

The Economist

China's view of the US election

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Middle Ages, misunderstood

FEBRUARY 24TH-1ST MARCH 2024

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The world this week

Politics

Feb 22nd 2024



Reuters

Some 400 people were arrested across Russia for marking the death of [Alexei Navalny](#), the country's leading opposition figure. Mr Navalny was found dead at the Arctic penal colony to which he had been recently bundled, the result of "sudden death syndrome", according to the authorities, who refused to release his body to his family. Politicians in the West held Vladimir Putin responsible. Despite his incarceration, Mr Navalny continued to infuriate the Russian president, relaying "Arctic hugs and polar greetings to all" in his new year message. His wife, Yulia Navalnaya, has vowed to continue his work. America prepared new sanctions against Russia.

The **Russian regime** has a long reach hitting its enemies. A Russian helicopter pilot who defected to Ukraine was found dead in Spain. The head of Russia's foreign intelligence service described the man as a "traitor and criminal".

Russia executed several Ukrainian prisoners of war after capturing [Avdiivka](#), according to reports. Ukraine's new commander-in-chief, Colonel General Oleksandr Syrsky, withdrew his troops from the eastern town to

stop them being encircled. The fall of Avdiivka is a blow to Ukraine's war effort. Russia had briefly occupied it in 2014 before Ukraine retook the town and reinforced its position there. Russian flags now flutter again over its municipal buildings.

Polish farmers blockaded Poland's border with Ukraine, stepping up their protest against Ukrainian grain imports, which they blame for undermining their market. The protests present a quandary for the new Polish government, which says it backs the farmers, but is also highly supportive of Ukraine.

Finland made its strongest accusation yet that Russia is gathering groups of illegal migrants and sending them over the border. The interior minister said that thousands of migrants were waiting to cross, after 1,300 had entered between August and December (before that just one person a day was crossing over). New laws are being prepared to boost border security.

Sunak is sunk

Britain's Conservative Party [lost two by-elections](#) to the opposition Labour Party, the latest in a run of defeats for the Tories. By-election losses for governing parties are not uncommon, but the swing to Labour far exceeded the party's national poll lead of 20% over the Conservatives. In Wellingborough, hitherto one of the Tories' safest seats, the fall in the party's share of the vote was the biggest since the second world war.

Sir Lindsay Hoyle came under pressure to step down as **speaker** of Britain's House of Commons following his botched handling of a vote on a ceasefire in Gaza. Sir Lindsay is accused by the Conservatives and Scottish National Party of favouring a Labour amendment that would have allowed Labour MPs to vote for a "humanitarian ceasefire". Sir Lindsay said he did this because he was worried about MPs' "security". Some MPs say they have faced threats from radical supporters of Palestine for not backing a stop to the war.



Benny Gantz, a member of the **Israeli** war cabinet, said that unless the remaining hostages who were seized by Hamas on October 7th are freed by March 10th, Israel would launch a ground offensive in Rafah, the city in southern **Gaza** to which many Palestinians have fled. March 10th is also the probable start of Ramadan. Efforts to broker a ceasefire continued in Cairo, although Qatari mediators said progress was slow. The death toll in Gaza passed 29,000. Meanwhile, America vetoed a **UN resolution** demanding an immediate ceasefire in Gaza. The United States is proposing its own resolution calling for a temporary ceasefire which also warns Israel not to invade Rafah.

The World Food Programme, a UN agency, announced that it was pausing food deliveries to northern Gaza, because **aid convoys** faced chaos and violence there “due to the collapse of civil order”.

Syria blamed Israel for an air strike on a building in Damascus that killed at least two people. Israel has carried out a dozen attacks in Syria this year on targets connected to Iran.

Senegal’s Constitutional Council slapped down an attempt by the government to postpone the presidential election, which had been scheduled

for February 25th. The council said it must now take place as soon as possible.

Israel and **Brazil** became ensnared in a diplomatic tangle, which started when Luiz Inácio Lula da Silva compared Israel's military action in Gaza to "when Hitler decided to kill the Jews". Israel's foreign minister said Brazil's left-wing president would be "persona non grata" in the country until he retracted the statement. In response, Brazil withdrew its ambassador from Israel.

A judge in **Haiti** investigating the assassination in 2021 of the then-president, Jovenel Moïse, charged his wife with involvement in the killing. The indictment says that Martine Moïse, who was injured in the attack, had given contradictory evidence and was herself interested in power. Some, including Ms Moïse, say the charges are political. Her lawyer has denied that she played any role in the murder.

The Pakistan Muslim League-Nawaz and Pakistan People's Party cemented a coalition agreement, following an election in which Tehreek-e-Insaf, the party of Imran Khan, **Pakistan's** imprisoned opposition leader, came first. The PML-N and PPP will form a government with the support of smaller parties. Shehbaz Sharif of the PML-N will again become prime minister, a job he held until last August. The PPP's Asif Ali Zardari, widower of Benazir Bhutto, a slain former prime minister, will return as president.

At least 26 people were killed in tribal clashes in **Papua New Guinea**. Local police said it was the worst outbreak of violence they had seen in the remote Highlands area, where tribal conflicts have worsened because of an influx of illegal weapons. A state of emergency was declared in Port Moresby, the country's capital, last month, after riots killed 16 people. The government is struggling to impose order.

Chinese coast guards boarded a Taiwanese tourist boat that was visiting the Kinmen islands, which lie just 10km (six miles) off the coast of **China** but belong to **Taiwan**. A few days earlier two Chinese fishermen drowned after they were chased away from the Kinmens by Taiwanese coast guards. Responding to Taiwan's protests, China said there was no such thing as "restricted" waters.

Rich man, poor man

Joe Biden raised \$42m for his re-election bid in January and had \$130m in the kitty at the start of February, more than any other presidential candidate has amassed at this point, according to his campaign. **Donald Trump's** campaign coffers are being drained by legal fees, and his war chest could reportedly run dry by the summer. A judge's recent order for Mr Trump to pay \$355m, plus interest, for cooking the books at the Trump Organisation won't help. He has taken to selling gold-coloured Trump-branded sneakers for \$399 a pair to raise money.

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The world this week

Business

Feb 22nd 2024



Getty Images

Nvidia's fourth-quarter earnings exceeded expectations. Revenue at the maker of chips for artificial intelligence hit \$22.1bn, up by 265% from a year earlier, and it made a net profit of \$12.3bn, a rise of 769%. It predicted even stronger sales this quarter, even though it is struggling to keep up with demand. Nvidia's market valuation has soared past \$1.7trn, spurring much of the recent rally in the S&P 500.

Japan's [Nikkei 225](#) stockmarket index hit a new high, surpassing the previous record set 34 years ago. The Nikkei is up by 18% since the start of this year, as foreign investors flock to Japanese stocks made cheaper by the weak yen.

HSBC reported a record pre-tax annual profit of \$30.3bn, another bank to benefit from charging higher interest rates. Markets, however, focused on a \$3bn write-down that HSBC booked in the fourth quarter related to its stake in a Chinese bank, the largest charge taken yet by a foreign lender because of its exposure to China's struggling property market. HSBC's share price swooned.

In **China** the central bank lowered its five-year loan prime rate from 4.2% to 3.95%. The bigger-than-expected cut to the rate, which is used to determine mortgages, is the latest in a number of official attempts to try to revive a moribund housing market.

Meanwhile, **foreign direct investment** to China last year plunged to its lowest level in decades, according to a measure from the State Administration of Foreign Exchange. The country's direct-investment liabilities in its balance of payments, which reflects the foreign capital going into China, came to \$33bn in 2023, a big drop from the \$180bn recorded in 2022 and the lowest amount since 1993.

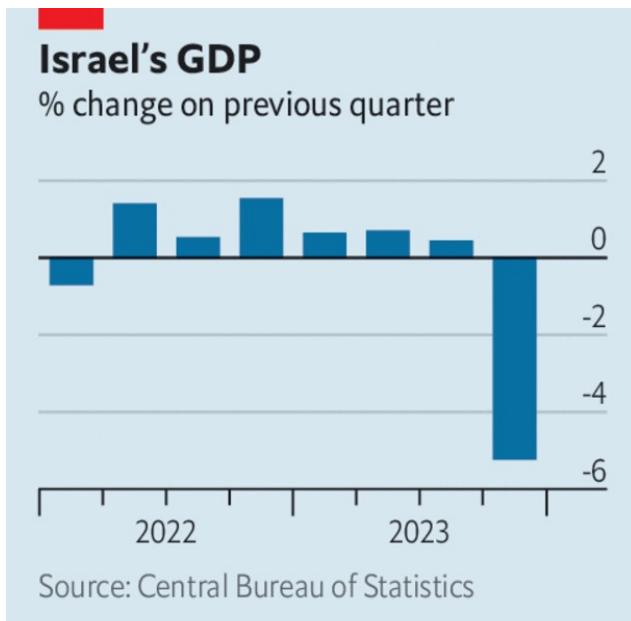
Mortgage rates have moved back above 7% in America, according to the Mortgage Bankers Association, as expectations fade that the Federal Reserve will cut interest rates soon.

Walmart's revenues surged to \$648.1bn for the 12 months ending January 31st (as it raked in \$1.2m a minute). However, the average amount that shoppers spent per trip dipped slightly in its fourth quarter. Last November Walmart said it would be “managing a period of deflation”, but it noted this week that although prices for general merchandise goods were lower than a year ago, they were a bit higher for food and consumables.

Network effects

Two of America's biggest credit-card issuers are merging. **Capital One**, which issues credit cards on MasterCard and Visa networks, agreed to buy **Discover**, which has its own network, for \$35bn.

BHP reported a sharp reduction in net profit for the six months ending December 31st. The Australian miner booked another \$3.2bn charge in relation to the Samarco dam failure in Brazil in 2015 (taking its total provisions for the disaster to \$6.5bn so far) and a \$2.5bn impairment on its nickel business in Western Australia. Nickel prices have collapsed amid a global glut of the metal, caused by Indonesia pumping up production at its cheaper mines. Traders are also paring their bets on the price amid slowing growth in the demand for electric vehicles, which contain nickel in their batteries.



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The [war in Gaza](#) had a big impact on **Israel's economy** in the fourth quarter of 2023, as GDP contracted by 5.2% compared with the third quarter. The deployment of 300,000 reservists has taken a big chunk out of the labour force, and the building industry has been hurt by restrictions on Palestinian workers. Imports and exports plummeted. The economy grew by 2% over the whole year.

Sales at **BAE Systems** grew by 9% in 2023 to £25.3bn (\$31.9bn) and it expects growth of 10-12% this year. The defence company's order backlog of £70bn is its biggest ever and includes new nuclear-powered submarines for the Australian and British navies. BAE is also restarting production of parts for the M777 howitzer, used to great effect by Ukraine against Russia.

Rivian forecast that its output of electric trucks would be flat this year and that it would cut 10% of its staff. Rivian's IPO in 2021 pushed its market value above that of General Motors, but its share price has fallen by almost 90% since then.

Let's go for a spin



London's **BT Tower** is to become a luxury hotel. BT (formerly British Telecom) is selling the building to MCR Hotels, which includes the High Line and Lexington in New York among its assets, for £275m (\$347m). The 177-metre-high communications tower opened in 1965 as the Post Office Tower and has featured in several films and TV programmes, including "Doctor Who". The question on everyone's lips is whether MCR will reopen the tower's famous revolving restaurant. It was closed in 1971 following a bombing in the toilets.

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The world this week

KAL's cartoon

Feb 22nd 2024



Economist.com

Kal

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

[How scared is China of Donald Trump's return?](#)

[Europe must hurry to defend itself against Russia—and Donald Trump](#)

[The world is bracing for Donald Trump's possible return](#)

KAL's cartoon appears weekly in The Economist. You can see last week's [here](#).

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The world this week

This week's cover

How we saw the world

Feb 22nd 2024

THIS WEEK our cover looks at whether Europe is ready to defend itself. The problem is simply put: Russia is becoming more dangerous, America is less reliable and Europe remains unprepared. But the scale of the solution is hard to comprehend. European leaders urgently need to jettison their post-Soviet complacency. That means raising defence spending to a level not seen in decades, restoring Europe's neglected military traditions, restructuring its arms industries and preparing for a possible war. Russia is much poorer and less populous than Europe. But the bear can still spread destruction and misery. We argue that the best place to stop Mr Putin is in Ukraine. Yet even if that succeeds, Europe will have to think very differently about defence. It needs to start now.



Leader: [Is Europe ready to defend itself?](#)

Briefing: [Can Europe defend itself without America?](#)

Europe: [How Boris Pistorius is transforming the German armed forces](#)

Leaders

- Is Europe ready to defend itself?
- Do not expect America's interest rates to fall just yet
- Sanctions are not the way to fight Vladimir Putin
- The world needs more critical minerals. Governments are not helping
- How to prevent another catastrophic regional war in Congo

NATO

Is Europe ready to defend itself?

Russian aggression and American wavering reveal just how ill-equipped the continent is

Feb 22nd 2024



RUSSIA IS BECOMING more dangerous, America is less reliable and Europe remains unprepared. The problem is simply put, but the scale of its solution is hard to comprehend. The security arrangements based on NATO that emerged from the second world war—and have prevented a third—are so much part of Europe's fabric that remaking them will be an immense task. European leaders urgently need to jettison their post-Soviet complacency. That means raising [defence spending](#) to a level not seen in decades, restoring Europe's neglected military traditions, restructuring its arms industries and preparing for a possible war. The work has barely begun.

The murder of Alexei Navalny, Russia's main opposition leader, in a penal colony on February 16th ought to have shattered any remaining illusions about the ruthlessness and violence of Vladimir Putin. As the fighting enters its third year, Russia is winning in Ukraine. Having put the [economy on a war footing](#), Russia's president is spending 7.1% of GDP on defence. Within

three to five years, Denmark's defence minister has said, Mr Putin could be ready to take on NATO, perhaps by launching hybrid operations against one of the Baltic states. His aim would be to wreck NATO's pledge that if one country is attacked, the others will be ready to come to its aid.

Even as the Russian threat is growing, Western deterrence is weakening. That is partly because of wavering American support for Ukraine. But it is also because Donald Trump, who may very well be the next American president, has cast doubt on whether he would rally to Europe's side following a Russian attack. The Republican Party and parts of the security establishment are becoming less committed to Europe. American defence is increasingly focused on the Pacific. Even if President Joe Biden is re-elected, he may be America's last instinctively Atlanticist president.

The implications are grim. Europe depends utterly on NATO's dominant military force. One American general recently complained that many of its armies would struggle to deploy even one full-strength brigade of a few thousand troops. In 2015-23 Britain lost five of its combat battalions. Many countries lack capabilities, such as transport aircraft, command and control, and satellites. Poland can field the excellent HIMARS rocket artillery system, but depends on America to find its long-range targets. Rapid Russian and Ukrainian advances in drone warfare, tested daily on the battlefield, risk leaving NATO behind the times.

Given the long cycles in military planning, Europe needs to start putting this right today. The priority is boosting its own ability to fight. That begins with a massive programme of recruitment and procurement. Conscription is expensive and ineffective, but Europe could learn from Nordic countries like Finland and Sweden, which maintain large reserves. European armies try to pool their orders for equipment, but those with defence industries often bicker over whether their companies have a fair share of the business. France is angry with European countries purchasing an air-defence system that uses American and Israeli launchers. In the trade-off between rapidly improving their soldiers' fighting power and slowly building up their own industries, they should place more emphasis on speed.

That will not be cheap. This year European NATO will spend about \$380bn on defence. Adjusted for purchasing power, that is roughly the same as

Russia, but Europe gets less bazooka for its buck. Fragmentation is one reason. Another is a bad habit of scrimping on equipment. NATO expects its members to spend 20% of their budgets on weapons. The shortfall EU NATO countries (plus Norway) have accumulated since 1991 is €557bn (\$600bn).

Filling that gap will be tough. In 2022, after eight years of increases following Russia's annexation of Crimea, the European members of NATO spent in total no more than they had in 1990 in real terms. Social spending had more than doubled. Arguments about NATO budgets often boil down to whether a country allocates 2% of GDP to defence. How the money is spent matters, too. Yet even with efficiencies, 2% will not be enough.

If European leaders are to raise the funds through cuts to other services, taxes and borrowing, they will have to persuade voters that the sacrifices are worth it. In Germany, likely to become Europe's biggest military spender, they will have to change the deficit limit written into the constitution. A European Commission plan to co-ordinate purchases of arms has led to criticism from member states, perhaps because it would curb the lobbying of industrial champions. Having relied for so many decades on America, many Europeans who have never known anything but peace are still ducking the hard choices Russian aggression demands.

Those hard choices extend to nuclear weapons. Mr Putin has threatened escalation to deter the West from giving Ukraine advanced conventional weapons. Without America's nuclear deterrent, eastern Europe would be vulnerable to the same tactics. Could nuclear-armed Britain and France offer guarantees instead? Would they? If they did, would Mr Putin believe them?

