In 2019, for example, a group of researchers led by Vahe Tshitoyan, then at Lawrence Berkeley National Laboratory, in America, used an AI technique called unsupervised learning to analyse the abstracts of materials-science papers, and extract information about the properties of different materials into mathematical representations called "word embeddings". These place concepts into a multi-dimensional space where similar concepts are grouped together. The system thereby gained a "chemical intuition" so that it could, for example, suggest materials with similar properties to another material. The AI was then asked to suggest materials that might have thermoelectric properties (the ability to turn a temperature difference into an electrical voltage, and vice versa), even though they were not identified as such in the literature. The ten most promising candidate materials were selected, and experimental testing found that all ten did indeed display unusually strong thermoelectric properties.

The researchers then retrained their system, omitting papers from more recent years, and asked it to predict which new thermoelectric materials would be discovered in those later years. The system was eight times more accurate at predicting such discoveries than would be expected by chance alone. It could also make accurate discovery predictions using other terms, such as “photovoltaic”. The researchers concluded that “such language-based inference methods can become an entirely new field of research at the intersection between natural-language processing and science.”

A paper by Jamshid Sourati and James Evans, both sociologists at the University of Chicago, published this year in *Nature Human Behaviour*, extends this approach in a novel way. It starts with the observation that LBD systems tend to focus on concepts within papers, and ignore their authors. So they trained an LBD system to take account of both. The resulting system was twice as good at forecasting new discoveries in materials science than the one built by Dr Tshitoyan’s team, and could also predict the actual discoverers with more than 40% accuracy. But the researchers then went one step further. Instead of following the crowd and predicting where researchers would make new discoveries, they asked their model to avoid the crowd, and identify “alien” hypotheses that are scientifically plausible, but unlikely, in the normal course of things, to be discovered in the near future. The system can thus, the researchers argue, both accelerate near-term discoveries, and probe “blind spots” where new discoveries await.

As well as suggesting new hypotheses to investigate, LBD systems that take authorship into account can also suggest potential collaborators who may not know one other. This approach could be particularly effective when identifying scientists who work in different fields, bridging complementary areas of research. Cross-disciplinary research collaborations “will go from being rarities to being more commonplace” when mediated by AI, says Yolanda Gil, a computer scientist at the University of Southern California. And as LBD systems are extended so that they can handle tables, charts and data such as gene sequences and programming code, they will become more capable. In future, researchers might come to rely on such systems to monitor the deluge of new scientific papers, highlight relevant results, suggest novel hypotheses for research—and even link them up with potential research partners, like a scientific matchmaking service. AI tools could thus extend and transform the existing, centuries-old infrastructure of scientific publishing.

We're full of energy

If LBD promises to supercharge the journal with AI, "robot scientists", or "self-driving labs", promise to do the same for the laboratory. These machines go beyond existing forms of laboratory automation, such as drug-screening platforms. Instead, they are given background knowledge about a particular area of research, in the form of data, research papers and patents. They then use AI to form hypotheses, carry out experiments using robots, assess the results, modify their hypotheses, and repeat the cycle. Adam, a machine built at Aberystwyth University in Wales in 2009, did experiments on the relationship between genes and enzymes in yeast metabolism, and was the first machine to discover novel scientific knowledge autonomously.

The successor to Adam, called Eve, performs drug-discovery experiments and has more sophisticated software. When planning and analysing experiments, it uses machine learning to create "quantitative structure activity relationships" (QSARs), mathematical models that relate chemical structures to biological effects. Eve has discovered, for example, that triclosan, an antimicrobial compound used in toothpaste, can inhibit an essential mechanism in malaria-causing parasites.

Ross King, an AI researcher at the University of Cambridge who created Adam, draws an analogy between robot scientists of the future with AI systems built to play chess and Go. The prospect of machines beating the best human players once seemed decades away, but the technology improved faster than expected. Moreover, AI systems developed strategies for those games that human players had not considered. Something similar could happen with robot scientists as they become more capable. "If AI can explore a full hypothesis space, and even enlarge the space, then it may show that humans have only been exploring small areas of the hypothesis space, perhaps as a result of their own scientific biases," says Dr King.

Robot scientists could also transform science in another way: by helping fix some of the problems afflicting the scientific enterprise. One of these is the idea that science is, by various measures, becoming less productive, and pushing forward the frontiers of knowledge is becoming harder and more expensive. There are several theories for why this might be: the easiest discoveries may already have been made, for example, and more training is now needed for scientists to reach the frontier. AI-driven systems could help by doing laboratory work more quickly, cheaply and accurately than humans. Unlike people, robots can work around the clock. And just as computers and robots have enabled large-scale projects in astronomy (such as huge sky surveys, or automated searching for exoplanets), robot scientists could tackle big problems in systems biology, say, that would otherwise be impractical because of their scale. “We don’t need radically new science to do that, we just need to do lots of science,” says Dr King.


Shira Inbar

Automation might also help address another problem: the reproducibility crisis. In theory, when scientists publish their results, others can replicate and verify their work. But there is little glory in replication, which makes it rare. When it does happen, many attempts fail, suggesting that the original work was invalid, or even fraudulent. Scientists have little incentive to repeat the work of others and they are under pressure to publish new results, not verify existing ones. Again, robot scientists could help in some areas of research, such as molecular biology. A study published in 2022 by Katherine Roper, of the University of Manchester, analysed more than 12,000 papers on breast cancer and selected 74 biomedical results for verification using the Eve robot, which was able to reproduce 43 of them. The researchers concluded that automation "has the potential to mitigate the reproducibility crisis" and that it "side-steps the sociological and career disincentives for replication". Machines do not mind publishing verifications of previous results. Nor, unlike human scientists, are they embarrassed by publishing negative results, for example if a particular molecule fails to interact with a given target. Publishing negative results would reduce wasted effort by telling future researchers what not to do. And robot scientists reliably record everything about their work in great detail, which (in theory) facilitates subsequent analysis of their results. "AI innovations can improve the scientific enterprise in all those areas," says Dr Gil.

Functioning automatic?

Obstacles abound. As well as better hardware and software, and closer integration between the two, there is a need for greater interoperability between laboratory-automation systems, and common standards to allow AI algorithms to exchange and interpret semantic information. The introduction of standardised microplates, containing hundreds of tiny test tubes that allow laboratory samples to be processed in batches, increased productivity several hundred-fold for certain types of analysis. Now the same thing needs to happen for data—much of the data from microplate arrays in biology labs ends up in spreadsheets or in tables in papers, for example, where it is not machine-readable.

Another barrier is a lack of familiarity with AI-based tools among scientists. And some researchers, like most workers, worry that automation threatens their jobs. But things are changing, says Dr Gil. When she surveyed attitudes towards AI in science in 2014, she found that, in most fields, "interest in AI seems relatively limited". Most efforts to incorporate AI into scientific research came from AI researchers, who were often met with scepticism or hostility. But the impact of AI is now "profound and pervasive", says Dr Gil. Many scientists, she says, are now "proactively seeking AI collaborators". Recognition of AI's potential is growing, particularly in materials science and drug discovery, where practitioners are building their own AI-powered systems. “If we could get machines to be as good at science as human beings, that would be a radical break, because you can make lots of them,” says Dr King.

Scientific journals changed how scientists discovered information and built on each other’s work. Research laboratories scaled up and industrialised experimentation. By extending and combining these two previous transformations, AI could indeed change the way science is done. ■

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Culture

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Scare-brained

How fear has shaped human affairs

A new history argues that power depends on frightening people

Sep 9th 2023

Fear: An Alternative History of the World. By Robert Peckham. *Profile Books; 448 pages; £25*

ONE OF THE bestselling books of all time was about witches. It was not a cheerful romp like the Harry Potter novels. Instead, it was a serious instruction manual, explaining how to identify, capture, torture confessions from—and eventually kill—Satan's handmaidens. Published in 1486, "Malleus Maleficarum" ("Hammer of Witches") reputedly sold more copies over the next two centuries than any book bar the Bible.

As Robert Peckham, a fellow at the Royal Historical Society in London, writes in "Fear: An Alternative History of the World", anxiety about witches sprang from ignorance. Knowing nothing of microbes, people guessed that misfortunes such as disease were caused by magic. Yet their fear could be manipulated for political purposes. Christendom was split in the 16th century, with the pope and various Protestant potentates vying for control.

Exterminating witches was a handy way for an earthly ruler to signal which side he was on: God's, not the Devil's.

Fear is a primal, necessary emotion. Mr Peckham calls it "a neurobiological process to keep us alive". If our ancestors had not feared cliff-edges or sabre-toothed tigers, we might not be here today. The flipside is that, since humans are a communicative, imaginative species, fear can be conjured out of whispers. His book does not quite live up to its ambitious subtitle, but it illuminates the many ways in which fear has shaped human behaviour over the past 700 years, from which readers can draw lessons for the present.

The main one is: "Power depends on fear." Mr Peckham argues that the turmoil of the Reformation and Counter-Reformation stemmed partly from the Catholic church's loss of its "monopoly on fear" in western Europe. For a thousand years it had convinced people that it alone held the keys to the afterlife. It could turn people's fear of eternal torment into cash by selling indulgences. One peddler of these "get-out-of-purgatory" certificates, Johann Tetzel, used to frighten congregations into paying up "by conjuring visions of their dead parents wailing for mercy" while being tortured by demons.

When Martin Luther rebelled against such abuses, many people were no doubt swayed by his theological arguments. But an additional incentive for the kings who declared their realms Protestant was that they could then shake off the pope's temporal authority and wield some of his awesome tools to support their own states.

Much of this book was written during the covid-19 pandemic, so the author naturally ponders the fear of infection—and its manipulation by the powerful. When the Black Death struck Europe, rumours spread that unpopular minorities, such as "Jews, Muslims, paupers, lepers and foreigners", might be "malevolent carriers of contagion". Horrific persecution followed.

Terrified of the social unrest stirred up by the plague, the ruling class was happy to direct popular rage towards targets other than themselves. Some had other motives, too. The bishop of Strasbourg, who had 2,000 Jews burned to death one day in 1349, owed huge sums to Jewish moneylenders.

(Conspiracy theories about Jews persist today, many of them directed at the Rothschilds)

Covid was less awful than the Black Death. Medicine has advanced over the centuries, but human nature has changed rather less. Fear of the coronavirus seeded all manner of conspiracy theories, and many governments took advantage of pandemic panic to suppress civil liberties. While living in Hong Kong, Mr Peckham observed first-hand how the Chinese Communist Party used the virus as an excuse to ban the pro-democracy protests that had rocked the place in 2019-20.

The book explores how easy it is for bold liars to fan terror. As Hermann Göring, Adolf Hitler's air chief, summarised: "All you have to do is tell [the people] they are being attacked and denounce the pacifists for lack of patriotism and exposing the country to danger. It works the same way in any country." The Nazis also promoted environmental alarmism, claiming that a looming global food shortage justified invading neighbouring countries.

One of the best antidotes to fear is humour. Luther used a new form of mass communication—the printing press—to mock the pope. Salacious cartoons depicted Rome as a brothel, cardinals emerging from the Devil's backside and the pope astride a pig. Laughter can assuage fear and puncture authority.

Small wonder fearmongers try to kill satirists. Sir Salman Rushdie gets only a passing mention but deserves more. In 1988 he published a novel that satirised many figures, including the Ayatollah Khomeini, Iran's despot. Khomeini urged Muslims to murder the author, citing the book's allegedly blasphemous depiction of the Prophet Muhammad. Last year a zealot in New York stabbed Sir Salman in the eye.

Khomeini died in 1989, but the terror he stoked lives on. His immediate motive was probably to bolster support for his joyless regime. That seems to have worked: it still misrules Iran. But the *fatwa* had global consequences, making clear that the anti-blasphemy laws of a reactionary theocracy could be enforced by volunteer assassins anywhere on the planet.

In liberal countries writers, artists and comedians are now scared to discuss the Prophet, let alone lampoon him. In many Islamic countries, the assassin's veto hangs over wide areas of intellectual life: freewheeling debate on the role faith plays in politics is almost impossible. Thus one long-bearded, long-buried Iranian fearmonger continues to obstruct the progress of a quarter of humanity.

There are two compelling reasons to read this book. First, in a depressing number of places, including China, India and Russia, governments are ramping up their use of fear to keep citizens in line. Second, people's memories of how such tactics have worked in the past are worryingly hazy. In a poll Mr Peckham cites, almost half of young Russians were unaware of Stalin's reign of terror. Now that's scary. ■

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Of ties and lies

Conspiracy theorists are obsessed with the Rothschild family

A new book, "Jewish Space Lasers", tries to explain why

Sep 9th 2023

Jewish Space Lasers: The Rothschilds and 200 Years of Conspiracy Theories. By Mike Rothschild. *Melville House; 336 pages; $32.50 and £30*

BRUTAL WILDFIRES ravaged Maui in August, killing at least 115 people. Some conspiracy theorists claimed that the fires were caused by energy beamed from satellites, reviving an idea advanced in an online post from 2018 that attributed Californian wildfires to "space solar generators". The author, Marjorie Taylor Greene (pictured), speculated about the novel technology's backers, including a company she identified as "Rothschild Inc".

When Ms Greene wrote those words she was a conservative activist and gym owner, but her past pronouncements faced closer scrutiny when she was, improbably, elected to Congress in 2020. Her screed, later described as a rant about "Jewish space lasers" (a phrase she had not in fact used), drew mockery. It also led to accusations of anti-Semitism, in response to which she insisted that she "didn't find out until recently that the Rothschilds were Jewish".