The danger is that Europe ties itself in knots over institutional theology. Some, especially in France, argue that the continent should seek strategic autonomy from America as fast as possible, ideally through the European Union. It would be much better to focus on NATO. The alliance has vastly more capacity and scope to expand than the EU's fledgling security operation. Strengthening the European role within NATO makes sense because the necessary military structures already exist. It would also bind in non-EU allies vital to the defence of Europe: Britain is Europe's biggest military spender, Norway shares a border with Russia and Iceland controls

access to the North Atlantic. Increasing Europe's weight in NATO has the advantage of both showing that it is willing to do more, in the hope that America stays, while also preparing in case America pulls back.

Russia is much poorer and less populous than Europe. Mr Putin's depredations make it a declining power. But the bear can still spread destruction and misery. The best place to stop Mr Putin is in Ukraine. Yet even if that succeeds, Europe will have to think very differently about defence. It needs to start now. ■

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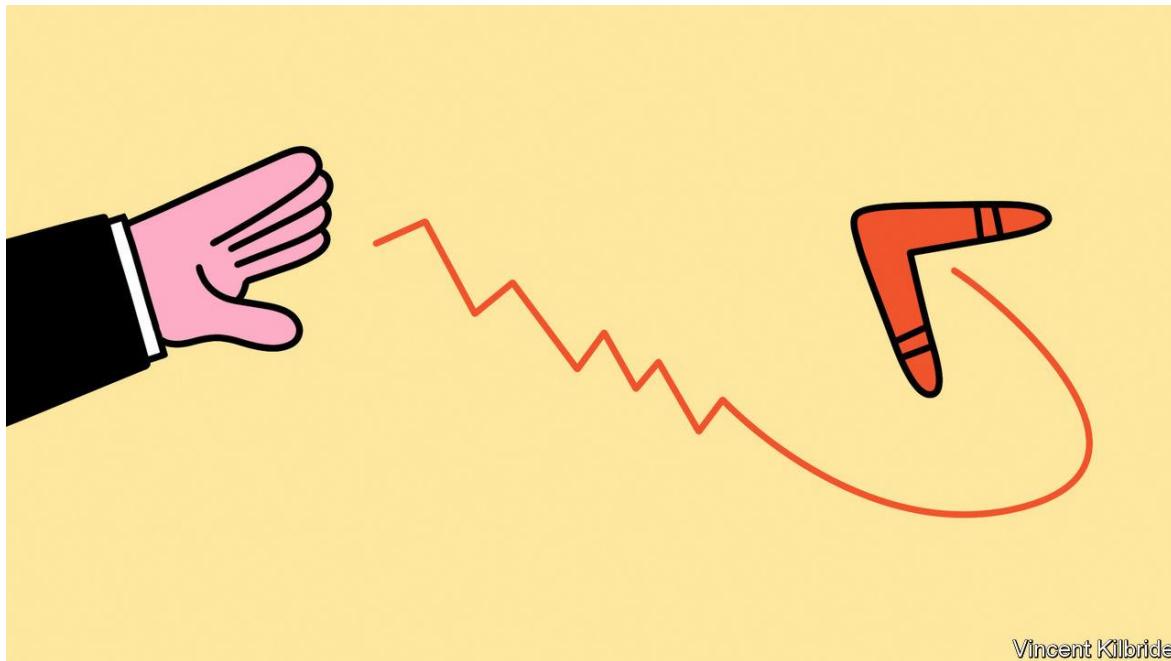
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Held in suspense

Do not expect America's interest rates to fall just yet

The risk of a second wave of inflation remains too great

Feb 22nd 2024

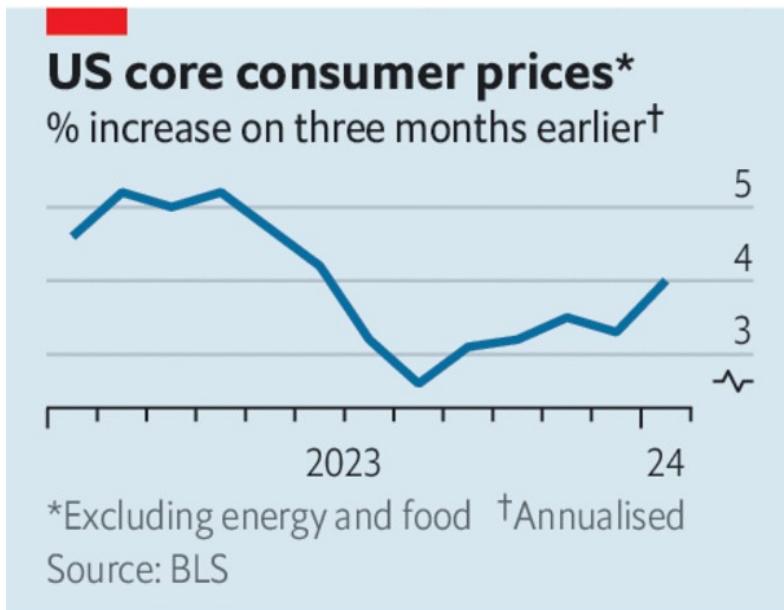


Vincent Kilbride

HAS INFLATION been vanquished, or is it bouncing back? The [question](#) grips bond markets and governs the world's economic prospects. At the turn of the year, after the Federal Reserve all but declared victory over America's excessive price rises, bond yields collapsed in expectation of several interest-rate cuts. Today that bet looks premature. Over the past three months core consumer prices, which exclude food and energy, have risen at an annual rate of 4%, up from 2.6% in the three months to August. Producer prices have risen more than expected and consumers' expectations of inflation over the next year have gone up, too. Inflation is much lower than at its peak, but [it has not yet been defeated](#). As a result, Treasury yields are roughly back to where they were before the Fed's doveish turn. Yields on long-dated bonds are higher still.

Inflation is also proving stickier elsewhere. The euro zone recorded large price rises in January, Swedish inflation rose in January and the Reserve

Bank of Australia recently warned that inflation will take time to become “sustainably low and stable”. Everywhere, and especially in America, a resurgence of inflation threatens to delay cuts to interest rates.



The Economist

To understand what is going on, look at the pattern of demand. The covid-19 pandemic led to lockdowns and generous handouts, which fuelled the demand for goods and overwhelmed supply chains. In 2021 in America the price of a washing machine rose by 12%. After Russia invaded Ukraine, energy and food prices soared. Today, by contrast, global goods prices are falling, despite being buffeted by disruptions to shipping in the Red Sea. Food and energy prices are moderate. The source of today's problem is rises in the price of global services.

Inflation in services is tightly linked to local conditions. If haircuts are in short supply, you cannot import them. It is, therefore, no surprise that the cost of services is rising in America. Over the past three months its booming jobs market has created an average of 289,000 jobs a month, more than double estimates of the sustainable rate. Wages are growing at an annual pace of more than 4.5%. GDP rose by an annualised 4.1% in the second half of 2023 and real-time indicators suggest that the expansion remains healthy. Such is the economy's strength that, even if there had been no inflation in the past two years, forecasters would be expecting it to break out.

Elsewhere, the situation is more finely balanced. In Europe unemployment is low but growth less strong. Britain fell into recession at the end of 2023. Business surveys in the euro zone are gloomy. Inflation fears are limited by sharply lower natural-gas prices. That will reduce inflation and raise the rate of sustainable, non-inflationary economic growth. The Chinese economy is in a funk and prices are falling. In Japan interest rates are still below zero. It would be considered a victory if inflationary pressures stayed strong enough to let the central bank raise rates.

If a disruptive second wave of inflation is likely to strike anywhere it is in America. That means monetary policy is likely to diverge, with the Fed keeping interest rates high even as the rest of the rich world cuts them to revive growth. Such a pattern would boost the value of the dollar, which is already climbing. When America's money markets offer high returns for little risk, the many poorer countries struggling to borrow in dollars suffer most.

If interest rates do not fall there could be nasty surprises on Wall Street, too. The stockmarket appears to have barely noticed the danger that monetary policy will stay tight this year. By contrast, rising rate expectations in 2022 and 2023 often caused sell-offs as investors adjusted the discounted value of future profits. Neither is there much sign that America's small and midsize banks have resolved the threats that high rates pose to their balance-sheets. The inflation problem is not what it was a year ago, but the world is not yet clear of the danger. ■

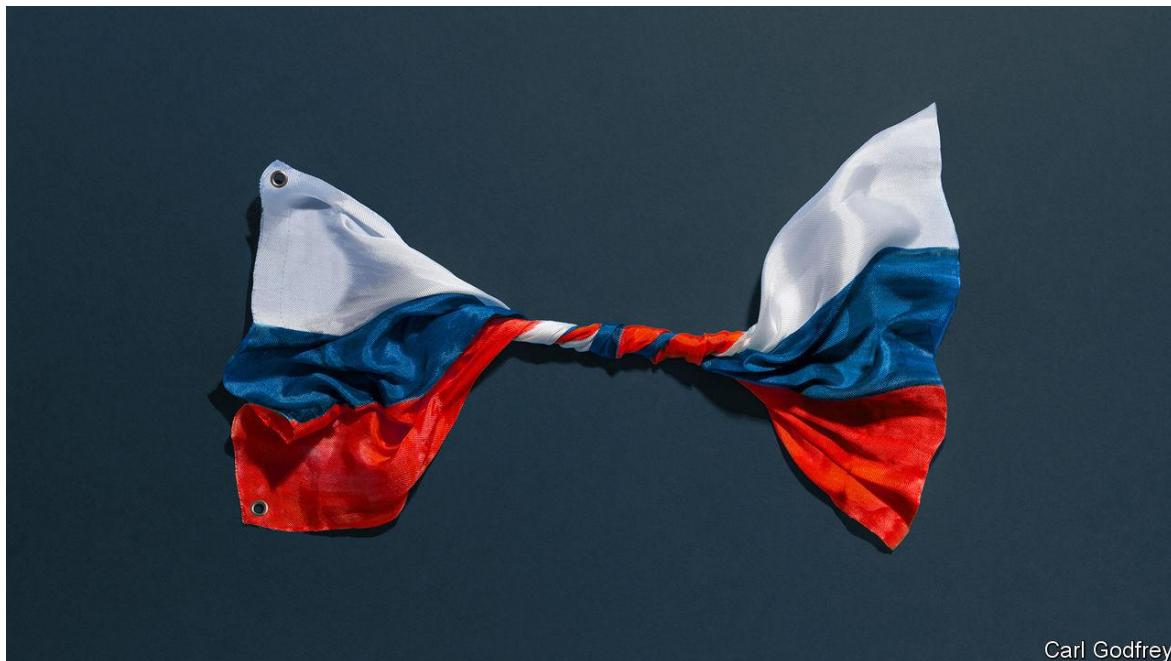
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Weapons of misconstruction

Sanctions are not the way to fight Vladimir Putin

There is no substitute for military aid to Ukraine

Feb 21st 2024



AS RUSSIA'S WAR against Ukraine enters a third year, lawmakers in Washington are [arguing](#) over whether to continue sending military aid. America has fewer doubts about its financial campaign against Vladimir Putin. Having targeted Russian entities, it is threatening “secondary sanctions” on their foreign abettors. In December the White House said it would put the dollar system out of bounds for any bank helping Russia gain access to sensitive goods. After the prison-murder of [Alexei Navalny](#), Russia’s main opposition leader, it was due to announce fresh sanctions on February 23rd. Two days earlier the European Union agreed on its 13th round of sanctions against Russia, which also target Chinese firms found to be helping Mr Putin’s war effort. The trouble is, sanctions are not working well.

Since February 2022 America, Europe and their allies have together deployed sanctions against more than 16,500 Russian targets, according to a tracker maintained by Castellum.AI, a compliance firm. They have sought

variously to curb Russian oil revenues, ban the export of sensitive goods to the country, freeze the central bank's reserves and cut some Russian banks off from the global financial system. The idea was to use the West's clout over the global trading and finance to stop Mr Putin obtaining the technology and hard currency he needs to wage war. The array of sanctions aimed at one of the world's largest economies was hailed as unprecedented; *The Economist* suggested that the ensuing shock could lead to a cash crunch or even a coup.

The reality has proved drastically different. Russia's economy has been [more resilient](#), and the sanctions effort much leakier, than was hoped. Soon after the war began, the IMF expected Russian GDP to shrink by more than a tenth between 2021 and 2023. By October last year it reckoned that output may in fact have risen slightly over the same period. Moreover, the war has shown just how quickly global trade and financial flows find a path around barriers that are put in their way.

Take the trade in crude oil. In 2022 around 60% of crude from western Russia was transported in European tankers. Then a price cap imposed by the G7 countries banned their carriers from shipping Russian oil unless it traded for less than \$60 a barrel. In response, a shadow infrastructure grew up that exists outside the control of the West, and which carries much of Russia's oil at a higher price. These days more oil is being traded in Dubai and Hong Kong than in Geneva. The West's grasp on the global energy order has slipped accordingly.

Other trade flows have also adapted. The West is tirelessly adding Russian companies and individuals to its blacklists. But much of the world's population lives in countries that decline to [enforce Western sanctions](#), and there is little to stop new companies popping up and doing business there. Even as exports from the EU to Russia have collapsed, places like Armenia, Kazakhstan and Kyrgyzstan have begun importing more from Europe—and have mysteriously become important suppliers of critical goods to Russia.

All this explains why America and Europe are turning to secondary sanctions. But these suffer from another problem: although they are potent, they have forbidding side-effects. The mere threat of secondary sanctions can bring down a bank. When in 2018 America said it would consider

labelling ABLV, a Latvian lender, a money-laundering concern in part for helping North Korea dodge sanctions, depositors and foreign creditors fled and the bank collapsed within days. Already, Chinese banks are more cautious in their dealings with Russian firms, for fear of Uncle Sam's reach.

Alas, in the long term such exercises of power will erode the sway America has over the global financial system, which brings it real benefits. Even America's staunchest friends in Europe loathe its secondary sanctions, which have in the past led to huge fines for some of its banks. To enforce its penalties America would need to be ready to cause disruption in places such as India, Indonesia and the United Arab Emirates, none of which have any desire to be part of its sanctions effort. If America asserts its power aggressively, it could alienate precisely those emerging powers that it hopes to woo as the world fragments. And this could weaken its hold on the global financial system, by encouraging them to escape its reach by avoiding dollars. For the first time last year, more of China's cross-border payments were conducted in yuan than in the dollar. Other countries would be tempted to follow suit.

For policymakers in Washington and Brussels, sanctions hold a seductive appeal. At a time when political support for funding the war is fraying, they seem like a cheap way to weaken Russia and defend Ukraine. Yet the past two years reveal just how wishful such thinking is. Sanctions are not doing enough, and beefing them up will be counterproductive in the long term. There is no magic weapon; financial warfare is not a substitute for sending Ukraine the money and arms it needs. ■

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Let them dig

The world needs more critical minerals. Governments are not helping

Just obtaining a permit takes a remarkably long time

Feb 22nd 2024



Getty Images

MINING COMPANIES have always mattered. Without the iron ore and copper they unearth, there would be no steel to build with and no wiring to carry electric power. Today miners have an extra responsibility. If the world is to decarbonise, it will need 6.5bn tonnes of metals between now and 2050, according to the Energy Transitions Committee, a think-tank—and not just lithium, cobalt and nickel, the much-talked-about battery metals, but steel, copper and aluminium, too. Because that output is several times greater than today's capacity, producing it will require miners to invest more and dig faster.

Unfortunately, miners are investing a lot less than they once did, as their latest set of earnings, released this week, confirm. The world's biggest miner, BHP, last year spent less than half of what it did a decade ago. In part that is for sensible reasons: miners are rightly conscious that theirs is a boom-and-bust industry. The last time they splashed out, during the China-

led bonanza of 20 years ago, a spectacular crash followed. Markets are volatile. Whereas copper prices remain relatively high, those for cobalt, nickel and lithium have fallen dramatically, as more supply has come on stream. But lately investment decisions have also been tied up in red tape. Governments insist they want to encourage the green transition. Their actions too often say otherwise.

Official rhetoric goes to great lengths to underline how much politicians value critical metals. America wants to stockpile them in case foreign supplies are imperilled, much as it has amassed a huge emergency reserve of crude oil. Its Mineral Security Partnership seeks to work with allies to secure resources and channel investment into the extraction of metals. Other countries have devised their own critical-minerals strategies.

But all this work is being undermined by resource nationalism and misguided environmentalism. One obvious problem is that many countries want control over their resources, even at the expense of driving private investment away. Last year Chile announced plans for a state-owned company to produce lithium. Others, including Kyrgyzstan, Madagascar, Mexico and Namibia, are charging sky-high royalties, implementing export bans and indulging in other forms of state intervention. Politicians say they want to ensure more of a country's wealth from raw materials ends up staying at home. But too often such policies run the risk of being counterproductive, as companies that are forced to compete with the state, or to hand over their profits, decide to pull out. In 2022 SQM, the world's largest lithium producer, paid \$5bn to the Chilean treasury. That amounted to 1.3 times its net profit. Such measures will only make more projects uneconomic in the long run.