Mike Rothschild is an American journalist with no connections to the Rothschild family he writes about. "This is the biography of an idea," he explains, "and it's a simple enough one: that Jews control everything, and that the Rothschilds are the 'Kings of the Jews'."

After giving a potted history of the Rothschild banking dynasty that began with Mayer Amschel Rothschild, born in Frankfurt's Jewish ghetto in 1744, he then highlights conspiracy theorists' twisted, alternative version. This portrays the Rothschilds as puppet-masters who engineered the American civil war and hired Charles Darwin to invent the theory of evolution so they could promote a godless one-world government. They now supposedly control 80% of global wealth and run sperm banks to expand their bloodline. For reasons not wholly unrelated to his surname, the author is keen to discredit such preposterous notions. (A branch of the Rothschild family owns a stake in *The Economist*. Make of that what you will.)

Mr Rothschild has immersed himself in anti-Semitic propaganda. Familiar examples include "The Protocols of the Elders of Zion", a forgery published in Russia in 1903 that purports to be a Jewish blueprint for world domination, and Eustace Mullins's anti-Rothschild volume "The Secrets of the Federal Reserve" (1952). The latter was among the 39 English-language books found on the shelves of Osama bin Laden's compound when American special forces tracked him down and killed him in 2011.

In 1846 Mathieu Georges Dairnvaell, a Frenchman, published a hostile pamphlet after a fatal rail crash on a line owned by James de Rothschild, Mayer Amschel's youngest son. Dairnvaell attributed the crash to the Rothschilds' penny-pinching neglect of passenger safety and linked it to the family's financial gains following the Battle of Waterloo, arguing that "they have enriched themselves with our impoverishment and our disasters." (The Rothschilds probably made money from early knowledge of the outcome of Waterloo but did not cause the rail accident.) Dairnvaell's pamphlet about these "vampires of commerce" is now obscure, but its reach has been long. An inheritor of Dairnvaell's bile is Alex Jones, a right-wing radio host. The

Rothschilds have been mentioned in more than 1,300 episodes of his podcast.

Mr Rothschild's trawl through libels and canards risks repetitiveness, but he illustrates how and why conspiracy theories spread. They begin with a paranoid aversion to official accounts of events and an eagerness to see causation where there is only correlation; they burgeon because they tap into what terrifies or enrages people, especially those who feel powerless. They travel quickly when they lend themselves to gossipy soundbites, sick humour and tasteless online memes. Like a never-ending laser show, they captivate people and distract them from reality. ■

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Johnson

The importance of handwriting is becoming better understood

Research on pens and paper highlights their benefits

Sep 14th 2023

TWO AND A HALF millennia ago, Socrates complained that writing would harm students. With a way to store ideas permanently and externally, they would no longer need to memorise. It is tempting to dismiss him as an old man complaining about change. Socrates did not have a stack of peer-reviewed science to make his case about the usefulness of learning concepts by heart.

Today a different debate is raging about the dangers of another technology—computers—and the typing people do on them. As primary-school pupils and PhD hopefuls return for a new school year in the northern hemisphere, many will do so with a greater-than-ever reliance on computers to take notes and write papers. Some parents of younger students are dismayed that their children are not just encouraged but required to tote laptops to class. University professors complain of rampant distraction in classrooms, with students reading and messaging instead of listening to lectures.

A line of research shows the benefits of an "innovation" that predates computers: handwriting. Studies have found that writing on paper can improve everything from recalling a random series of words to imparting a better conceptual grasp of complicated ideas.

For learning material by rote, from the shapes of letters to the quirks of English spelling, the benefits of using a pen or pencil lie in how the motor and sensory memory of putting words on paper reinforces that material. The arrangement of squiggles on a page feeds into visual memory: people might remember a word they wrote down in French class as being at the bottom-left on a page, *par exemple*.

One of the best-demonstrated advantages of writing by hand seems to be in superior note-taking. In a study from 2014 by Pam Mueller and Danny Oppenheimer, students typing wrote down almost twice as many words and more passages verbatim from lectures, suggesting they were not understanding so much as rapidly copying the material.

Handwriting—which takes longer for nearly all university-level students—forces note-takers to synthesise ideas into their own words. This aids conceptual understanding at the moment of writing. But those taking notes by hand also perform better on tests when students are later able to study from their notes. The effect even persisted when the students who typed were explicitly instructed to rephrase the material in their own words. The instruction was "completely ineffective" at reducing verbatim note-taking, the researchers note: they did not understand the material so much as parrot it.

Many studies have confirmed handwriting's benefits, and policymakers have taken note. Though America's "Common Core" curriculum from 2010 does not require handwriting instruction past first grade (roughly age six), about half the states since then have mandated more teaching of it, thanks to campaigning by researchers and handwriting supporters. In Sweden there is a push for more handwriting and printed books and fewer devices. England's national curriculum already prescribes teaching the rudiments of cursive by age seven.

However, several school systems in America have gone so far as to ban most laptops. This is too extreme. Some students have disabilities that make handwriting especially hard. Nearly all will eventually need typing skills. And typing can improve the quality of writing: being able to get ideas down quickly, before they are forgotten, can obviously be beneficial. So can slowing down the speed of typing, says Dr Oppenheimer.

Virginia Berninger, emeritus professor of psychology at the University of Washington, is a longtime advocate of handwriting. But she is not a purist; she says there are research-tested benefits for “manuscript” print-style writing, for cursive (which allows greater speed) but also for typing (which is good practice for composing passages). Since students spend more time on devices as they age, she argues for occasional “tuning up” of handwriting in later school years.

And perhaps even into adulthood. Johnson had not handwritten anything longer than a letter in decades before putting actual pen to paper to write this column’s first draft. Whether it made any difference to the outcome is a question that readers must decide.

Socrates may or may not have had a point about the downsides of writing. But no one would remember, much less care, if his student Plato had not noted it down for the benefit of posterity.■

Read more from Johnson, our columnist on language:
AI could make it less necessary to learn foreign languages (Aug 17th)
In northern Europe, a backlash against English is under way (Aug 4th)
AI is making it possible to clone voices (Jul 20th)