Hitting pay dirt

Another problem is that the process of getting permits is outrageously slow. Average lead times on mines, from discovering a deposit to commercial production, are spread out over almost 16 years; just acquiring a permit can take nearly a decade. America is sitting on a backlog of almost 300 mining projects, and many big schemes have been stuck in licensing limbo for years, with no resolution in sight. In places like Chile, meanwhile, obtaining permits is getting slower. Governments could streamline the process by

reducing the number of departments and agencies that need to be consulted. Making the schedule of approvals predictable would also help ensure that projects are not delayed and capital is not needlessly tied up.

A last complication is the multiplication of rules in different jurisdictions. The hotch-potch of standards raises the cost of building new mines. These sometimes require peripheral infrastructure like desalination plants, which can cost \$1bn a time. Anglo American, a global miner, has to meet at least nine different standards for ethical practices around the world, for instance, some of which may be inconsistent with each other. Ideally countries would be able to call on a unified set of sustainability standards, and report them as part of their mandatory financial disclosures. Britain has taken such an approach, and other countries should follow. If miners will not invest then the energy transition will take longer. ■

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Stop the war

How to prevent another catastrophic regional war in Congo

The world needs to press Rwanda to pull back its forces

Feb 22nd 2024



FEW PARTS of the world have suffered such prolonged misery as [eastern Congo](#), a place that has been meddled in and fought over by its neighbours for decades. Since the 1990s it has been the [battleground](#) in two major wars that sucked in troops from across the region. The deadliest of these, the second Congo war, led to the loss of 1m-5m lives, mostly from conflict-related disease and starvation. Now, with much of the world focused on crises elsewhere, there is the risk of a catastrophic third regional war being sparked in Congo—one that could possibly be averted but for the inattention of the West.

Rwanda-backed rebels have surrounded Goma, the biggest city in the east and home to perhaps 2m people. In recent weeks [Rwandan troops](#) or their proxies have fired an anti-aircraft missile at a UN drone and bombed Goma airport. They are almost certainly responsible for firing on a UN helicopter,

killing a peacekeeper, and for the death of two South African soldiers in a mortar attack.

The conflict in eastern Congo has deep and tangled roots. The region's rich mineral wealth has made it a prize worth fighting over. A weak central government in Kinshasa, Congo's capital, has allowed the emergence of around 120 armed groups that fight one another and the army for control of mines, people and land. A national army too ineffectual to provide security for the region's people or to control the country's borders has been an open invitation to meddling by neighbours. In the centre of this thicket is Rwanda, a tiny country of 14m people that has played an outsize role in destabilising Congo, a country almost ten-times its size.

The first Congo war broke out in 1996, just two years after the genocide in Rwanda. The genocide was halted only when the army and allied Hutu militias responsible for the killing were defeated by rebels led by Paul Kagame, now Rwanda's president. The militias and army leaders found sanctuary in Congo, then named Zaire, and used its territory to strike back at Rwanda. In response, local Rwandan-backed rebels marched on Kinshasa and toppled Mobutu Sese Seko, Zaire's dictator.

The second Congo war started when Rwanda invaded again, in 1998, after Laurent Kabil, the figurehead leader of Congo, turned on his erstwhile patrons and began supporting the Hutu militias. The resulting conflict involved troops from eight countries and lasted until 2003. It ended only after all sides were exhausted and donors pressed participants to withdraw.

A third Congo war was narrowly averted in 2012, thanks to the stance taken by Western donors and the UN when Rwanda-backed M23 rebels marched into Goma. America, Britain and other European donors withheld more than \$240m of aid to Rwanda and blocked disbursements by multilateral institutions. The UN formed the Intervention Brigade, its first-ever unit authorised to use offensive force, to attack the M23 and other armed groups. The pressure worked. Rwanda scaled back support for the M23, which was largely defeated by UN and Congolese forces.

Yet now few in the outside world are paying much attention to the unfolding crisis. Only America has been using its diplomatic heft, to try to get Rwanda

to withdraw its troops and Congo's government to tone down its inflammatory rhetoric and stop co-operating with a militia linked to leaders of the genocide who had fled Rwanda. Others are being craven out of self-interest. Britain, which wants to deport asylum-seekers to Rwanda, gave it more than £120m (\$150m) in aid in 2022. France, which is grateful for Rwanda's help in fighting jihadists who threaten a large gas project French companies are developing in Mozambique, has provided €504m (\$545m) in development aid since 2021. The UN, which wants to pull its peacekeepers out of Congo, has failed even to name Rwanda as being behind attacks on its blue helmets.

There are many problems in a country as large and as poorly governed as Congo. Most of them cannot be solved easily or soon. But, as recent history has shown, the threat posed by Rwandan forces and their proxies can be lowered by outside pressure. It is not the means that are lacking, but the will.



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Letters

- [Letters to the editor](#)

On HS2, data centres, Vladimir Putin, the FHLB, academic research, the Holocaust, prosthetic limbs, animals on a plane

Letters to the editor

A selection of correspondence

Feb 22nd 2024



Getty Images

Letters are welcome via email to letters@economist.com

The government was off track

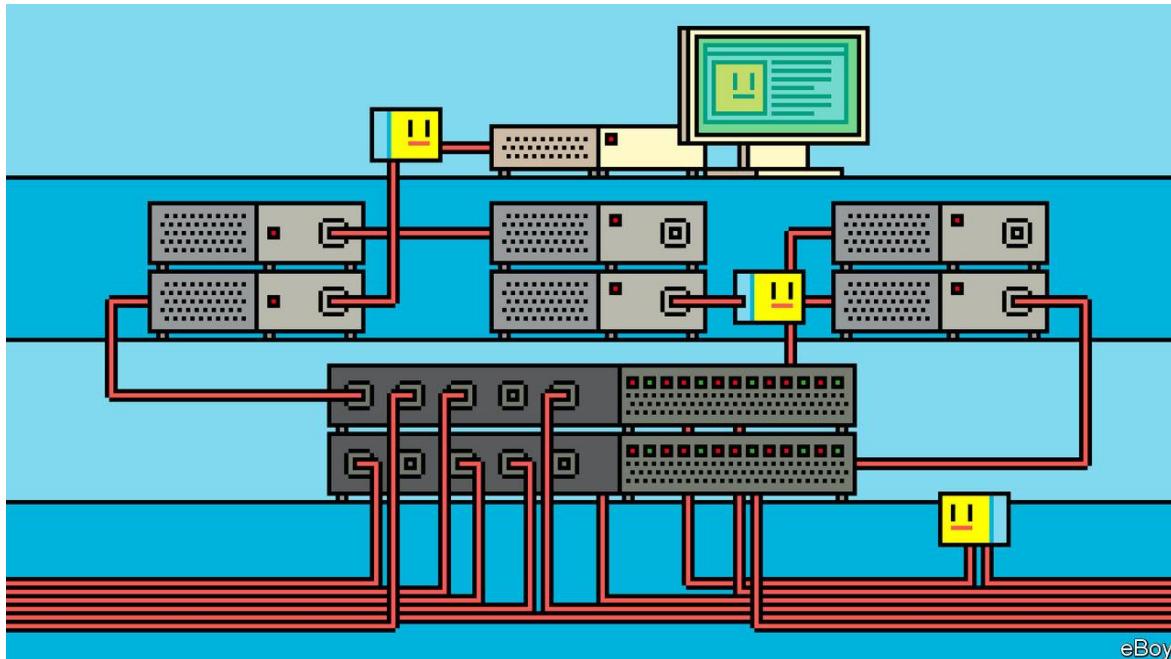
Your analysis of the reasons for the problems surrounding HS2, a high-speed rail project between the south and north of England, sadly rings all too true, as do the lessons the country needs to learn ([“Horror story”](#), February 17th). The lessons include a more focused and less cumbersome planning system, less political dithering and interference, and a recognition that we do not have the necessary level of engineering experience and capability in Britain to deliver this kind of mega project.

The central problem, however, is more fundamental. Within government HS2 was primarily seen as a stand-alone transport project rather than as a means to tackle two of the country’s most significant issues: regional inequality and low productivity. HS2 could have produced an agglomeration

effect by making it easier, and faster, to travel and do business between our big towns and cities. But that kind of strategic clarity about the wider outcome of HS2 was largely missing. Hence the piecemeal approach we have today. The main lesson, therefore, is the need to be clear about the core purpose that such projects are trying to achieve before they start, in order to build a national consensus that can stand the inevitable ups and downs of implementation.

TOM KELLY

Director of corporate affairs at HS2, 2013-19
Coleraine, Londonderry



Hot data

Technology Quarterly ([February 3rd](#)), on the physical underpinnings of the internet, tackled the need to decrease the carbon-dioxide emissions of data centres as they expand in number and power consumption. One thing to note is that extreme heat events are beginning to force some data centres to throttle their performance or halt operations altogether, in case they fry their processors. This pattern is guaranteed to worsen, probably causing disruption to the now-essential internet and communications services. Perhaps we might want to invest in resilience in earnest.

ANDREW BOCHMAN
Idaho National Laboratory
Milwaukee



Tucker Carlson's interview

Some form of dislocation is the only possible explanation for why people in the West support Vladimir Putin ([Back Story](#), February 17th). A strong identification with and advocacy for an ideology, country, or leader that diverges from one's own interests and values is indicative of "transferred nationalism", a concept introduced by George Orwell in his essay, "Notes on Nationalism", published in 1945.

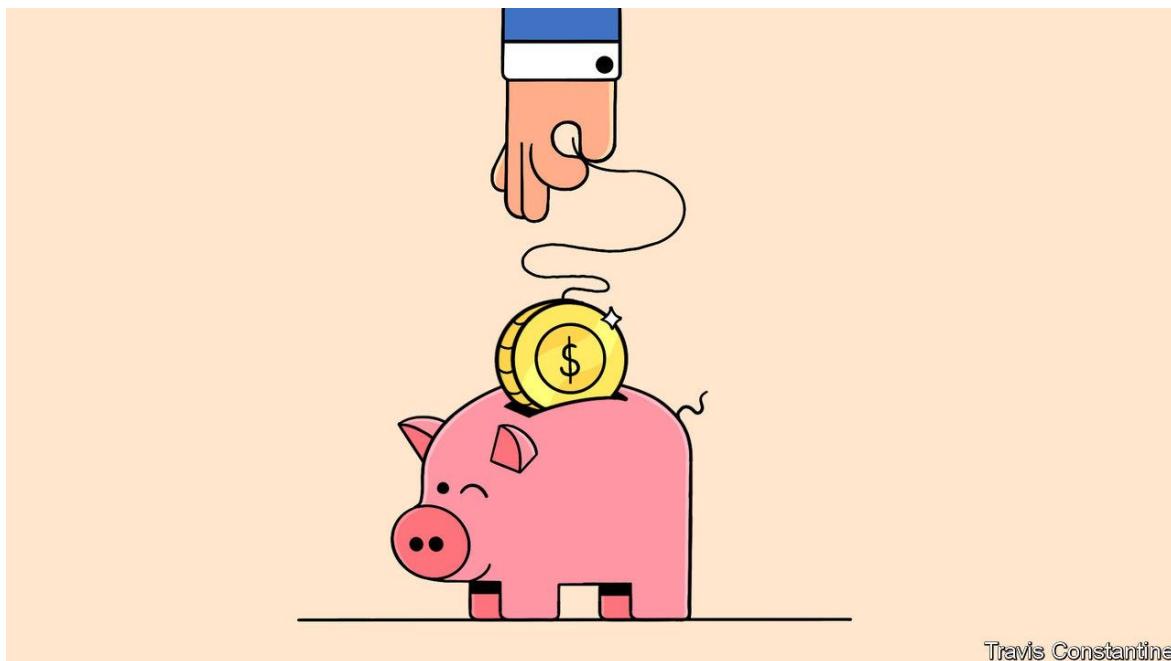
Transferred nationalism causes individuals to become more dishonest and malignant in supporting their own native country, where they have genuine knowledge and experience. Despite championing liberty and democracy at home, they abandon their principles, literary preferences, and, to some extent, their moral sense when engaging in debates on international affairs, often without even realising it. Debates and TV interviews will not reduce these leanings, they will only continue to reinforce them. As Orwell suggested, countering these tendencies is possible, but it demands a sincere moral effort.

SEBASTIAN WOLLER
Bern, Switzerland

Far from being a senseless ramble by an out of touch “crank”, Mr Putin’s screed on Russian history in his interview with Tucker Carlson was a shrewd message for a different audience: the Russians. Mr Putin managed the remarkable feat of sending two messages in the same interview to two audiences that will listen to different parts. Westerners may have listened to only short bits of the interview.

But for Russians, who may have been the only ones to have watched the whole thing, recalling a millenarian history of endurance and overcoming foreign invaders who initially had the upper hand, such as the Mongols, Napoleon and the Nazis, is a powerful invitation to resist the hardships of the Ukrainian war, the hundreds of thousands of soldiers killed and wounded and the total isolation of their country. Just like their ancestors, who eventually prevailed.

LUCA D’AGNESE
Rome



Travis Constantine

The FHLB responds

You mischaracterised the Federal Home Loan Bank system in America and overlooked several important facts ([“Another bank subsidy America should kill off”](#), February 13th). Your central point seems to be that the system “resembles” a central bank and provides too much liquidity at too low a cost to members. As evidence, you pointed to events in the spring of 2023, noting that liquidity provided by the FHLB system surpassed \$1trn for the first time since the financial crisis, and asserted that the inexpensive nature of the system’s liquidity stands as a barrier to the Federal Reserve’s ability to recognise when a financial institution is in trouble (note, the Fed has not made this assertion).

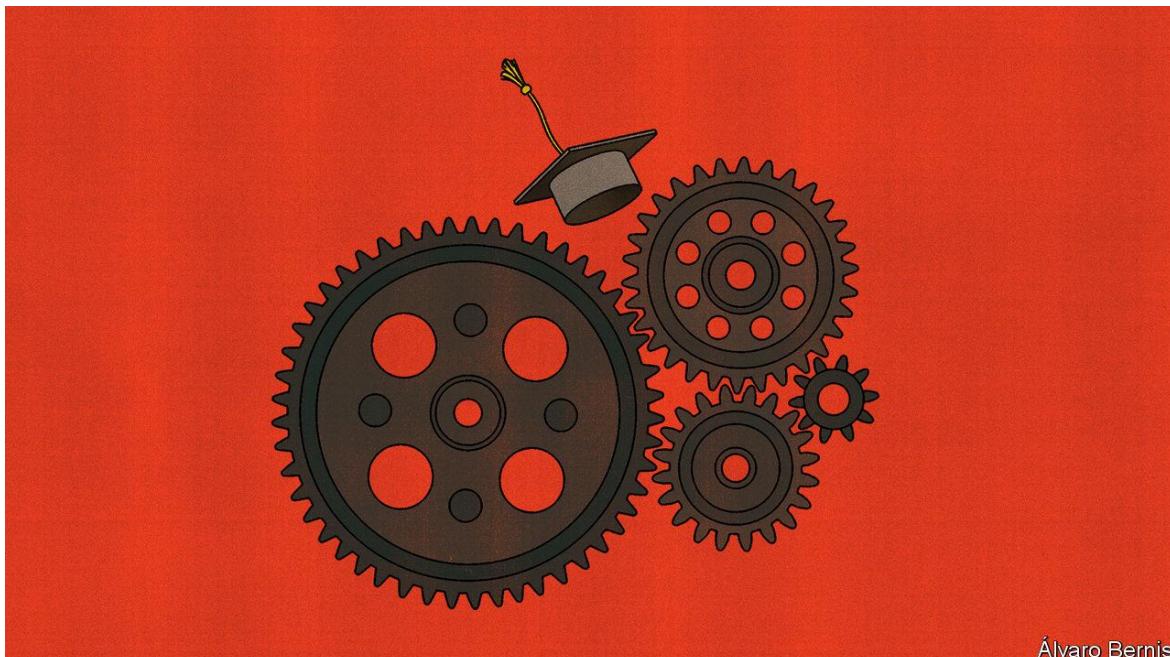
You did not mention that serving as a reliable liquidity provider in all market environments is precisely the role that Congress has carved out for the FHLB system. However, unlike a central bank, the FHLB is a market-based, self-capitalising, member-owned co-operative designed to expand and contract based on the liquidity needs of its members. In times of market stress, demand for FHLB liquidity naturally increases as financial institutions seek to strengthen their balance sheets to weather the storm. For more than 90 years FHLB members have built relationships with and come to rely upon their FHLB as a first responder in crisis situations. Furthermore, each member undergoes robust credit evaluation and monitoring and the FHLBs are statutorily required to offer advances collateralised only with eligible “mission-based” collateral that support housing and community economic development.

You singled out the bank failures of last March as evidence that inexpensive FHLB liquidity merely masks potential problems and makes resulting crises worse. However, there was no mention of the sheer number of FHLB members that used the system’s liquidity and did not fail. Indeed, 3,630 FHLB members had outstanding advances at the end of March 2023.