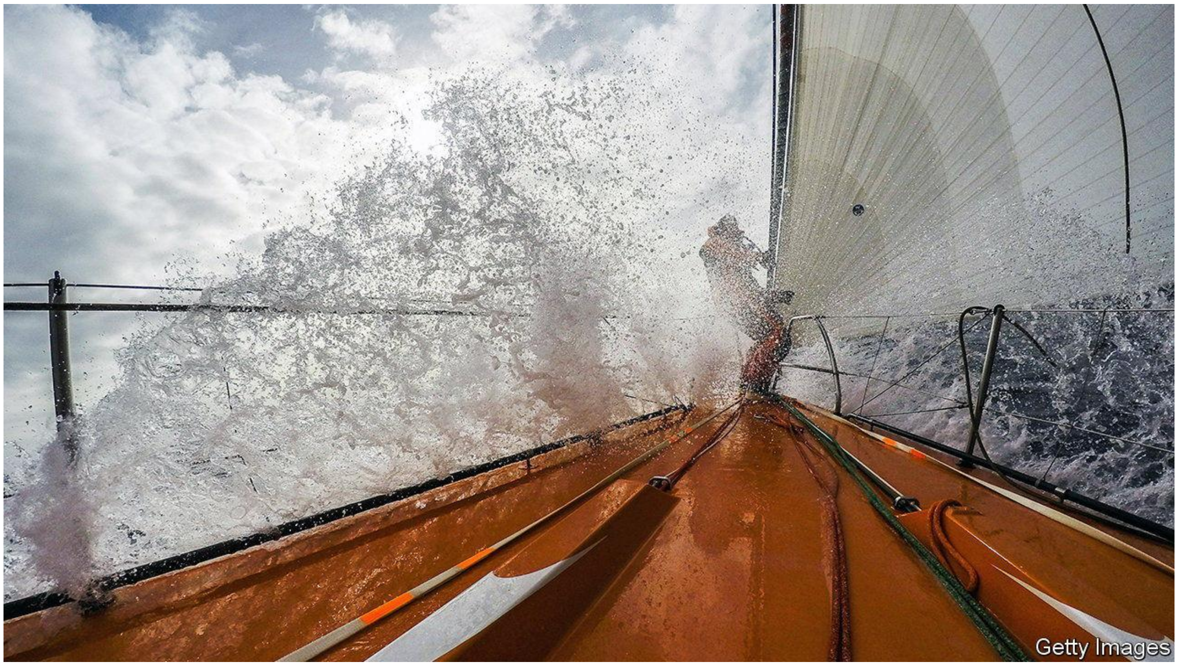
For more on the latest books, films, TV shows, albums and controversies, sign up to Plot Twist, our weekly subscriber-only newsletter

Rough waters

A history of solitary sailing asks why people seek out its danger

"Sailing Alone" is packed with ripping yarns and driven characters

Sep 14th 2023



Sailing Alone: A History. By Richard King. *Particular Books; 512 pages; £25*

JOSHUA SLOCUM, an indefatigable trader, entrepreneur and sailor, born in 1844 on a farm in Nova Scotia, had a patchy record as a ship's captain. Mutinies had a way of breaking out among his crews—he once shot a man dead—and too many of his ships had ended up grounded or worse. He loathed the look of steamships that by the 1890s had almost entirely replaced sail-powered freighters. What was there for an old sailor "born in the breezes", who "had studied the sea as perhaps few men have studied it", to do?

His solution was to restore a rotting hulk given to him by a friend and to become the first person to circumnavigate the world single-handedly. The three-year adventure aboard the 37-foot (11-metre) *Spray* would be funded by dispatches he would send to the *Boston Globe*. The book he went on to write, "Sailing Alone Around the World", has never been out of print.

In an engaging, beautifully written history of single-handed sailing, Slocum's influence and example are never far from the horizon. Richard King, the author, is a solo trans-Atlantic sailor himself. He sets out to investigate what it is that possesses an ever-growing number of people to get into a small boat and sail on their own across the world's seas.

Mr King examines the experiences and emotions of some 50 lone sailors. Interest in solitary sailing for its own sake began in the second half of the 19th century, with voyages around the coast of Britain in 1869 (E.E. Middleton), across the Atlantic in 1876 (Alfred "Centennial" Johnson) and from California nearly to Australia in 1882 (Bernard Gilboy).

The answer to the question of why people go on such dangerous journeys varies widely. A yearning for personal validation is often the wind at a solo sailor's back, but a surprising number of voyagers had little knowledge of boats or the sea before planning (or, in some cases, even beginning) their aquatic adventures. Ann Davison, who became the first woman to circumnavigate the globe in 1952, had been widowed by a sailing accident but was a novice sailor herself. She chose sailing "because it offered freedom, independence, travel and a home into the bargain".

The "explorer-hippy-poet of the sea" Bernard Moitessier so identified with the creatures he saw that he felt himself become part of the pelagic world around him. He believed his boat was a living, breathing being. He described the "great cape" as having a "soul as smooth as a child's, as hard as a criminal's". Moitessier was on the brink of securing the fastest time in the Golden Globe race of 1968 when he decided to leave what he increasingly felt was a vulgar competition. He just carried on sailing—one and a half times around the world.

Those who have undertaken solo, around-the-world sailing share similar observations and emotions. Seabirds, particularly busy storm-petrels and lazily gliding albatrosses, are friends, as are playful dolphins and doggedly paddling turtles. Nearly all are frightened of sharks, a sinister presence waiting for the lone sailor to make a mistake. All suffer sleep deprivation (and some, hallucinations). They doze an hour or two while trusting in their self-steering systems, conscious of the possibility of that rogue wave coming crashing down on them, or, even worse, being run down by a huge tanker or container ship oblivious to their tiny presence.

The author relates the story of his own solo North Atlantic passage in 2007, done in an elderly 28-foot sloop. Although not to be compared to the feats of the extraordinary sailors he recounts in this book, his experiences are sufficiently intense for him to empathise deeply with them. Towards the end of his voyage, a container ship almost smashes into him. His self-steering vane somehow gybes his little boat away from disaster.

Slocum, the early pioneer of solo sailing, was not so lucky. Soon after setting sail from Vineyard Haven, Massachusetts, in November 1909, he and *Spray* disappeared. He was almost certainly run down by one of his hated steamships. ■

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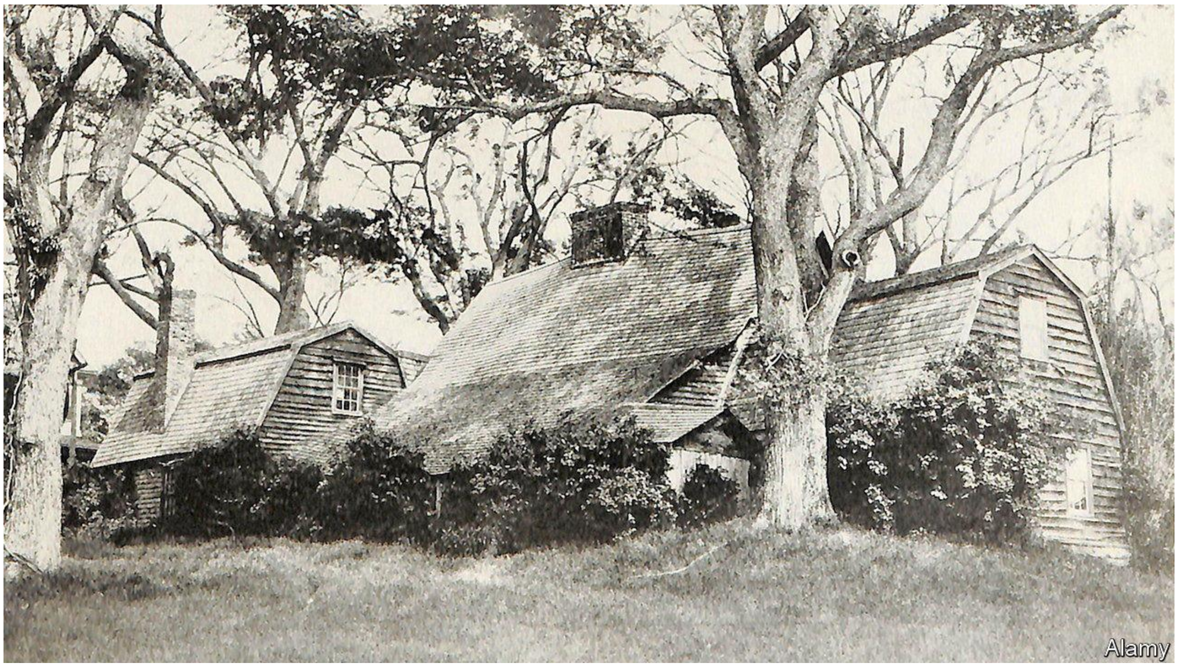
Forget me not

“North Woods”, a new novel, explores the limits of memory

Daniel Mason’s interconnecting stories, set in a single home, span four centuries

Sep 14th 2023



North Woods. By Daniel Mason. *Random House; 384 pages; $28. John Murray; £16.99*

MONUMENTS IN AMERICA are the subject of fierce debate: people disagree on who should be remembered and how. “North Woods”, an enthralling novel, takes up the issue of what and who are lost to history. Set in a single home, the interconnecting stories span four centuries, tracking generations living in the forests of Massachusetts.

The book begins with a couple eloping into the “north woods” from a colony in the 1600s. Decades later, a sick woman and her infant captured by Native Americans are brought to the home. The events that immediately follow—which involve poison, axes and guns—evoke a country in conflict. They are the first instances of violence that occur at the home, but not the last.

Throughout the chapters characters imagine each other but do not understand the people who came before. Only readers have the omniscience to intuit what has occurred across lifetimes. The house is the protagonist, but over the centuries many memorable characters cross its threshold.

Mr Mason's previous novel, "A Registry of My Passage upon the Earth", was a finalist for the Pulitzer prize. In "North Woods" he plays enjoyably with form. Chapters are written as letters, songs, a true-crime story, a lecture to a historical society (echoing the epilogue of Margaret Atwood's "The Handmaid's Tale") and even a real-estate advertisement.

Having taught psychiatry at Stanford, Mr Mason writes evocatively about mental illness and ghosts. He has a naturalist's eye for detail, such as "the thousand seasons—of frogsong, of thunderheads, of first thaws—that hid within the canonical four".

But the bigger point of "North Woods" is how much is forgotten or never known. This resonates at a time when Americans are arguing about what version of history students should be taught. A subplot involves the electric but short-circuited romance of two men, a writer and painter, who are both married to women. Later, their love letters are published and attributed to the writer and his wife—to be remembered as such by future generations. But not by riveted readers. ■

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Messiah, menace or both?

Impulsive and self-destructive: Elon Musk as depicted in a new book

The billionaire has a lofty vision for humanity—and is unusually determined to see it through

Sep 12th 2023

Elon Musk. By Walter Isaacson. *Simon & Schuster; 688 pages; $35 and £28*

WHAT EXACTLY is going on with Elon Musk? This question once preoccupied only techie types. But Mr Musk's prominence in space-launch services, satellite-internet access, electric cars and social media means that the unpredictable behaviour of the world's richest man now has global consequences. He controls Donald Trump's access to Twitter, internet connectivity for Ukraine's armed forces and America's ability to send people into space. He has altered the course of multiple industries. And he has a knack for spotting what will be important in the future (so his side bets on brain chips and humanoid robots are probably worth watching). It is no surprise so many people now want to know what makes Mr Musk tick.

Walter Isaacson sets out to answer that question in this intimate biography. Previously a biographer of Steve Jobs, he shadowed Mr Musk for two years, gaining access to his family and closest confidants, to produce a detailed psychological portrait.

Born in 1971, Mr Musk had a tumultuous childhood in South Africa. He was brought up partly by a struggling single mother and partly by an abusive father. Violently bullied at school, Mr Musk escaped into daydreams and science-fiction novels. As a young man he emigrated, first to Canada, then America. He made his first millions during the dotcom fever of the late 1990s, co-founding an online business directory and then an online bank that, after a merger, became PayPal. He then set himself the modest goal of turning *Homo sapiens* into a "multi-planetary species" that could survive extinction on Earth.

It is hard to think of anyone else who has wrought such astounding change in so many different fields of endeavour, notably with SpaceX, his rocket company, and Tesla, a maker of electric cars. Yet Mr Musk is as widely loathed as he is admired, thanks to his pronouncements on politics, his crusade against the "woke mind virus" and his rocky stewardship of Twitter (which for some reason he has renamed X). Mr Isaacson describes a man with a lofty vision for humankind, but who is impulsive, pugnacious and self-destructive.

In Mr Isaacson's view, Mr Musk is propelled by a conviction that humanity is hurtling towards calamity. Hence his superhuman work ethic (the man barely sleeps) and his tolerance for risk (he has endangered his fortune a number of times and often pushes his engineers to take calculated gambles). Hence, too, his habit of furiously reprimanding or even summarily firing employees whom he deems incompetent or insufficiently committed.

Mr Musk has faith in his own wisdom. When it comes to artificial intelligence, he believes no one but he can be trusted to protect humans from malevolent machines. He is being drawn into geopolitics, too. Mr Isaacson recounts how, as *The Economist* reported last October, Mr Musk refused to let Starlink, his satellite-internet service, be used by Ukraine to attack Russian forces occupying Crimea, for fear that an assault on the peninsula might provoke nuclear retaliation. (Ukraine attacked it later, triggering no such response.)

What transpires is a picture of a driven, talented entrepreneur who has become increasingly unstable and petty even as his influence over global affairs has grown. No doubt other business leaders are capable of unpredictable behaviour—Jobs comes to mind (a comparison the author encourages)—but they have not provided a live feed of their thoughts on Twitter. Lauded as Jobs's successor, Mr Musk now draws comparisons with a different mercurial billionaire who inspires cult-like loyalty while acting like an aggrieved toddler.

Has the true Mr Musk emerged, feeling increasingly unconstrained as his wealth and power have grown, or has this behaviour been exacerbated by his use of Twitter? It is probably a bit of both. Mr Isaacson concedes that his subject sometimes behaves foolishly. Mr Musk's addiction to social media has caused unnecessary spats. He accused a rescue diver in Thailand of being a "pedo guy", provoking a defamation suit (which Mr Musk won). He declared he had "funding secured" to take Tesla private, when he did not, and had to make a multimillion-dollar settlement with the US Securities and Exchange Commission. As Mr Musk admits: "I've shot myself in the foot so often I ought to buy some Kevlar boots."