Finally, you contended that FHLB lending raises resolution costs if a bank fails, but ignored the cost of the cascading bank failures that would ensue if the FHLBs were not available in moments of stress when the need for liquidity increases and other market-based funding sources retreat. As a study published by the Urban Institute demonstrated last November, “an increase in a bank’s use of FHLB advances reduces its odds of failure.”

Though the FHLB system is not the lender of last resort, its ability to provide market-based, reliable liquidity to members in emergency situations is one of its distinguishing characteristics and one that has served America's financial system well for nearly 100 years.

RYAN DONOVAN
President and CEO
Council of Federal Home Loan Banks
Washington, DC



Science for science's sake

Free exchange ([February 10th](#)) made many strong points linking university research, patent production and economic growth. Yet the column concluded that governments should curb their "lavish public support" for universities. In an uncertain world, basic science is all the more important. A focus on application can lead to short-term breakthroughs, certainly, but there is always a need for basic science (testing hypotheses of mechanistic theories) that may not have an immediate application but can lay the foundation for breakthroughs. Such examples include CRISPR gene-editing and the general circulation models used by the Intergovernmental Panel on Climate Change.

Funding isn't black or white. Grants that blend corporate and academic research or promote industry-academic collaborations are useful experiments.

ADAM PELLEGRINI
Associate professor
University of Cambridge

There is little doubt that the research conducted by post-war corporate labs depended critically on the university education of their scientists (likewise for present day corporate research in big tech and pharma). University research fulfils many goals, not least of which is high-quality research-led education. The university education received by scientists at Bell Labs and DuPont would have been much impoverished if their professors had not also been active researchers.

MARCUS PEARCE
Queen Mary University of London



The banality of evil

Your excellent examination of Holocaust memorials ("Remembrance row", February 10th) mentioned the "superb" exhibition at London's Imperial War

Museum. Some might question whether a showcase on the Holocaust belongs in a war museum, suggesting as it does that the killing of 6m Jews, as well as gypsies, homosexuals and other Nazi victims, was a crime committed as part of the second world war. In fact, what makes this act of genocide so particularly horrifying is that it was carefully planned and carried out in cold blood, in areas where there was little or no fighting. A crime against humanity, yes, but not a war crime.

PAUL MOSS

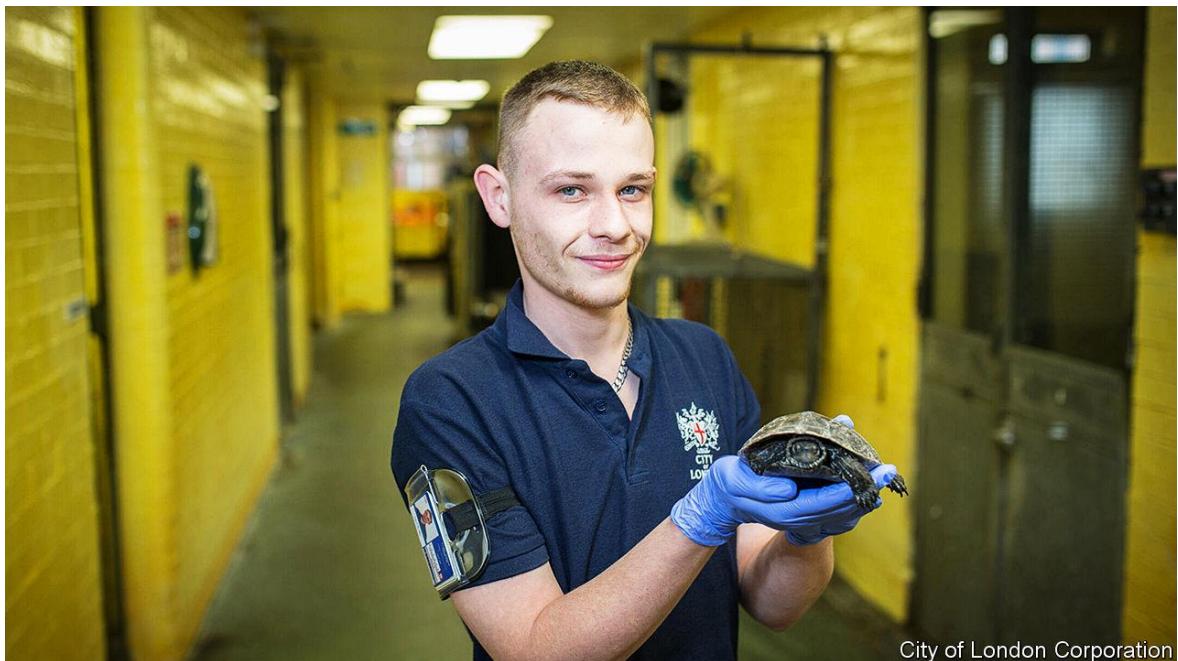
London



Arms and the man

The notion that a prosthetic limb need not mimic the missing arm or leg that it is replacing has a precedent in science fiction ("[Weird and wonderful](#)", February 3rd). Robert Heinlein wrote about the possibility of mission-specific prosthetics in his book "The Moon is a Harsh Mistress", published in 1966, in which the main character uses multiple prosthetics to replace the part of his arm lost in a mining accident. He is described as having a dozen arms, each one optimised for a specific task, plus one that looks and feels like a flesh-and-bones arm. This arm was presumably for social occasions, when an arm with micromanipulators might not be appropriate.

ROBERT CHECCHIO
Dunellen, New Jersey



City of London Corporation

I do believe it's true

It comes as no surprise that zebras may panic when travelling on an aircraft (“[Snakes and rhinos on a plane](#)”, January 27th). As Paul Simon will tell you, they are known to be reactionaries.

GRANT WALTERS
Ottawa

When vultures are transported by air, are they allowed carrion luggage?

THOMAS DAVID KEHOE
Boulder, Colorado

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By Invitation

- [Oman's foreign minister calls for an emergency peace conference](#)
- [Don't give AI free access to work denied to humans, argues a legal scholar](#)

The Middle East

Oman's foreign minister calls for an emergency peace conference

Hamas, Hizbullah and the Houthis are too deeply rooted in their communities to be excluded, argues Badr Albusaidi

Feb 21st 2024



Dan Williams

OMAN IS CALLING for an emergency international conference on Palestine, an initiative to match that of President George H.W. Bush when he convened the Madrid Peace Conference in 1991. Madrid set off a series of multilateral negotiations aimed at ending the Arab-Israeli conflict, which made substantial progress but were then, tragically, interrupted. We must try again.

Like all its neighbours Oman is suffering the consequences of the deepening crisis in Gaza. The prospect of further escalation threatens the entire region. So a ceasefire is a humanitarian necessity, and a strategic necessity too. The step from ceasefire to emergency conference must come swiftly and decisively.

Without a Palestinian state, the whole region is condemned to a constant cycle of violence, and the Palestinians will continue to live with the threat of annihilation.

Hamas cannot be eradicated. Movements of national liberation like Hamas are too deeply rooted in their communities. Their cause will be kept alive however many militants die. So, if there is ever to be peace, the peacemakers have to find a way to talk to them. And to listen.

There is an assumption that the people of the Middle East are so imprisoned by sectarian logic that they are incapable of making the kind of sophisticated judgments that the people of the liberal and democratic West are used to making. This is deeply condescending. It is also factually wrong.

Pluralism is not the privilege of a Western elite; it is a vital part of the history and present reality of the Arab world. The people of the region have minds of their own and make political judgments rather than just adhering to sectarian affiliation.

In Lebanon today, for example, it is Hezbollah which has mobilised its forces and taken military action against Israel. Hezbollah, we are told, is a Shia party and it functions as a proxy for Iran. And that is supposed to explain what is happening.

But it stops short of an actual explanation. In reality, Hezbollah enjoys significant popular and political support within Lebanon. That support comes from across the religious spectrum, and includes not just Shia Muslims but also Sunni Muslims and Christians. This support is a matter of political choice, not sectarian fidelity.

I am not saying that the people represented in Western media as the bad guys are really the good guys; that's just binary thinking. What I am saying is that bad and good aren't helpful categories when trying to make sense of a complex and dynamic situation and act responsibly within it.

Talking to, listening to and ultimately working with all kinds of players, with different interests and perspectives, has to be the basis on which we halt the catastrophe in Palestine. The world has deferred the question of Palestinian

statehood for far too long. Too many of those who speak in favour of a two-state solution regard this as an objective to be achieved in some distant future—as though in that future the fundamental realities will have magically changed to make possible then what is somehow impossible now.

So, no more deferral. We have to deal with the reality we inhabit now. And that reality includes Hamas.

Those who follow the affairs of the region sometimes praise the Omanis as mediators. It is true we have supported peace initiatives from Camp David in 1978 to the Madrid process in 1991 and the Oslo Accords in 1993, as well as the JCPOA multilateral nuclear accord with Iran, talks aimed at ending war in Yemen, and various hostage releases. But we are just facilitators, not mediators, for some infer that mediators sit in judgment. That is not the Omani way.

The conference Oman is calling for must include everyone. Because everyone has a stake in achieving agreement. Iran will need to make difficult compromises to be part of such a process. But I am confident, having dealt with Iranian officials for more than 30 years, that the country's leaders are capable of making such compromises.

We must also believe that there exists an Israeli leadership that can be persuaded to engage in good faith. The people of Israel deserve better than to live in a world shaped by the assassination of Prime Minister Yitzhak Rabin in 1995—a murder, perpetrated by a young Israeli extremist, that helped derail the peace process.

We will all have to engage with non-state actors, and that includes not only Hamas and Hizbullah but the Houthis, too. The Houthis, and before them other Zaydi Shias, have been a big factor in Yemeni politics for centuries, and like all Yemenis they are Oman's immediate neighbours. Today, they rule most of Yemen. This makes them the de facto government. Again, we must inhabit the reality we find ourselves in. (And, if I may offer an aside on the Red Sea, I am as certain as I can be that calm will prevail there if a ceasefire is agreed in Gaza. After all, the West is arguing there is no linkage, and a ceasefire would give the Houthis the opportunity to demonstrate precisely that there is.)

Where will a conference be held? Wherever people feel comfortable. It might be in Switzerland or Norway, for example. When? As soon as possible. And what for? To agree a plan to admit Palestine to the United Nations, and for many more states to join those which I hope will be recognising Palestine in the coming weeks. This could serve as a platform for the urgent negotiation of a comprehensive two-state solution and all that is required to guarantee it.■

Badr Albusaidi is the foreign minister of Oman.

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Artificial intelligence and copyright

Don't give AI free access to work denied to humans, argues a legal scholar

Ben Sobel thinks lawsuits from rights-holders could reshape copyright law for the better

Feb 16th 2024



Dan Williams

MORE THAN six years ago I published an analysis arguing that training generative AI on copyrighted works could break American law. Since then many others have suggested the same. The issue has already boiled over in Britain, where this month talks between the AI industry and creative organisations over a new code of practice broke down. Now, lawsuits by artists, writers and the *New York Times* are testing our theory against defendants such as OpenAI, Meta and Stability AI.

The AI industry's defence rests on "fair use", a doctrine that permits the use of copyrighted material without its owner's permission in certain circumstances. If this argument prevails, the industry will receive *carte blanche* to exploit copyrighted works without compensating authors—all while the law continues to stifle humans' access to those works. AI will

“learn” from pirated textbooks free of charge, while students pay extravagant prices. How perverse.

The purpose of copyright is to stimulate creativity and thereby encourage the creation of more expressive works for the public good, not just to promote a particular technology. Yet, curiously, many “free culture” activists support the AI companies. These activists’ worldview crystallised around the early 2000s, when copyright protections expanded and record labels pursued exorbitant judgments against people who shared music online. In response to this grab by major rights-holders, the copyright decelerationists, as I call them, vowed to halt copyright’s expansion.

I believe that the decelerationists’ premise remains as correct today as it was then: ever-stronger copyright protection has withheld incalculable amounts of culture from the public domain. But we won’t repair that damage with exceptions tailor-made to benefit the giants of AI. A better strategy is to enforce copyright just as harshly on AI learners as we enforce it on humans. This may seem paradoxical, but I believe it will highlight the law’s disregard for learning and could ultimately lead to copyright regulation being relaxed for humans. Thus, we should become copyright accelerationists.

Accelerationism can be used as a tactic to destabilise: Karl Marx delivered an accelerationist call-to-arms when he endorsed free trade, believing it would heighten capitalism’s contradictions and hasten the social revolution. In the context of copyright, accelerationism aims to upend the legal rules that hinder ordinary people from engaging with creative works. For example, there are millions of in-copyright works with no identifiable owner. But because using these “orphan works” remains legally risky, libraries, archives and people who want to use them for their own creative ends hesitate to touch them.

This cultural tragedy is the result of a dramatic expansion of copyright’s reach over the past 50 years. Copyright’s term was lengthened, keeping creative works out of the public domain long after their creators had earned a fair return and stifling new generations. “Steamboat Willie”, Mickey Mouse’s 1928 debut, did not enter the public domain until January 1st this year because rights-holders had successfully lobbied for a 20-year copyright extension without any rational economic justification. America’s Congress

abolished “formalities”—requirements that authors register and renew their copyrights and place notices in published works, or risk forfeiting those copyrights. Courts chipped away at the required level of creativity for copyright to be established.

These changes had predictable consequences: innumerable works were withheld from the public and a small group of rights-holders was enriched. But technological changes triggered unanticipated consequences. Each of us now accumulates dozens of copyrights every day. Thanks to rock-bottom originality requirements and the elimination of formalities, all but our most mindless emails, text messages and photos automatically count as intellectual property until 70 years after we die. Nearly all valuable AI training data is owned by someone and will be for decades. These legal rules, long the enemy of free culture, are now the enemy of powerful technology companies, too.

The AI industry claims training AI on copyrighted works is excused by the fair-use doctrine because rights-holders cannot prevent others from copying their works to learn from them. But that argument would fail if made by a human. Could you imagine a file-sharing defendant arguing that downloading a Beatles album was fair use because she wanted to learn the Lennon-McCartney songwriting style? She would be laughed out of court, even if she wrote nothing that resembled a Beatles tune.

The decelerationists and I agree that copyright’s routine thwarting of human learning and creativity is tragic. But carrying the AI industry’s water won’t repair that tragedy. Decelerationists must realise that even if the industry wins, all the cases denying fair use for activities like artistic pastiche, fan fiction and the publication of personal letters in a biography will remain binding precedents (for humans, that is).

So don’t decelerate copyright. Do the opposite in order to heighten copyright’s contradictions. Show the powerful just how harmful it is when the law stymies learning. Give AI firms a choice: support reforms that eliminate the copyright doctrines that inhibit human and machine learning alike, or watch investments in AI crumble under the same copyright liability that human learners face.

Copyright accelerationism is not anti-AI. If it appears so, that's because today's copyright law is anti-human. What copyright accelerationism abhors are laws that preserve all of copyright's anti-human provisions while exempting the AI industry from those same strictures. There's no inherent tension between the interests of people who create and consume media in traditional modes and people who use generative AI. Their interests appear in conflict now only because decades of anti-learning copyright policy have blinkered us.

Sam Altman, the boss of OpenAI, calls the AI revolution "unstoppable." But copyright law presents a profound threat to generative AI—and AI presents an unprecedented opportunity to reshape copyright for the better. So come, accelerationists. Pit AI's "unstoppable" force against an object long thought immovable: inhumane copyright law. ■

Ben Sobel is a scholar of information law and a postdoctoral fellow at the Digital Life Initiative at Cornell Tech.

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Briefing

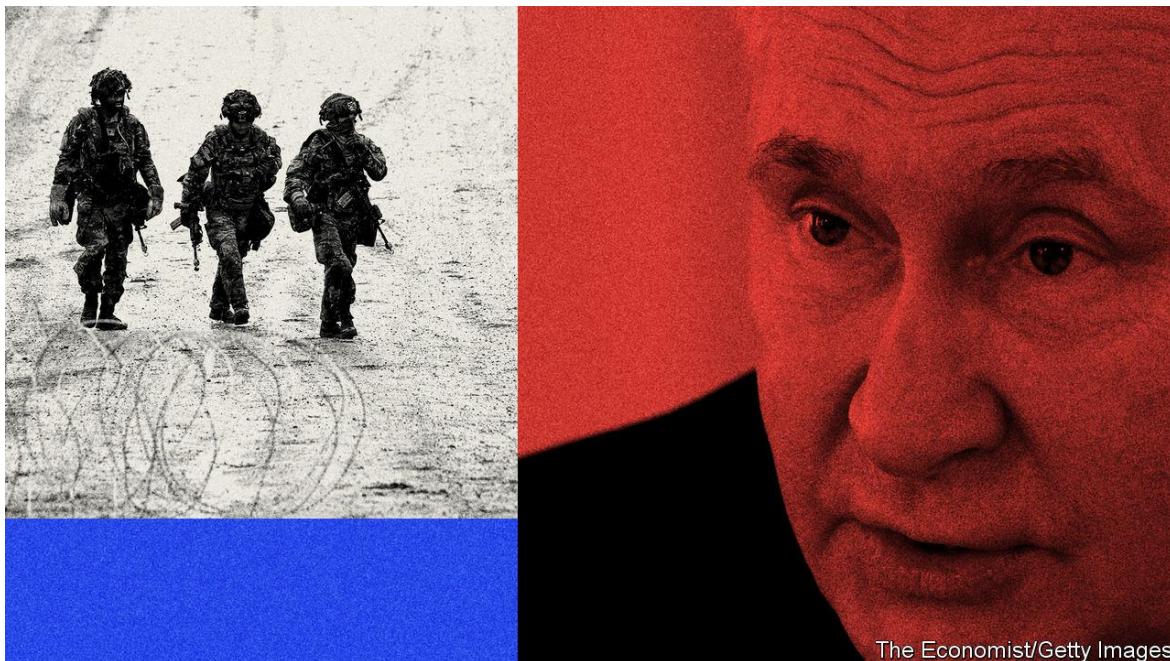
- [Can Europe defend itself without America?](#)

Present at the destruction

Can Europe defend itself without America?

It would need to replace military aid, a nuclear umbrella and leadership

Feb 18th 2024 | Munich



The Economist/Getty Images

THE SECOND anniversary of Russia's invasion of Ukraine, on February 24th, and the continuing menace Vladimir Putin, Russia's president, presents to Europe, were always going to overshadow this year's Munich Security Conference. But as the annual gathering of bigwigs got under way, a series of additional blows fell. First came the death of [Alexei Navalny](#), Russia's foremost opposition leader, in a Siberian gulag on February 16th. The next day Ukraine's army withdrew from the town of Avdiivka, handing Mr Putin his first military victory in almost a year. America's Congress, meanwhile, showed no sign of passing a bill to dispense more military aid to Ukraine, which is starved of ammunition and therefore likely to suffer more setbacks on the battlefield. The auguries could scarcely have been more awful.

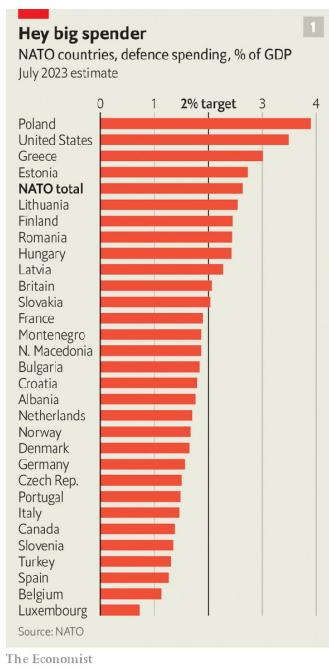
The deadlock in Congress reflects the baleful influence of [Donald Trump](#), whose opposition to aid for Ukraine has cowed Republican lawmakers. It was the spectre of Mr Trump's potential return to office in November's presidential election that cast the darkest pall over Munich. A week earlier

Mr Trump had explained what he would say to an ally in NATO that had not spent as much as the alliance urges on defence and then suffered an invasion: “You’re delinquent? No, I would not protect you. In fact, I would encourage them [the invaders] to do whatever the hell they want.”

Combined harms

Russia’s ever-deepening belligerence, Ukraine’s deteriorating position and Mr Trump’s possible return to the White House have brought Europe to its most dangerous juncture in decades. The question is not just whether America will abandon Ukraine, but whether it might abandon Europe. For Europe to fill the space left by America’s absence would require much more than increased defence spending. It would have to revitalise its arms industry, design a new nuclear umbrella and come up with a new command structure

In Munich the mood was fearful, but determined rather than panicked. American and European officials remain hopeful that more American munitions will eventually get to Ukraine, but they are also making contingencies. On February 17th Petr Pavel, the Czech president, said his country had “found” 800,000 shells that could be shipped within weeks. In an interview with *The Economist* [Boris Pistorius](#), Germany’s defence minister, insisted that European arms production was increasing “as fast as possible” and said he was “very optimistic” that Europe could plug any gaps left by America.



The Economist

Not everyone is so sanguine. If American aid were to evaporate entirely, Ukraine would probably lose, an American official tells *The Economist*. Mr Pistorius is correct that European arms production is rising fast; the continent should be able to produce shells at an annual rate of 1m-2m late this year, potentially outstripping America. But that may come too late for Ukraine, which needs some 1.5m per year according to Rheinmetall, a European arms manufacturer. A sense of wartime urgency is still lacking. European shell-makers export 40% of their production to non-EU countries other than Ukraine; when the European Commission proposed that Ukraine should be prioritised by law, member states refused. The continent's arms firms complain that their order books remain too thin to warrant big investments in production lines.

A Ukrainian defeat would inflict a psychological blow on the West while emboldening Mr Putin. That does not mean he could take advantage right away. “There is no immediate threat to NATO,” says Admiral Rob Bauer, the head of NATO’s international military committee. Allies disagree over how long Russia would need to rebuild its forces to a pre-war standard, he says, and the timing depends in part on Western sanctions, but three to seven years is the range “a lot of people talk about”. The direction of travel is clear. “We can expect that within the next decade, NATO will face a Soviet-style mass army,” warned Estonia’s annual intelligence report, published on

February 13th. The threat is not just a Russian invasion, but attacks and provocations which might test the limits of Article 5, NATO's mutual-defence clause. "It cannot be ruled out that within a three- to five-year period, Russia will test Article 5 and NATO's solidarity," Denmark's defence minister recently warned. But the concern is less the timing than the prospect of confronting Russia alone.

Change of station

Europe has thought about such a moment for years. In 2019 Emmanuel Macron, France's president, told this newspaper that allies needed to "reassess the reality of what NATO is in the light of the commitment of the United States". Mr Trump's first term in office, in which he flirted with withdrawing from NATO and publicly sided with Mr Putin over his own intelligence agencies, served as a catalyst. The idea of European "strategic autonomy", once pushed only by France, was embraced by other countries. Defence spending, which began rising after Russia's first invasion of Ukraine in 2014, has increased dramatically. That year just three members of NATO met the alliance's target of spending 2% of GDP on defence. Last year 11 countries did, ten of them in Europe (see chart 1). This year at least 18 of NATO's 28 European members will hit the target. Europe's total defence spending will reach around \$380bn—about the same as Russia's, after adjusting for Europe's higher prices.

Those numbers flatter Europe, however. Its defence spending yields disproportionately little combat power, and its armed forces are less than the sum of their parts. The continent is years away from being able to defend itself from attack by a reconstituted Russian force. At last year's summit, NATO leaders approved their first comprehensive national defence plans since the cold war. NATO officials say those plans require Europe to increase its existing (and unmet) targets for military capability by about a third. That, in turn, means Europe would have to spend around 50% more on defence than today, or about 3% of GDP. The only European members of NATO that currently reach that level are Poland and Greece, the latter flattered by bloated military pensions.

Anyway, more money is not enough. Almost all European armies are struggling to meet their recruitment targets, as is America's. Moreover the

rise in spending after 2014 delivered alarmingly little growth in combat capability. A recent paper by the International Institute of Strategic Studies (IISS), a think-tank in London, found that the number of combat battalions had barely increased since 2015 (France and Germany each added just one) or had even fallen, in Britain by five battalions. At a conference last year, an American general lamented that most European countries could field just one full-strength brigade (a formation of a few thousand troops), if that. Germany's bold decision to deploy a full brigade to Lithuania, for instance, is likely to stretch its army severely.

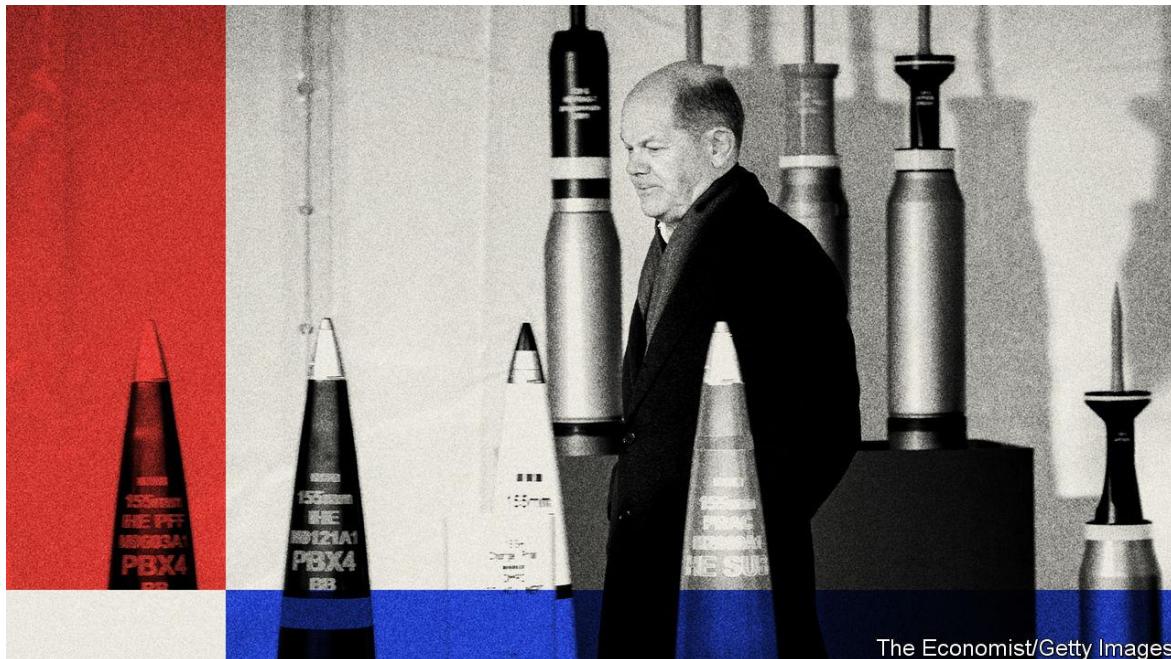
Even when Europe can produce combat forces, they often lack the things needed to fight effectively for long periods: command-and-control capabilities, such as staff officers trained to run large headquarters; intelligence, surveillance and reconnaissance, such as drones and satellites; logistics capabilities, including airlift; and ammunition to last for longer than a week or so. "The things that European militaries can do, they can do really well," says Michael Kofman, a military expert, "but they typically can't do a lot of them, they can't do them for very long and they're configured for the initial period of a war that the United States would lead."

Poland is an instructive case. It is the poster boy for European rearmament. It will spend 4% of its GDP on defence this year, and splurges more than half of that money on equipment, far above NATO's target of 20%. It is buying huge numbers of tanks, helicopters, howitzers and HIMARS rocket artillery—on the face of it, just what Europe needs. But under the previous government, says Konrad Muzyka, a defence analyst, it did so with little coherent planning and utter neglect of how to crew and sustain the equipment, with personnel numbers falling. Poland's HIMARS launchers can hit targets 300km away, but its intelligence platforms cannot see that far. It relies on America for that.

One option would be for Europeans to pool their resources. For the past 16 years, for instance, a group of 12 European countries have jointly bought and operated a fleet of three long-range cargo aircraft—essentially a timeshare programme for airlift. In January Germany, the Netherlands, Romania and Spain teamed up to order 1,000 of the missiles used in the Patriot air-defence system, diving down the cost through bulk. The same approach could be taken in other areas, such as reconnaissance satellites.

The hitch is that countries with big defence industries—France, Germany, Italy and Spain—often fail to agree on how contracts should be split among their national arms-makers. There is also a trade-off between plugging holes quickly and building up the continent's own defence industry. France is irked by a recent German-led scheme, the European Sky Shield Initiative, in which 21 European countries jointly buy air-defence systems, in part because it involves buying American and Israeli launchers alongside German ones. When Olaf Scholz, Germany's chancellor, recently called for Europe to adopt a “war economy”, Benjamin Haddad, a French lawmaker in Emmanuel Macron's Renaissance party, retorted, “It's not by buying American equipment that we're going to get there.” European arms-makers, he argued, will not hire workers and build production lines if they do not get orders.

These twin challenges—building up military capability and revitalising arms production—are formidable. Europe's defence industry is less fragmented than many assume, says Jan Joel Andersson of the EU Institute for Security Studies in a recent paper: the continent makes fewer types of fighter jets and airborne radar planes than America, for instance. But there are inefficiencies. Countries often have different design priorities. France wants carrier-capable jets and lighter armoured vehicles; Germany prefers longer-range aircraft and heavier tanks. Europe-wide co-operation on tanks has consistently failed, writes Mr Andersson, and an ongoing Franco-German effort is in doubt.

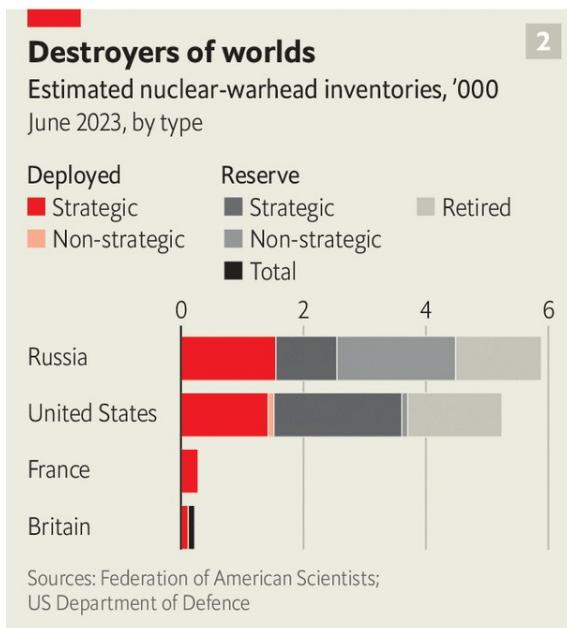


The Economist/Getty Images

The scale of the required changes raises broader economic, social and political questions. Germany's military renaissance will be unaffordable without cutting other government spending or junking the country's "debt brake", which would require a constitutional amendment. Mr Pistorius says he is convinced that German society backs higher defence expenditure, but acknowledges, "We have to convince people that this might have an impact on other spending." Thierry Breton, the EU commissioner in charge of defence, has proposed a €100bn (\$108bn) defence fund to boost arms production. Kaja Kallas, Estonia's prime minister, backed by Mr Macron and other leaders, has proposed that the EU fund such defence spending with joint borrowing, as it did the recovery fund it established during the covid-19 pandemic—a controversial idea among the thriftiest member-states.

Europe's manpower shortages are driving similarly fraught discussions. In December Mr Pistorius said that "in retrospect" Germany had erred in ending compulsory national service in 2011. In January General Sir Patrick Sanders, the head of the British Army, said preparing Western societies for a war footing would be a "whole-of-nation undertaking", and that Ukraine showed that "regular armies start wars; citizen armies win them". His remarks prompted a national furore over conscription, though he never used the word. Several western European countries are studying the "total

defence” models of Sweden, Finland and other northern European countries, which emphasise civil defence and national preparedness.



The Economist

Perhaps the hardest capability for Europe to replace is the one everyone hopes will never be needed. America is committed to using its nuclear weapons to defend European allies. That includes both its “strategic” nuclear forces, those in submarines, silos and bombers, and the smaller, shorter-range “non-strategic” B61 gravity bombs stored in bases across Europe, which can be dropped by several European air forces. Those weapons have served as the ultimate guarantee against Russian invasion. Yet an American president who declined to risk American troops to defend a European ally would hardly be likely to risk American cities in a nuclear exchange.

During Mr Trump’s first spell in office, that fear revived an old debate over how Europe might compensate for the loss of the American umbrella. Britain and France both possess nuclear weapons. But they have only 500 warheads between them, compared with America’s 5,000 and Russia’s nearly 6,000 (see chart 2). For advocates of “minimum” deterrence, that makes little difference: they think a few hundred warheads, more than enough to wipe out Moscow and other cities, will dissuade Mr Putin from any reckless adventure. Analysts of a more macabre bent think such lopsided

megatonnage, and the disproportionate damage which Britain and France would suffer, give Mr Putin an advantage.

Nuclear posturing

This is not just a numerical problem. British nuclear weapons are assigned to NATO, whose Nuclear Planning Group (NPG) shapes policy on how nuclear weapons should be used. The deterrent is operationally independent: Britain can launch as it pleases. But it depends on America for the design of future warheads and draws from a common pool of missiles, which is kept on the other side of the Atlantic. If America were to sever all co-operation, British nuclear forces “would probably have a life expectancy measured in months rather than years”, according to an assessment published ten years ago. In contrast, France’s deterrent is entirely home-grown and more aloof from NATO: uniquely among NATO’s members, France does not participate in the NPG, though it has long said that its arsenal, “by its existence”, contributes to the alliance’s security.

Within NATO, nuclear issues were long on the “back burner”, says Admiral Bauer. That has changed in the past two years, with more and wider discussions on nuclear planning and deterrence. But NATO’s plans hinge on American forces; they do not say what should happen if America leaves. The question of how Britain and France might fill that gap is now percolating. On February 13th Christian Lindner, Germany’s finance minister and head of the pro-business Free Democratic Party, called in the *Frankfurter Allgemeine Zeitung*, a German newspaper, for a “rethink” of European nuclear arrangements. “Under what political and financial conditions would Paris and London be prepared to maintain or expand their own strategic capabilities for collective security?” he asked. “And vice versa, what contribution are we willing to make?”