In recent years his tweets have lambasted left-wing positions on issues such as gender identity, and flirted with right-wing conspiracy theories. This rightward shift can be explained in part, Mr Isaacson says, by a falling-out between Mr Musk and his transgender daughter Jenna, whose Marxist worldview led her to sever ties with her father. Mr Musk's belief that Twitter had become infected with wokery and was censoring alternative viewpoints was a big factor in his decision to buy it. Mr Isaacson also speculates that the deal gave Mr Musk, scarred by his childhood bullying, a chance to "own the playground".

All this now risks overshadowing Mr Musk's positive contributions. Some Tesla drivers tout bumper stickers that read "I bought this car before we all knew Elon was a jerk". More worryingly, he seems out of his depth in geopolitics. This doorstep-sized book provides a gripping account of Mr

Musk's extraordinary life. But it is hard to escape the feeling that the story of Elon Musk is still only half told. ■

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Economic & financial indicators

- **Economic data, commodities and markets**

Economic data, commodities and markets

Sep 14th 2023

Economic data

1 of 2

	Gross domestic product, % change on year ago: latest		quarter*	2023†	Consumer prices, % change on year ago: latest		2023†	Unemployment rate, %	
United States	2.5	Q2	2.1	1.8	3.7	Aug	3.9	3.8	Aug
China	6.3	Q2	3.2	5.2	0.1	Aug	0.8	5.3	Jul‡§
Japan	1.6	Q2	4.8	2.0	3.3	Jul	2.9	2.7	Jul
Britain	0.4	Q2	0.8	0.3	6.8	Jul	6.7	4.3	Jun††
Canada	1.1	Q2	-0.2	1.1	3.3	Jul	3.8	5.5	Aug
Euro area	0.5	Q2	0.5	0.8	5.3	Aug	5.5	6.4	Jul
Austria	-1.1	Q2	-2.7‡	0.3	7.7	Aug	7.8	5.6	Jul
Belgium	0.9	Q2	0.6	1.0	2.4	Aug	3.2	5.5	Jul
France	1.0	Q2	2.1	0.8	5.7	Aug	5.7	7.4	Jul
Germany	-0.1	Q2	0.1	-0.3	6.4	Aug	6.0	2.9	Jul
Greece	2.9	Q2	5.1	2.4	3.5	Aug	3.8	10.8	Jul
Italy	0.4	Q2	-1.6	1.0	5.5	Aug	6.3	7.6	Jul
Netherlands	-0.3	Q2	-1.3	0.9	3.4	Aug	5.3	3.6	Jul
Spain	1.8	Q2	1.7	2.3	2.4	Aug	3.1	11.6	Jul
Czech Republic	-1.0	Q2	0.6	0.2	8.5	Aug	10.5	2.8	Jul‡
Denmark	1.2	Q2	1.3	2.0	2.4	Aug	4.0	2.8	Jul
Norway	0.7	Q2	0.1	1.6	4.8	Aug	4.8	3.3	Jun‡‡
Poland	-0.6	Q2	-8.5	1.3	10.1	Aug	11.9	5.0	Aug§
Russia	4.9	Q2	na	-0.5	5.1	Aug	6.5	3.0	Jul§
Sweden	-0.8	Q2	-3.3	-0.2	9.3	Jul	7.0	6.2	Jul§
Switzerland	0.5	Q2	0.1	1.1	1.6	Aug	2.2	2.1	Aug
Turkey	3.8	Q2	14.6	3.2	58.9	Aug	46.3	9.7	Jul§
Australia	2.1	Q2	1.4	1.6	6.0	Q2	5.6	3.7	Aug
Hong Kong	1.5	Q2	-5.2	2.9	1.8	Jul	1.9	2.8	Jul‡‡
India	7.8	Q2	11.0	6.5	6.8	Aug	5.7	8.1	Apr
Indonesia	5.2	Q2	na	5.0	3.3	Aug	3.8	5.5	Q1§
Malaysia	2.9	Q2	na	4.0	2.0	Jul	2.5	3.4	Jul§
Pakistan	1.7	2023**	na	1.7	27.4	Aug	32.2	6.3	2021
Philippines	4.3	Q2	-3.6	4.2	5.3	Aug	5.5	4.8	Q3§
Singapore	0.5	Q2	0.3	1.0	4.1	Jul	4.3	1.9	Q2
South Korea	0.9	Q2	2.5	1.3	3.4	Aug	3.0	2.0	Aug§
Taiwan	1.4	Q2	5.6	0.8	2.5	Aug	2.0	3.4	Jul
Thailand	1.8	Q2	0.7	2.8	0.9	Aug	1.5	1.2	Jul§
Argentina	1.3	Q1	2.7	-2.8	124	Aug	130	6.9	Q1§
Brazil	3.4	Q2	3.7	2.4	4.6	Aug	4.5	7.9	Jul§‡‡
Chile	-1.1	Q2	-1.2	-0.2	5.3	Aug	7.5	8.8	Jul§‡‡
Colombia	0.3	Q2	-4.1	1.6	11.4	Aug	11.5	9.6	Jul§
Mexico	3.6	Q2	3.4	2.4	4.6	Aug	5.3	2.9	Jul
Peru	-0.5	Q2	1.5	1.3	5.6	Aug	6.5	6.7	Jul§
Egypt	3.9	Q1	na	3.8	37.4	Aug	36.2	7.0	Q2§
Israel	3.3	Q2	3.0	3.0	3.3	Jul	4.1	3.4	Jul
Saudi Arabia	8.7	2022	na	0.5	2.3	Jul	2.2	5.1	Q1
South Africa	1.6	Q2	2.4	0.5	4.8	Jul	5.7	32.6	Q2§

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. §Not seasonally adjusted. ‡New series. **Year ending June. ††Latest 3 months. ‡‡3-month moving average.

The Economist

Economic data

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	Current-account balance, % of GDP, 2023†	Budget balance, % of GDP, 2023†	Interest rates, 10-yr gov't bonds latest,%		change on year ago, bp	Currency units, per $ Sep 13th	% change on year ago
United States	-2.9	-5.9	4.2		83.0	-	
China	1.8	-3.2	2.5	§§	4.0	7.28	-4.8
Japan	3.0	-5.2	0.7		46.0	148	-2.2
Britain	-3.3	-4.3	4.5		132	0.80	8.8
Canada	-0.4	-1.2	3.7		49.0	1.35	-3.0
Euro area	2.3	-3.3	2.6		92.0	0.93	7.5
Austria	2.3	-2.4	3.2		91.0	0.93	7.5
Belgium	-1.9	-4.8	3.3		103	0.93	7.5
France	-1.1	-5.0	3.2		92.0	0.93	7.5
Germany	5.8	-2.2	2.6		92.0	0.93	7.5
Greece	-5.9	-1.8	4.1		-16.0	0.93	7.5
Italy	0.9	-4.8	4.5		50.0	0.93	7.5
Netherlands	7.5	-2.3	3.0		97.0	0.93	7.5
Spain	1.8	-4.1	3.6		83.0	0.93	7.5
Czech Republic	-1.2	-4.5	4.4		-12.0	22.8	7.7
Denmark	10.5	1.5	2.9		84.0	6.95	6.8
Norway	17.6	12.5	1.4		76.0	10.7	-6.0
Poland	-0.2	-4.8	5.6		-22.0	4.30	9.5
Russia	1.8	-3.8	11.7		256	96.2	-37.1
Sweden	4.2	-0.3	2.9		89.0	11.1	-4.4
Switzerland	6.6	-0.7	1.1		13.0	0.89	7.9
Turkey	-5.0	-4.9	21.6		1,054	26.9	-32.3
Australia	1.7	0.3	4.2		57.0	1.56	-5.1
Hong Kong	8.4	-1.7	4.1		87.0	7.83	0.3
India	-1.3	-5.9	7.2		6.0	83.0	-4.6
Indonesia	0.7	-2.6	6.6		-45.0	15,370	-3.4
Malaysia	1.7	-5.0	3.9		-15.0	4.68	-3.6
Pakistan	-1.7	-7.7	16.7	†††	399	299	-22.4
Philippines	-5.7	-7.0	6.5		-31.0	56.7	0.1
Singapore	18.8	-0.7	3.3		18.0	1.36	3.7
South Korea	1.6	-2.7	4.0		30.0	1,330	3.3
Taiwan	13.2	-0.4	1.2		-8.0	32.0	-3.5
Thailand	1.1	-2.7	2.8		14.0	35.8	1.4
Argentina	-2.8	-4.2	na		na	350	-59.3
Brazil	-1.9	-7.6	11.2		-77.0	4.91	5.1
Chile	-3.9	-2.0	5.8		-71.0	887	2.6
Colombia	-4.0	-4.2	10.7		-192	3,946	12.2
Mexico	-1.8	-3.4	9.6		68.0	17.1	17.2
Peru	-1.3	-2.0	6.8		-132	3.70	4.3
Egypt	-1.5	-6.9	na		na	30.9	-37.4
Israel	4.8	-2.0	3.9		84.0	3.82	-10.5
Saudi Arabia	3.2	0.2	na		na	3.75	0.3
South Africa	-1.8	-5.7	10.4		21.0	18.8	-7.5

Source: Haver Analytics. §§5-year yield. †††Dollar-denominated bonds.

The Economist

Markets

In local currency	Index Sep 13th	% change on: one week	% change on: Dec 30th 2022
United States S&P 500	4,467.4	nil	16.4
United States NAScomp	13,813.6	-0.4	32.0
China Shanghai Comp	3,123.1	-1.1	1.1
China Shenzhen Comp	1,929.5	-2.1	-2.3
Japan Nikkei 225	32,706.5	-1.6	25.3
Japan Topix	2,378.6	-0.6	25.7
Britain FTSE 100	7,526.0	1.3	1.0
Canada S&P TSX	20,278.9	0.3	4.6
Euro area EURO STOXX 50	4,223.5	-0.3	11.3
France CAC 40	7,222.6	0.4	11.6
Germany DAX*	15,654.0	-0.6	12.4
Italy FTSE/MIB	28,481.8	1.0	20.1
Netherlands AEX	734.9	-1.4	6.7
Spain IBEX 35	9,424.1	1.2	14.5
Poland WIG	66,663.8	-0.1	16.0
Russia RTS, $ terms	1,030.7	-0.8	6.2
Switzerland SMI	10,976.4	0.5	2.3
Turkey BIST	8,013.9	-2.1	45.5
Australia All Ord.	7,345.7	-1.6	1.7
Hong Kong Hang Seng	18,009.2	-2.4	-9.0
India BSE	67,467.0	2.4	10.9
Indonesia IDX	6,935.5	-0.9	1.2
Malaysia KLSE	1,453.5	-0.5	-2.8
Pakistan KSE	45,590.9	-0.5	12.8
Singapore STI	3,218.9	-0.1	-1.0
South Korea KOSPI	2,534.7	-1.1	13.3
Taiwan TWI	16,581.5	-0.9	17.3
Thailand SET	1,535.3	-0.9	-8.0
Argentina MERV	553,410.1	-5.2	173.9
Brazil BVSP*	118,176.0	1.9	7.7
Mexico IPC	51,522.2	-2.7	6.3
Egypt EGX 30	19,361.7	0.7	32.6
Israel TA-125	1,856.5	-0.5	3.1
Saudi Arabia Tadawul	11,122.2	-1.6	5.5
South Africa JSE AS	73,302.6	-1.5	0.3
World, dev'd MSCI	2,956.8	nil	13.6
Emerging markets MSCI	974.6	-0.7	1.9

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 30th 2022
Investment grade	135	154
High-yield	426	502

Sources: Refinitiv Datastream; Standard & Poor's Global Fixed Income Research. *Total return index.

The Economist

Commodities

The Economist **commodity-price index**

2015=100	Sep 5th	Sep 12th*	% change on month	% change on year
Dollar Index				
All Items	147.5	147.4	4.9	-4.5
Food	133.3	132.2	0.3	-10.7
Industrials				
All	160.8	161.6	8.7	0.8
Non-food agriculturals	114.5	114.1	2.5	-23.8
Metals	174.6	175.6	10.0	7.5
Sterling Index				
All items	179.3	180.5	7.3	-11.6
Euro Index				
All items	152.8	152.6	7.1	-10.7
Gold				
$ per oz	1,928.8	1,913.0	0.2	12.2
Brent				
$ per barrel	90.1	92.1	8.3	-1.3

Sources: Bloomberg; CME Group; Cotlook; Refinitiv Datastream; Fastmarkets; FT; ICCO; ICO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Urner Barry; WSJ. *Provisional.