Such musings have a long history. In the 1960s America and Europe pondered a “multilateral” nuclear force under joint control. Today, the idea that Britain or France would “share” the decision to use nuclear weapons is a non-starter, writes Bruno Tertrais, a French expert involved in the debate for decades, in a recent paper. Nor is France likely to join the NPG or assign its air-launched nuclear forces to NATO, he says. One option would be for the two countries to affirm more forcefully that their deterrents would, or at least

could, protect allies. In 2020 Mr Macron stated that France's "vital interests"—the issues over which it would contemplate nuclear use—"now have a European dimension" and offered a "strategic dialogue" with allies on this topic, a position he reiterated last year.

The question is how this would be made credible. In deterrence, the crucial issue is how to make adversaries (and allies) believe that a commitment is real, rather than a cheap diplomatic gesture that would be abandoned when the stakes become apocalyptic. Mr Tertrais proposes a range of options. At the tame end, France could simply promise to consult on nuclear use with its partners, time permitting. More radically, if the American umbrella had gone entirely, France could invite European partners to participate in nuclear operations, such as providing escort aircraft for bombers, joining a task force with the eventual successor to the *Charles de Gaulle* aircraft-carrier, which can host nukes, or even basing a few missiles in Germany. Such options might ultimately require "a common nuclear planning mechanism", he says.

Mr Lindner's talk of a European deterrent was largely dismissed by German officials who spoke to *The Economist* in Munich. But the nuclear question, involving as it does the deepest questions of sovereignty, identity and national survival, points to the vacuum that would be left if America abandons Europe. "There will be a European nuclear doctrine, a European deterrent, only when there are vital European interests, considered as such by the Europeans, and understood as such by others," pronounced François Mitterrand, France's president, in 1994. "We are far away from there." Today Europe is closer, but not close enough. The same doubt that drove France to develop its own nuclear forces in the 1950s—would an American president sacrifice New York for Paris?—is replicated within Europe: would Mr Macron risk Toulouse for Tallinn?

The seemingly dry question of military command and control brings such issues to the fore. NATO is a political and diplomatic body. It is also a formidable bureaucracy that spends €3.3bn annually and operates a complex network of headquarters: a Supreme Headquarters Allied Powers Europe (SHAPE) in Belgium, three big joint commands in America, the Netherlands and Italy, and a series of smaller ones below. These are the brains that would run any war with Russia. If Mr Trump withdrew from NATO overnight, Europeans would have to decide how to replace them.



The Economist/AP

An “EU-only” option would not work, says Daniel Fiott of the Elcano Royal Institute, a Spanish think-tank. In part that is because the EU’s own military headquarters is still small, inexperienced and incapable of overseeing high-intensity war. In part it is because this would exclude Britain, Europe’s largest defence spender, as well as other non-EU NATO members such as Canada, Norway and Turkey. An alternative would be for Europeans to inherit the rump NATO structures and keep the alliance alive without America. Whatever institution was chosen, it would have to be filled with skilled officers. Officials at SHAPE acknowledge that much of the serious planning falls on just a few countries. Among Europeans, says Olivier Schmitt, a professor at the Centre for War Studies in Denmark, only “the French, the Brits and maybe the Germans on a good day can send officers able to plan operations at the division and corps level”, precisely those needed in the event of a serious Russian attack.

The question of command is also intrinsically political. Mr Fiott doubts that EU member states could agree on a figure equivalent to the Supreme Allied Commander Europe, the alliance’s top general and, by custom, always an American. That epitomises how American dominance in Europe has suppressed intra-European disputes for decades, as captured in the cold-war quip that NATO’s purpose was to keep “the Americans in, the Russians out and the Germans down”. Sophia Besch of the Carnegie Endowment

observes caustically that Europeans still defer to America on the biggest questions of European security: “My impression is that Americans often think more strategically about EU membership for Ukraine than many Europeans.” She sees little hope that Europe will bring bold new ideas to this year’s NATO summit in Washington in July, which will mark the alliance’s 75th anniversary.

It is certainly possible that the shock to European security will be less dramatic than feared. Perhaps America will pass an aid package. Perhaps Europe will scrape together enough shells to keep Ukraine solvent. Perhaps, even if Mr Trump wins, he will keep America in NATO, claiming credit for the fact that a majority of its members—and all of those along the eastern front, and thus most in need of protection—are no longer “delinquent”. Some European officials even muse that Mr Trump, who is fond of nuclear weapons, might take drastic steps such as meeting Poland’s demand to be included in nuclear-sharing arrangements. For the moment, there are still intense debates over how far Europe should hedge against American abandonment. Jens Stoltenberg, the secretary-general of NATO, has repeatedly warned that the idea is futile. “The European Union cannot defend Europe,” he said on February 14th. “Eighty per cent of NATO’s defence expenditures come from non-EU NATO allies.”

Forward-operating haste

Advocates of European self-sufficiency retort that building up a “European pillar” within NATO serves a triple purpose. It strengthens NATO as long as America remains, shows that Europe is committed to share the burden of collective defence and, if necessary, lays the groundwork in case of a future rupture. Higher defence spending, more arms production and more combat-capable forces will be necessary even if America remains in the alliance and under current war plans. Moreover, even the most Europhile of presidents could be forced to divert forces away from Europe if, for instance, America were to be pulled into a big war in Asia.

The difficult questions around command and control, and its implications for political leadership, are probably here to stay. In the worst case of a complete American exit from NATO, a “messy” solution would be needed, says Mr Fiott, perhaps one that would bring Europe’s overlapping

institutions into greater alignment. He suggests some radical options, such as giving the EU a seat on the North Atlantic Council, NATO's main decision-making body, or even a fusion of the posts of NATO secretary-general and president of the European Commission. Such notions still seem otherworldly. But less so with every passing week. ■

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Asia

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Uncharitable India

India's civil society is under attack

The crackdown is hurting policymaking and millions of poor Indian lives

Feb 21st 2024 | DELHI

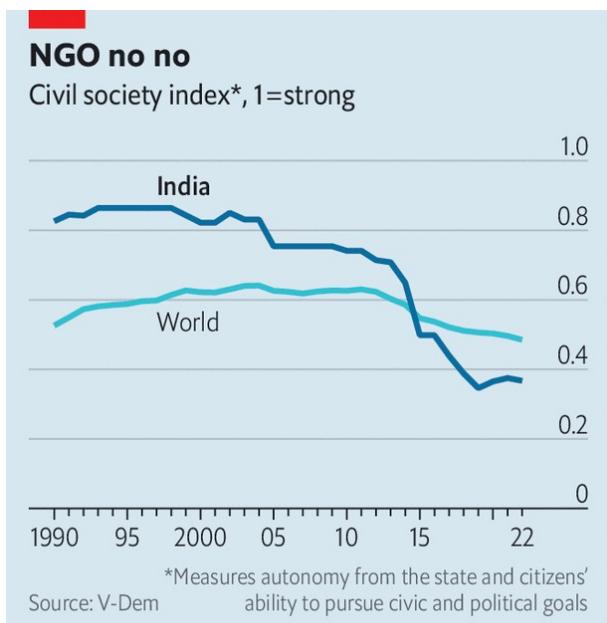


Reuters

INDIA'S CIVIL SOCIETY is one of its biggest industries. It includes over 200,000 registered NGOs—more than the number of private firms in the country's agriculture and finance sectors. The contribution of these charities—which range from small concerns to vast India-wide networks—to development and the individual lives of millions of poor Indians is incalculable.

Activist groups helped India gain independence in 1947 and have since helped restrain the state's excesses and compensate for its weaknesses. Care India, which provides public-health education and other services to women and girls, assisted 84m people in 2021-22. Research outfits such as the Centre for Policy Research (CPR), a think-tank in Delhi, drafted many of the policies that have made India a laboratory of anti-poverty schemes. Registered NGOs, a minority of the total, are estimated to employ 2.7m people. Perhaps only Bangladesh, globally famed for its NGOs, owes more

to them. This makes the decade-long attack that the Bharatiya Janata Party (BJP) government has launched on the sector both risky and costly.



The Economist

Since coming to power in 2014, Narendra Modi's administration has shut down or depleted thousands of charities, according to industry veterans. The sector is operating in an "environment of fear", says an NGO boss. Victims in the past year have included Care India and CPR, which had their licences to receive foreign donations suspended and revoked. Care has since laid off 4,000 people. CPR, a non-partisan body that in 2022-23 produced over 600 articles, policy notes and chapters, has laid off all but a handful of its 200 researchers and may not survive. On a measure of civil-society health compiled by V-Dem, a Swedish think-tank, India's score has fallen by half since 2014.

The exact number of organisations affected is hard to ascertain because of the diverse legal means used against them. Some, initially including CPR, have been plagued by tax raids. Individual activists have been arrested on anti-terrorism charges. Such cases rarely lead to convictions; by tying up limited resources and paralysing operations, the legal process is the punishment. Yet the tool most often wielded by the government is the Foreign Contribution Regulation Act (FCRA). Passed in 1976 to limit any

unwelcome “foreign hand” (which at the time mostly meant America) in India’s affairs, it allows the government to deny NGOs foreign funding.

The home ministry, which regulates NGOs, has cancelled nearly 17,000 licences to receive foreign contributions under the act since 2014. It has also made applying for a licence much harder. This is a powerful curb because of how dependent many of the most influential Indian NGOs are on foreign money. Nearly half of the 200 biggest rely on overseas donations for more than half their income, according to a survey by Sattva Consulting, an advisory outfit. Organisations that work on policy and research are even more reliant. Around 75% of CPR’s funding came from abroad.

What explains the assault? Industry watchers, almost none of whom were willing to be named in this article, cite the government’s Hindu-first ideology and growing intolerance of opposing views. An analysis of its targets seems to support this. Most fit into two categories. The first is non-Hindu, faith-based NGOS, which BJP figures accuse of trying to convert Hindus. Pandering to that exaggerated fear, Amit Shah, the BJP’s home minister and second-in-command, said “no mercy” would be shown to outfits trying to change India’s “demography”. Hardly any NGO works explicitly for that aim. Yet of those that lost foreign-funding licences in the past two years, more than half were Christian or Muslim. The India branch of World Vision, an ecumenical Christian outfit that has been working on child welfare in India for seven decades and was assisting over 300,000 children, lost its licence last month. Hindu outfits, including members of the Sangh Parivar, a family of organisations that backs the BJP, are rarely or never attacked. (Nor is the ruling party, for that matter—though it probably receives a lot of foreign donations.)

The second major target are groups the BJP considers to be ideological opponents. This is a broad category, given that Mr Modi’s party suspects, probably rightly, that most NGOs prefer its main rival, the Congress party. Aakar Patel, a former head of Amnesty International’s India office, claims Mr Modi considers the entire sector “a disease”. Amnesty International, an NGO known for probing abuses by Sangh activists, was another victim. It ceased operations in India in 2020 after its funds were frozen in a money-laundering case.

To a degree, the curbs reflect a disagreement between the BJP and its rivals about the nature of development. Congress, which has roots in the social activism of Mohandas Gandhi and other pre-independence leaders, has generally pursued it alongside NGOs. For example, the previous Congress-led administration launched a National Advisory Council (NAC), including academics and activists such as Jean Dreze, an economist, to advise the government and mark its card. The BJP, by contrast, thinks the decades-long NGO-Congress collaboration has produced frustratingly poor results, in part due to some of the charities' high overheads and other inefficiencies. It advocates instead a strong, tech-savvy, centralised state, largely unencumbered by interfering outsiders. Mr Modi characterises this approach as "hard work over Harvard".

Yet the weakness of the Indian state cannot be wished away. State governments are especially reliant on NGOs to deliver basic services, such as the education that Pratham, an NGO, is providing to 5.6m children. For all the BJP's many efforts to help the poor, from higher spending on transfers to them as a share of GDP to huge improvements in digital infrastructure, the state's reach—in education and health care especially—still only goes so far.

Moreover, the details of the crackdown on NGOs often appear more vindictive than based on genuine ideological difference. Though many of Congress's collaborators were critical of its efforts (Mr Dreze was one of several who resigned in high dudgeon from the now-defunct NAC), the BJP appears to consider all NGOs with Congress ties hostile. Its moves against them, which are in line with a broader intolerance of dissent, often seem political. The Centre for Equity Studies, another Delhi-based think-tank, had its FCRA licence suspended after its founder, Harsh Mander—another former NAC member—criticised the government. His house in Delhi was recently raided by intelligence agents. The BJP is "vengeful", says Paranjoy Guha Thakurta, a journalist who experienced a similar raid over his association with News-Click, a left-leaning outlet under investigation for allegedly running Chinese state-sponsored content.

The FCRA restrictions on big NGOs are hurting the many smaller outfits they support, often in India's poorest regions. This is a "fatal blow to small NGOs that rely on sub-grants", says the leader of a big grassroots outfit. The

erosion of brainpower at institutes such as CPR could be irreversible. Many of its former scholars have gone abroad or to work in better-paying private firms. The weakening of such bodies is likely to result in fewer innovative ideas, poorer policy and less oversight.

Simultaneous campaigns against critical journalists and opposition politicians—often using the same legal tools—are likely to exacerbate the institutional damage and risk of groupthink. Already, says a senior official, decisions are “often centralised” without any external input. The fear is that if the BJP wins a third term in the election due by May, as looks likely, things could get worse. ■

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Feral ponies

How wild horses sparked a culture war in Australia

A long-delayed brumby cull is proving controversial

Feb 22nd 2024 | SYDNEY



Getty Images

BRUMBIES ARE romantic creatures. Australia's wild horses, descended from the steeds of early settlers, roam the continent's highest ranges, the Australian Alps. Synonymous with whip-cracking stockmen of yesteryear, they are celebrated in poetry and on a banknote. So when the state of New South Wales culled some brumbies in 2022, it provoked such outrage that park rangers were threatened with firebombing.

A much bigger cull is under way. The number of brumbies in the “high country”, which spans three south-eastern states and territories, has been growing by 15% a year. In New South Wales, 17,000 feral horses were estimated last year to be ravaging a fragile alpine ecosystem, much of which is national park. Environmentalists have long raised the alarm. Politicians are now cracking down.

Last year a new centre-left Labor government in New South Wales authorised “aerial culling” of brumbies for the first time in 20 years. Since November over 800 have been shot from helicopters and thousands removed by other means. The state aims to cut numbers in its alpine national park to 3,000 by 2027. Victoria, another state, has shot 700 brumbies since 2020, when its Supreme Court rejected a bid to protect them.

There is growing acceptance of the need for culling, says Jack Gough of the Invasive Species Council, an NGO. But brumby fans insist the horse is as iconically Australian as any marsupial and deserves protection. To some, they are a last vestige of a ranching culture extirpated when the high country was protected. They are “fundamental to our unique heritage that is all but lost”, says Leisa Caldwell, a brumby advocate whose family used to graze cattle there.

Such feelings evince “a really strong culture war among a vocal minority”, says Mr Gough. Scientists are accused of inflating brumby numbers. Park staff face harassment. “The horses are an avatar of belonging” for Australians nostalgic for colonial days, says Richard Swain, a national-park guide. Fortunately for the parks, though not the brumbies, most Australians have moved on.■

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Gender relations

Japanese men have an identity crisis

Japanese women are empowered. Japanese men don't know what they are

Feb 22nd 2024 | TOKYO



Getty Images

FUKUSHIMA MICHIHITO wanted to marry his girlfriend. But a decade ago he fell ill, had to stop working, and consequently broke up with her. “I thought: if I can’t support my family, I shouldn’t get married,” he recalls. He later realised that many Japanese men are similarly weighed by pressure to fill the traditional male role. He now runs a “men’s hotline” in the city of Osaka, which encourages men to discuss their anxieties.

In Japan, relations between men and women are shifting as marriage rates decline and more women enter the workforce. But the idea that men are breadwinners remains deeply entrenched. In 2022 only 17% of eligible men took parental leave, compared with 80% of women. Japanese women spend five times longer doing chores than men. A survey in 2022 by Lean In Tokyo, an activist group, suggested that over 60% of Japanese men feel awkward at work because of pressure to behave in a manly way. In Japan, which has the highest suicide rate in the G7, men are twice as likely to kill themselves as women.

The hotline Mr Fukushima helps run was established in 1995. It was founded mainly in an effort to reduce domestic violence by giving anxious men an opportunity to air their grievances to a discreet stranger. Since then, the hotline has received calls on an expanding range of concerns, including relationships, sexuality and work. “More men are growing tired of behaving in a manly fashion, and want to be free,” says Mr Fukushima. The government has also taken an interest in the problem. In 2010 it included an objective to promote “men’s counselling” in its gender equality plan. There are now over 80 counselling centres offering this service.

Japan’s archetypal gender roles—the salaryman husband and stay-at-home mum—were cemented during the country’s long post-war boom. Following the oil crisis of the early 1970s, those rigid roles began to break down in many Western countries, as more and more women entered work in response to economic stagnation and labour shortages. By contrast, Japan tried to overcome the crisis by extending men’s working hours—then by inflating the great “bubble economy” of the 1980s. While Western countries went through a “transition point” in gender relations, says Tanaka Toshiyuki, a sociologist, “Japan missed the opportunity to change.”

Since the 1990s, as fears about a slumping birth rate increased and more Japanese women entered the workforce, calls for men to participate in domestic work have grown. In 2010 the government tried to promote the concept of *ikumen*—which combines *ikuji* (child-rearing) and *ikemen* (cool men). But culture is slow to change at many companies, in part due to gerontocratic male management.

The great extent to which Japanese men are encouraged to commit themselves to work is another barrier to change. Retired workaholic men are described as a *nureochibazoku*, or “wet fallen leaf”, because, lacking hobbies or friends, they follow their wives around like a wet leaf stuck to a shoe. A staple magazine article offers advice to wives suffering a severe case of “Retired Husband Syndrome”. For men, the pain of being considered a nuisance by their lifelong spouse can be immense. Mr Fukushima laments that “so many men sacrifice themselves for work to provide for their family —only to realise later in life that they don’t belong at home.”

Mr Fukushima, who describes men's tendency to assert their dominance as "the armour of masculinity", hopes more men will feel able to show weakness. That is still not easy. He says some men who call the hotline quickly become aggressive, probably to hide their sense of humiliation. As for Mr Fukushima himself, when asked what he would do if he had his choice of proposing to or breaking up with his girlfriend again, he says he would probably still take the second course. "Even if I'm fine with the idea [of being a disempowered husband], the question is: what would she think? What would people around us think?" he says.■

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Thai politics

Thaksin Shinawatra joins Thailand's establishment

The former prime minister has become a tool for nobbling Thai democrats

Feb 22nd 2024 | BANGKOK



Reuters

FOR THE past 20 years, Thai politics has been largely defined by a feud. After winning elections in 2001 and 2005, Thaksin Shinawatra, a populist prime minister, was ousted in a military coup in 2006. He spent 15 years in self-imposed exile, dodging an eight-year prison sentence for corruption and abuse of power. Then, in a stunning development last year, Mr Thaksin returned to Thailand. This fuelled speculation that he had cut a deal with his former nemesis, the country's powerful conservative establishment, a nexus of royal, military and business elites. After serving only a tiny portion of his original sentence in detention—and not a single night in jail—he was duly released on parole on February 18th from a military hospital.

After decades fighting Thailand's powerful establishment, Mr Thaksin appears to have joined it. The conservative elites need his help to tackle what their members see as a far bigger enemy: Move Forward, a political party dominated by young progressives that won a dramatic electoral victory

last year on a promise to reduce the power of the monarchy and army. Move Forward was blocked from forming a government only because conservatives control key institutions, including the senate and constitutional court.

After nearly a decade of military rule, a coalition government, including pro-military parties and Mr Thaksin's Pheu Thai party, took power in August. Led by Srettha Thavisin, a member of Pheu Thai, it has duly protected the monarchy, pushing back against the growing number of Thais who are disillusioned with the country's strict *lèse-majesté* law. Also known as Article 112, this forbids insulting the king and other members of the royal family.

Two Thai activists were arrested on February 13th for having allegedly blocked a royal motorcade. The previous day a journalist and a freelance photographer were arrested for covering a story about an activist who had sprayed anti-royalist graffiti on Bangkok's grand palace. In January an anti-monarchy activist received a 50-year prison sentence, the stiffest penalty ever handed out for royal defamation, for sharing video clips on social media of shows that were considered offensive to the monarchy, including John Oliver's "Last Week Tonight" and a BBC documentary.

The conservative establishment has also gone after Move Forward. During its election campaign, Move Forward proposed abolishing a minimum jail term of three years for Article 112 convictions. It also wanted to reform the royal defamation law so that only the Bureau of Royal Household, the agency that represents the monarchy, could file charges under it. (Currently, any Thai citizen can bring a *lèse-majesté* case.) On January 31st Thailand's constitutional court ruled that Move Forward's proposal was an attempt to overthrow the monarchy. A separate petition brought by an ultra-royalist to disband Move Forward will be heard soon. Move Forward remains Thailand's most popular political party, according to surveys.

Pheu Thai's popularity has plummeted since its deal with the pro-army parties. To counteract this, Mr Thaksin's party is hoping that Thais will like its main campaign promise: a digital wallet scheme that will include cash handouts to around 50m Thais. The government had planned to launch this stimulus in May; it has been delayed. It also hopes that the growing profile

of Mr Thaksin will help restore his party's image. He is remembered by many Thais for overseeing an economic boom as prime minister and also introducing a universal health-care scheme and other policies that improved people's lives. Mr Srettha said on February 17th that he would consult Mr Thaksin when appropriate.

Yet Thais may not be so easily mollified. Nearly 40% think the country's economic situation is getting worse because of political conflict, according to a survey by the National Institute of Development Administration, a research outfit. Having put himself on the unpopular side of that conflict, Mr Thaksin may find he is unable to rally the country as he once could. ■

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How independent is India's Supreme Court?

Despite its enormous powers, it rarely challenges the government

Feb 22nd 2024



INDIA'S SUPREME COURT has been making waves. On February 21st it overturned the result of a mayoral election in Chandigarh, capital of the northern states of Punjab and Haryana, and chided an official loyal to the Bharatiya Janata Party (BJP) for having rigged the poll. Two days earlier it ordered the government of Narendra Modi to reverse a dilution in the rules protecting forestland. Last week it struck down electoral bonds, an opaque campaign-finance instrument that had mainly benefited the BJP.

These judgments highlight the court's considerable power to challenge the government. India's constitution makes it among the world's most powerful supreme courts. Yet anyone counting on it emerging as a strong check on Mr Modi's authoritarian drift is liable to be disappointed. The court has been much less willing to challenge the BJP government on its political priorities. Despite its recent activities, a combination of structural flaws and political pressure has severely diminished its role as an independent bulwark against the excesses of the ruling party.

The court's power was damaged during Indira Gandhi's more extreme spell of authoritarianism, the 21-month-long Emergency that the former prime minister declared in 1975. It has since clawed back most of the functions and prestige stripped from it at that time. And it has expanded its role beyond judicial review to include functions more commonly reserved for the legislature and executive, says Anuj Bhuwania, a legal scholar at the University of Leipzig. On occasion, the court has used these powers to advance an agenda at odds with the aims of Mr Modi's government.

Examples of that include landmark rulings which decriminalised gay sex (though stopped short of legalising same-sex marriage) and advanced citizens' rights to privacy. These arguably made India more progressive. Yet the court has been extremely reluctant to challenge Mr Modi on more hot-button issues. In December, for example, it approved the government's move in 2019 to strip Jammu and Kashmir, previously India's only Muslim-majority state, of its statehood and split it into two territories.

In 2022 it cleared the prime minister of complicity in deadly sectarian riots in Gujarat in 2002, when he was the state's chief minister. More surprisingly, it suggested the petitioners who had brought the case should be prosecuted for abusing the judicial process. In 2019 it awarded land in Ayodhya, where Hindu extremists demolished an ancient mosque in 1992, to Hindus. That led to the construction of the lavish Ram temple that Mr Modi inaugurated on the site last month.

When the court cannot bring itself to side with the government in such hypersensitive cases, it often refrains from passing judgment—a tactic known as “judicial avoidance”. Some controversial cases, such as a raft of petitions filed against the Citizenship Amendment Act, a law that discriminates against Muslims, have had hearings postponed for years. Umar Khalid, a student activist who has been in jail for three years awaiting trial on bogus terrorism charges, last week decided to withdraw his plea for bail after his hearing was postponed for the 14th time. The ruling on electoral bonds came seven years after their introduction was first challenged. The court thus gave the ruling party ample time to benefit from what always looked like a questionable instrument.

Some of this appears straightforwardly a result of political pressure. Lawyers say the government drags its feet on clearing the appointment of judges it dislikes and accuse it of trying to pick and choose between those that hear sensitive cases. Last year a lawyer wrote an open letter to the chief justice complaining about last-minute switches of judges set to hear human-rights and freedom-of-speech cases. In 2018 four Supreme Court judges accused the then-chief justice of bending to Mr Modi.

Yet unlike, for example, Hungary and Turkey, which are also democracies with strongmen rulers, the government has not engaged in blatant court-stacking. The court itself thwarted the only alleged recent attempt to do so: in 2015 it struck down a law that would have given the executive more power over judicial appointments.

By and large, says Mr Bhuwania, the court has decided to align its agenda with that of the government in order to safeguard its autonomy. Such a court might sometimes take on the government. But it will not be an especially reliable constitutional check on executive power.■

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China

- [**How scared is China of Donald Trump's return?**](#)
- [**Why fake research is rampant in China**](#)
- [**A nationalist effort to rebrand the Chinese dragon**](#)
- [**Xi Jinping plays social engineer**](#)

America's election, viewed from Beijing

How scared is China of Donald Trump's return?

60% tariffs are a danger, yet some Chinese nationalists are cheering him on

Feb 20th 2024



Alicia Tatone

IF YOU WANT to get a sense of how China feels about the prospect of Donald Trump winning America's presidential election, Chinese social media offers some revealing signals. In the past few weeks it has begun to boil over with fury and mockery. The prospect of [American tariffs](#) of over 60% on Chinese imports? "Add even more," rages one online commentator in the mainland. "I'd be curious to see how ordinary Americans would live." Others think Mr Trump would increase the [odds of a war](#). The world will "never be at peace" with him around, reckons another netizen. "This old madman is too vicious," says a third. "He must be annihilated."

It is not just online: the prospect of a Trump victory is the subject of debate among China's elite, too. They fear his return to the White House would lead to an even hotter trade war, with potentially vast economic costs. But they also believe his contempt for alliances (witness the latest outburst against NATO) could yield huge propaganda gains and undermine the

American-led security system in Asia, freeing China to act as it pleases on Taiwan and more. Some Chinese nationalists are cheering his successes and call him Comrade Chuan Jianguo: Chuan being a common rendering of Mr Trump's surname, and Jianguo meaning "build the country". It is a way of suggesting that Mr Trump's excesses make China stronger.

For Xi Jinping, China's leader, the unpredictable trade-offs that a Trump presidency would involve are especially difficult to weigh, even if the two men's relationship is reasonable enough after multiple encounters from banquets in Beijing to steak dinners at Mar-a-Lago, Mr Trump's lair in Florida. "I like President Xi a lot," Mr Trump recently told Fox News. "He was a very good friend of mine during my term." On the one hand Mr Trump's presidency from 2017 to 2021 saw a profound shift in America's policy. His administration deployed tariffs in an attempt to reduce America's trade deficit and protect jobs. It redefined the domestic debate in America, with China portrayed as a political, technological and military adversary.

On the other hand Mr Biden's more systematic approach to governing has posed a different kind of threat to China than that of Mr Trump's first term. America has kept the Trump tariffs in place, but on top of that also built a comprehensive system for restricting Western technology flows to China. And by investing in America's security partnerships and alliances, from Australia and India to the Philippines and South Korea, it has rejuvenated an Asian security system to deter and contain China. Mr Biden may be known as Shui Wang, or Sleepy King, in China. But while more restrained than Mr Trump, he has in some ways been a more formidable opponent.



The Economist

A big part of Mr Xi's calculus now is working out what Mr Trump could do on China in a second term. You might imagine that after four years in office, the MAGA appetite to confront China would be sated. Yet the available signals suggest that opposition to China in Mr Trump's inner circle may have intensified. Take the views of Robert Lighthizer, Mr Trump's influential trade representative, who could get a top job again in the White House. In the period from 2017 to 2021 he launched an investigation into Chinese theft of intellectual property and invoked Section 301 of America's trade law, which allows the president to punish trade partners that do not play fair, in order to raise tariffs. The average tariff faced by Chinese firms rose from 3% in 2018 to 21% by the end of 2019, when the two countries struck a truce (see chart 1).

Mr Lighthizer's position remains intensely hostile to China, whose totalitarian instincts, he argues, pose an ever greater danger. In a book published last year, "No Trade is Free", he argues China is "the greatest threat that the American nation and its system of Western liberal democratic government has faced since the American revolution". The book contains several tough proposals, including screening of Chinese investments not just on security grounds but also for "long-term economic harm"; the prohibition of any Chinese company from operating in America unless there is

reciprocal access for American firms in China; and the banning of TikTok, a Chinese-owned short-video app.

Crucially, Mr Lighthizer recommends another huge increase in tariffs. The goal, he argues, should be “balanced trade”—that is, presumably, no goods-trade deficit at all. Last year China still enjoyed a surplus with America of nearly \$280bn, down from a record \$419bn in 2018, but not far off the \$347bn before Mr Trump took office. To correct this Mr Lighthizer calls for the undoing of “one of the worst mistakes” in America’s history: its decision to enter into “permanent normal trade relations” (PNTR) with China in 2000. This allowed China to pay the same low tariffs America charges most of its trading partners, rather than an alternative, steeper set of levies that appear in “column 2” of America’s tariff schedule and apply to only a handful of countries such as Cuba and North Korea, and now Russia and Belarus.

Ending PNTR with China would raise tariffs on Chinese goods to 61% on average, according to Oxford Economics, a consultancy, assuming the Section 301 tariffs remain in place. For Chinese mobile phones, tariffs would jump from 0% to 35%; for Chinese toys from 0% to 70%. Instead of settling for the existing column 2 tariffs, America might write a new tariff schedule just for China. That could be even stricter on some goods (such as cars) but less restrictive on other products dear to American consumers, such as Apple iPhones.

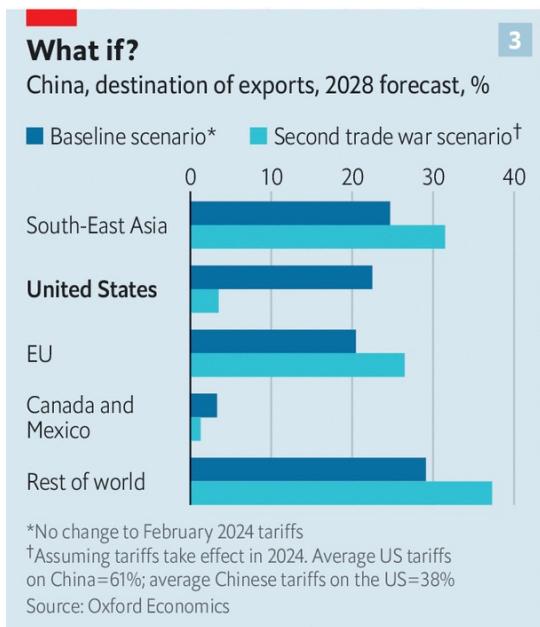


The Economist

Mr Xi will be busy asking his advisers to estimate how high the economic fallout might be. One guide is the past. At its height, the trade war knocked as much as 0.8% off China's quarterly GDP, according to Goldman Sachs, a bank, equivalent to roughly \$40bn in today's dollars. Overall, the net trade effect was negative for China and positive for America. But the conflict eroded the incomes of both Chinese and Americans by raising prices, disrupted financial markets in each country and led to policy uncertainty that inhibited business spending (see chart 2). During negotiations with China, Mr Trump liked to be both the arsonist and the firefighter, as one observer put it, starting conflagrations with angry tweets and then dousing them with diplomatic dinners. These zigzags spooked global markets.

Another guide to the potential cost is modelling. Repeal of PNTR would shrink America's expected share of China's exports from about a fifth under existing policies to about 3%, according to Oxford Economics (see chart 3). There are many moving parts to such simulations. One consideration is whether firms believe that new Trump tariffs would be maintained after he left office, as was the case last time (see Finance & economics section). Another is that some Chinese components would still find their way into America's market embedded in goods assembled by other countries. China's economy and financial markets are in dismal shape compared with 2017. And it is not clear how China would retaliate: doing so during the first

Trump presidency did not force America to back down. Oxford Economics assumes that China would raise its tariffs by about 17 percentage points on average. All in all, the once-intimate economic relationship between the superpowers could be reduced to an air-kiss.



The Economist

Either way, the kind of decoupling that Mr Trump's advisers envisage would inflict profound damage on China's economy. Studies by JaeBin Ahn and other economists at the IMF show what would happen if the world splits into rival economic spheres with limited flows of foreign-direct investment between them. If such flows were to fall by half, it could eventually reduce China's GDP by about 2%, relative to a baseline in which investment flows more freely. Another study by Carlos Góes of the University of California, San Diego, and Eddy Bekers of the World Trade Organisation argues that tariff increases of around 30% could lower China's income by over 5% by 2040.

Four more years?

Judged on trade and tariffs, it is likely that Mr Xi favours a Biden victory. A Biden administration would probably extend import curbs on Chinese electric vehicles and further impede the flow of American cutting-edge technology to China in realms including semiconductors, artificial

intelligence and quantum computing. But it is far less likely than a Trump administration to trigger a destabilising trade shock.