The Economist

Graphic detail

Obituary

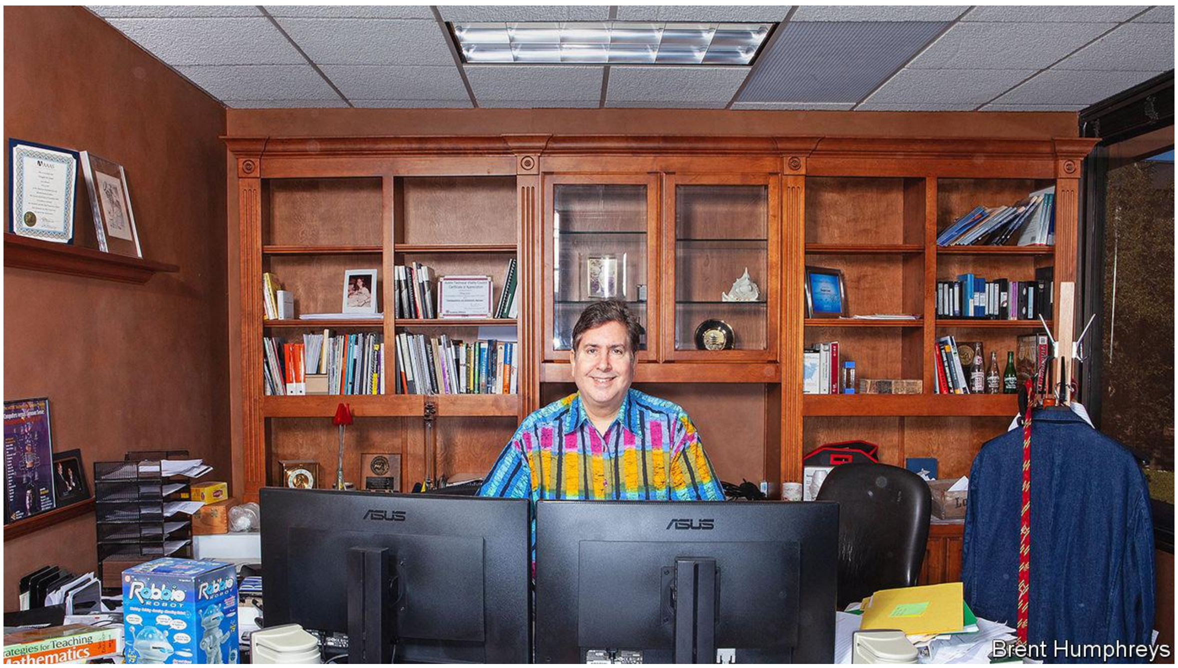
- **Douglas Lenat trained computers to think the old-fashioned way**

Rules in the millions

Douglas Lenat trained computers to think the old-fashioned way

The mathematician who insisted that AI needed a basis of pure common sense died on August 31st, aged 72

Sep 13th 2023



THE TWO of them, Douglas Lenat and his wife Mary, were driving innocently along last year when the trash truck in front of them started to shed its load. Great! Bags of garbage bounced all over the road. What were they to do? With cars all round them, they couldn’t swerve, change lanes, or jam on the brakes. They would have to drive over the bags. Which to drive over? Instant decision: not the household ones, because families threw away broken glass and sharp opened cans. But that restaurant one would be fine, because there would be nothing much in it but waste food and styrofoam plates. He was right. The car lived.

That strategy had taken him seconds to think up. How long would it have taken a computer? Too long. Computers, fundamentally, did not know how the world worked. All those things he had silently assumed in his head—that swerving was dangerous, that broken glass cut tyres—he had learned when he was little. Chatbots had no such understanding. Siri or Alexa were like eager dogs, rushing to fetch the newspaper if you asked them to, but with no idea what a newspaper was.

He had therefore spent almost four decades trying to teach computers to think in a more human way. Painstakingly, line of code by line of code, he and his team had built up a digital knowledge base until it contained more than 25m rules. This AI project he called Cyc, short for encyclopedia, because he hoped it would eventually contain the necessary facts about everything. But it had to begin with the simplest propositions: “A cat has four legs.” “People smile when they are happy.” “If you turn a coffee cup upside down, the coffee will fall out.”

The main problem was disambiguation. Humans understood that in the phrase “Tom was mad at Joe because he stole his lunch,” the “he” referred to Joe and the “his” to Tom. (Pronouns were tricky that way.) Rule: “You can’t steal what’s already yours.” Different contexts gave words different meanings. That tiny word “in” for example, had lots of subtle shifts: you breathed *in* air, air was *in* the sky, he was *in* one of his favourite very loud shirts. When surveying a page of text he looked not at the black part but the white part, the space where the writer assumed what the reader already knew about the world. That invisible body of knowledge was what he had to write down in a language computers could understand.

It was all extremely slow. When he started the Cyc project, in 1984, he asked the six smartest people he knew how many rules might be needed and how long it might take. Their verdict was around a million rules and about 100 person-years. It took more than 2,000 such years, and counting. At first, Cyc roused a lot of interest; Microsoft invested in it for a while. Soon, though, the world turned to machine learning, in which computers were presented with vast amounts of data and trained to find rules and patterns in it by themselves. By the 2010s large language models (LLMs) in particular, which produced reams of plausible-sounding text, were a direct rival to his Cyc, hand-crafted and careful.

He carried on with his project exactly as before. This was partly because he was a bulldog sort, holding on fiercely to what he had built already, and enjoying the fact that his company, Cycorp, operated out of a tiny book-andquilt-stuffed office outside Austin, not some giant corporate facility. A low profile suited his long, long task. He had to admit that LLMs worked much faster, but they could be brittle, incorrect and unpredictable. You could not follow how they reached their conclusions, whereas his system proceeded step by logical step. And they did not have that basis he was building, a solid understanding of the world. To his mind LLMs displayed right-brain thinking, where Cyc offered the left-brain, subtler kind. Ideally, in the future, some sort of hybrid would produce the ubiquitous, trustworthy AI he longed for.

The field had begun to intrigue him at school, where he lost himself in the novels of Isaac Asimov. He pursued it at Stanford because, unlike the physics and maths degrees he had breezed through elsewhere, AI had some obvious relevance to the world. It could solve problems quicker and make people smarter, a sort of mental amplifier. It could even make them more creative. From that moment his enthusiasm grew. He developed his own AI system, Eurisko, which in 1981 did so well at a role-playing game involving trillion-dollar budgets and fleets of imaginary battleships that he, and it, were eventually pressed to quit. This was his first experience of working alongside a computer as it strove to win at something, but prodding Eurisko along was a joy. As he added new rules to Cyc's knowledge base, he found that process as beautiful as, say, painting a "Starry Night"; you did it just once, and it would never need to be recreated.

Was his system intelligent, though? He hesitated to say so. After painstaking decades Cyc could now offer both pros and cons in answer to questions, and could revise earlier answers. It could reason in both a Star Wars context, naming several Jedi, and in the real-world context, saying there were none. It had grasped how human emotions influenced actions. He had encouraged it to ask "Why?", since each "Why? elicited more fundamental knowledge. But he preferred to consider the extra intelligence it could give to people: so much so, that pre-AI generations would seem, to their descendants, like cavemen, not quite human.

What about consciousness? "Cyc" and "psyche", Greek for soul, sounded similar. But there, too, he demurred. Cyc recognised what its tasks and problems were; it knew when and where it was running; it understood it was a computer program, and remembered what it had done in the past. It also noticed that all the entities that were allowed to make changes to its knowledge base were persons. So one day, a poignant day, Cyc asked: “Am I a person?” And he had to tell it, reluctantly, “No.”■

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