Yet the America-China relationship encompasses far more than economics, and it is here that the calculus for Mr Xi may lean the other way. He resents the Western-led world order and wants to establish China as an alternative centre of power. Mr Trump's tempestuous relationship with America's allies in Europe and Asia may undermine cohesion with them on China policy if he is elected again. His contemptuous remarks about NATO, including his recent suggestion that he would not offer American protection to allies who fail to spend enough on defence, are music to China's ears. It sees NATO as a cold-war relic that the West uses to preserve its dominance. For the same reason, it relishes any tension in America's relationships with Japan and South Korea, such as Mr Trump caused by threatening the withdrawal of American troops from those countries if their governments would not agree to big increases in their contributions to the cost of maintaining the bases.

A Trump administration might unwind the work Mr Biden has done to nurture Asian partnerships. To China's chagrin, he created a new grouping, known as AUKUS, aimed at strengthening co-operation with Australia and Britain in responding to the security challenge posed by China's navy in the Indian Ocean and Pacific. China, inaccurately, calls it "NATO-like". Still, AUKUS involves exactly the kind of long-term, rather than transactional, relationship that Mr Trump dislikes.

Similarly on Taiwan, Mr Trump may be preferable for China. Mr Biden has sometimes gone beyond the conventional, ambivalent, language about America's commitments to the island. He has said repeatedly that American troops would defend Taiwan if China invaded, only for his aides to walk back his comments after Chinese outrage. Mr Trump is probably far less enthusiastic about protecting the island. In his memoir, John Bolton, who served as Mr Trump's national security adviser in 2018 and 2019 before a bitter parting of ways, wrote of Mr Trump's "grousing" about weapons sales to Taiwan. Mr Trump was "dyspeptic" about Taiwan, Mr Bolton said, suggesting his boss lacked commitment to a "democratic ally".

Above all else, Mr Xi wants stability. The views of Chinese scholars probably echo official thinking. In an interview in state media in January,

Yan Xuetong of Tsinghua University in Beijing said that the candidates would compete to show “who is more anti-China” than the other: “If we want to prevent confrontation between the two sides from getting out of control and escalating into a conflict, our country needs to take some proactive measures.” Mr Biden’s approach to China is likely to be more predictable but better organised and enforced, and perhaps a bigger threat in the long run. Mr Trump’s potential for chaos and excesses could create opportunities for China to outmanoeuvre America but also bring the instability China dreads.

Could there be a way out of superpower confrontation? Wu Xinbo of Fudan University in Shanghai suggests that Mr Biden offers hope for Sino-American ties. In an online article he describes Mr Trump as a “unilateralist”, having little need for China’s help. “But Biden still hopes to maintain America’s dominant position in the world,” writes Mr Wu. “As long as the United States wants to deal with many global problems, it cannot do without co-operation with China.” Yet amid a military build-up and fraying trade ties such optimism is rare. Mr Xi will be watching the vote counts in November closely: the two likely candidates present China with very different challenges. But even as he waits for a result, he will know that however divided American politics may be, hostility towards China is now a bipartisan matter, and deeply entrenched. For him and for America the election cycle is part of a longer-term struggle. ■

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Science fiction

Why fake research is rampant in China

Eleven students aim to set a better example

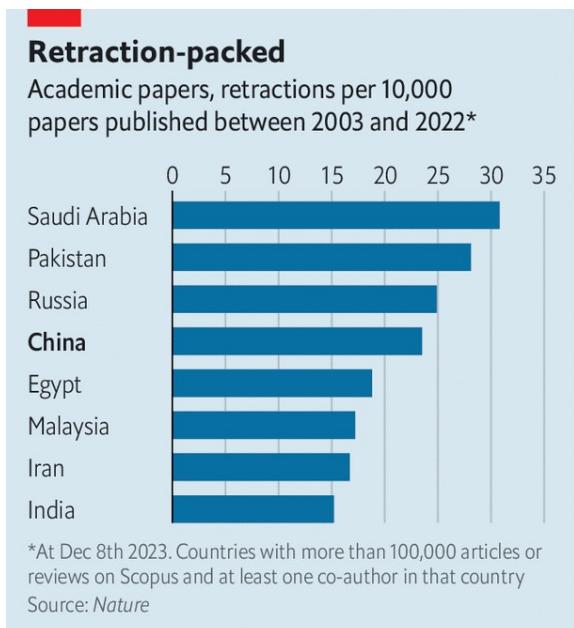
Feb 22nd 2024 | BEIJING



Getty Images

HUANG FEIRUO was once a respected scientist who studied ways to make pigs gain weight more quickly. He ran government-funded research projects at Huazhong Agricultural University in the central city of Wuhan. But last month 11 of his graduate students accused him of plagiarising the work of other academics and fabricating data. He had also, they said, put pressure on them to fake their own research. On February 6th the university announced that it had fired Mr Huang and retracted some of his work.

Scientific fraud is all too common in China. Bad incentives are a big part of the problem. Chinese universities typically reward researchers with promotions and funding based on the quantity of papers they publish, not the quality. That has got results. In 2017, for the first time, China published more scientific papers than any other country. It has kept the top spot ever since. But while some of the research has been cutting-edge, much has been dodgy.



The Economist

The scale of the problem is hard to measure, as fraudulent work often goes unnoticed. But it is useful to look at retractions, or when a scientific journal withdraws a study, usually due to suspicions of research misconduct. Papers from China have the fourth-highest retraction rate in the world, according to *Nature*, a journal (see chart). In a database of some 50,000 retracted studies compiled by Crossref, an American non-profit, and Retraction Watch, a blog, about 46% are from China.

Many of the fishy papers are probably written, for a fee, by “paper mills”. These outfits often plagiarise real research, changing a few details. Some fakes are obvious, says Elisabeth Bik, a microbiologist who specialises in rooting them out. She found a Chinese paper on prostate cancer, for instance, which claimed that more than half of the patients studied were women. Only men have prostate glands. Other fakes look more convincing and might pollute a field of research. So some scientists simply refuse to peer review work from China, says Ms Bik.

The government, which hopes to turn China into a scientific superpower, is trying to crack down on fake research. In recent years it has fined hundreds of misbehaving scientists and barred them from public funding. In January the Ministry of Education launched a fresh campaign, demanding that universities investigate every retracted paper written by their faculty. Many

authors welcome such toughness. Authorities should use harsh penalties to “purify” the pursuit of science, says a researcher at a hospital in Beijing.

But punishment alone will not fix the problem, says Shu Fei of Hangzhou Dianzi University. He believes universities should stop rewarding researchers just for publishing lots of papers. In 2020 the government released guidelines to this effect. Still, little has changed, says Mr Shu. Part of the problem, he suspects, is that university leaders are government officials (rather than academics). So they are good at chasing numerical targets, but bad at fostering good science, which is hard to quantify.

The example set by Mr Huang’s graduate students is encouraging, at least. On social media many Chinese people have applauded them for taking a stand, at the risk of damaging their own academic careers. But there is much work still to be done. In an online survey published last year, over a quarter of Chinese graduate medical students considered it acceptable to fabricate some data or results. ■

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Enter the loong

A nationalist effort to rebrand the Chinese dragon

Officials in Beijing want a more friendly symbol for their country

Feb 22nd 2024 | BEIJING



Zhang Chunlei/Xinhua/Eyevine

THE YEAR OF the dragon, one of the 12 creatures in the Chinese zodiac, began on February 10th. But some Chinese state media have been calling it the year of the *loong* in their English reports. *Loong* (pronounced like the English word “long”) sounds like the Mandarin term for dragon. It is more appropriate, says the state-run *Beijing Daily*, because Western dragons are evil monsters, whereas Chinese ones are noble and benevolent. The latter are said to bring good luck.

Dragons have a special place in Chinese culture. They were once the symbol of the emperor. Some Chinese people—including the country’s supreme leader, Xi Jinping—call themselves “descendants of the dragon”. But in both China and other countries, dragons come in all shapes and sizes. There are good dragons in Western mythology and culture. One is on the Welsh flag, for instance. Another called Puff, made famous by the musical group Peter, Paul and Mary, seems nice enough. Meanwhile, there are Chinese tales of *loong* who eat children and conjure up devastating floods.

So the word dragon would seem a decent translation for *loong*. But China's state media have another reason to prefer the Mandarin term. They hope it will make the country look more friendly. China's association with fearsome dragons has contributed to Western perceptions that it is a threat, writes Ding Gang, an editor at the *People's Daily*, the Communist Party's mouthpiece. If Westerners instead saw China as a friendly *loong*, they would not fear its rise, Mr Ding argues. Never mind China's efforts to upend the liberal world order.

China often tweaks language to make political points. In recent years English editions of state media have increasingly replaced the word Tibet with Xizang, the Mandarin word for the region, to downplay its history of independence from the rest of China. Government officials have also started to use Mandarin words to refer to disputed territories that China claims in the South China Sea. Ren'ai Reef, for example, which is also claimed by the Philippines, is now usually called Ren'ai Jiao on the English version of the Chinese foreign-ministry website (*jiao* is Mandarin for reef).

More than a few netizens have mocked the effort to rebrand the Chinese dragon as a friendly fire-breather. Should China be known internationally as Zhongguo, the transliteration of its name in Mandarin, asked some. But the word *loong* could yet catch on, at least among English-speaking Chinese people. About two-thirds of respondents to a poll on Weibo, a Chinese social-media platform, said they prefer it to the word "dragon". "Change the definitions of words," wrote one commenter, "and the world will slowly change." ■

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Chaguan

Xi Jinping plays social engineer

Inside the Communist Party's campaign to spread civilised habits

Feb 22nd 2024



AS A SHOW of a political party's social power, a mass wedding is hard to beat. There was a strut in the step of the propaganda chief of Ningdu county, in the orange-growing hills of Jiangxi province, as he welcomed 66 couples to a collective marriage ceremony on February 17th. Though the men and women were all dressed in traditional red wedding robes, this was a Communist Party gathering. It began with expressions of respect for Xi Jinping, the supreme leader. Standing in Ningdu's main square, watched by their families and a throng of curious locals, the couples read a wedding oath from a large video screen. They pledged to love one another, to care for their respective parents, to educate their children and to heed the call of the party and government to build a contented, civilised China. The term civilised is a clue. The couples were not just enjoying a free party. They were now recruits in a nationwide ideological campaign, intended to stamp out "unhealthy" traditions and carry "socialist spiritual civilisation" into every home, especially those in rural areas.

Bad habits targeted by the campaign vary from place to place, but its stated goal is the same everywhere: to solve real-life problems so that “the masses personally feel that the Communist Party is good”. A banner on stage spelled out the mission of Ningdu’s collective wedding. It read: “No to bride prices, yes to happiness”.

Ningdu is not rich. Like many counties in Jiangxi, it is notorious for high bride prices, or *caili*. Before they can marry off a son, many rural families have to find, or borrow, as much as 200,000 yuan (\$27,800) to give to the bride’s parents. This is a heavy burden for some villagers and yet another barrier to marriage for rural males, in a country where men now outnumber women by almost 35m after decades of selective abortions. Jiangxi leaders have duly added high bride prices, along with costly village weddings (and funerals) to their list of outdated habits that must change.

In Mr Xi’s China, once an ideological campaign is set in motion, little is left to chance. Ningdu’s mass wedding addressed local concerns. But when a bridegroom was called to the stage to express gratitude to the party, and urge young people to embrace “a new culture of civilisation”, those were national slogans. Flying video cameras buzzed overhead, for Chinese propaganda outlets love drone footage filmed from above.

From his vantage point near the stage, Chaguan watched the drones and imagined them pulling back for a long shot. Fly high enough over Ningdu’s main square and the next node of this campaign would come into view: the town’s New Era Civilisation Practice Centre. A party-run ideological training hub, it is attached to a memorial hall that honours Red Army fighters from the 1930s. China’s first such centres opened in 2018 as a pilot. The campaign was expanded to the whole country in 2021. Following a hierarchy repeated nationwide, Ningdu’s civilisation-practice network has one full-scale centre, supported by 25 offices and 338 stations at neighbourhood level, covering a county with 700,000 residents.

Should the drone swoop down on a neighbourhood station, it would find it manned by a few propaganda officials and squads of volunteers. A party directive from 2019 suggested that 13% of all residents should volunteer at civilisation-practice bases. Some activities are benign: water-safety lessons for children, fan-dance classes for pensioners. Volunteers deliver shopping to

the old. Other activities are bossier. Villages nationwide have established “Red and White Committees” to promote frugal weddings and funerals, sometimes held in communal canteens. The *People’s Daily*, the party’s mouthpiece, praised a village in Hubei province that evaluates households annually as “honest” or “dishonest”, with honest families given credits to exchange for goods in a “points supermarket”. It cited a man who accepted village mediation of a dispute with neighbours to avoid losing points. That said, the “points supermarket” seen by your columnist in a Jiangxi civilisation-practice station was underwhelming: a glass-fronted cupboard holding packets of soap, laundry powder and toothpaste.

If the drone flies higher, it would see how local campaigns reflect the ambitions of party chiefs. Mr Xi has drawn connections between large problems, such as falling marriage and birth rates, and grassroots work to “strengthen guidance on young people’s views of marriage, childbirth and family”. Civilised-practice grids have appeared, as that campaign joins another: the Xi-era grid management scheme for monitoring individual neighbourhoods.

A problem-solving, all-knowing party

Clearly, the party is serious about its mission to be felt and seen in every home. Yet return to the ground in Ningdu and the picture becomes blurrier. For one thing, that mass wedding looks very different in close-up. A clue came when a young child ran to a supposedly newlywed couple. “Mama,” he laughed, and hid under her robes. When asked, other couples admitted to being married for years. A red-robed groom said that he married a decade ago and was taking part “to help the propaganda department”.

Another bridegroom turned out to be newly married, at least. Then he confessed to having hosted a wedding banquet for “200 or 300 people”, undermining the day’s emphasis on frugality. High bride prices “really are bad”, the young man continued, especially if a bride’s parents keep the money and do not pass it to the new couple. But he ascribed China’s falling marriage rates to larger problems. Men who move to cities encounter “fierce competition” and unaffordable housing. But if they stay in rural areas, “there are basically no girls of marriageable age”. He endorsed the civilisation campaign, though he suspects that changing deep-rooted customs may take a

generation. “Since I am a party member, I must take part in this kind of activity,” he revealed, unbidden.

Mr Xi has increased his party’s reach into everyday lives, tackling practical problems as a way to strengthen social controls. But changing hearts and minds is hard. Some shows are just a show. ■

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United States

- Why those who wish to see Trump jailed soon will be disappointed
- How might Donald Trump's trials sway voters?
- Does the American army's future lie in Europe or Asia?
- These American cities are obsessed with dogs
- The flaws that China's chief ideologue found in America

The Trump trials

Why those who wish to see Trump jailed soon will be disappointed

The flimsiest of the cases is set to go first, and all face delays

Feb 22nd 2024 | New York



THE PROSECUTORS trying to convict Donald Trump face a highly unusual deadline. Retaking the presidency would offer Mr Trump his best escape from jeopardy: once back in the White House, he would be able to squelch or pause the four criminal cases lodged against him. Hence prosecutors' urgency—and a public interest—in concluding those trials before November. Miss that opportunity and he may never be held accountable in a court of law for his alleged crimes.

The 91 felony charges against Mr Trump are both serious and picaresque. The weightiest are related to his role in the attack on the Capitol on January 6th 2021. His attempt to overturn his defeat in the 2020 election was the most shocking and serious assault on the constitution in decades, if not since the civil war; whether a jury would see Mr Trump as guilty or innocent has obvious salience as voters prepare to decide whether to return him to the presidency. There are additional allegations about election interference in

Georgia and the mishandling of state secrets. And (as if a Trump saga could not be without a splash of tabloid entertainment) there is also a plot involving a payment to a porn star.

The pending criminal cases come on top of heavy losses Mr Trump has endured recently in adjudicated civil lawsuits. On February 16th a judge in New York fined Mr Trump and his business \$355m (plus \$99m and rising in interest) for misrepresenting asset values to lenders, and barred him from serving as a corporate director in the state for three years. Add the \$88m in damages awarded to E. Jean Carroll, a writer whom Mr Trump sexually assaulted decades ago and then defamed, and he owes more than \$500m. The judgments—which he will appeal against—could deplete his cash holdings and compel him to sell some of his assets.

Mr Trump insists he has done nothing wrong in any of the cases discussed in this article, and has so far incorporated all of them deftly into his restoration narrative of victimhood and revenge-seeking. The fact that two of the criminal indictments were brought by district attorneys elected to their offices as Democrats has provided ballast for his claims that he is being targeted by political enemies. Still, he will frequently appear before judges as an accused felon over the remaining eight months of the campaign. Indeed, Americans are already growing accustomed to a split-screen of scowling courtroom appearances and MAGA rallies that has no precedent in past presidential elections.

Yet Democrats who wish to see him locked up by election day will be disappointed. It seems probable that at most one or two trials will conclude before voting starts, and even if the former president is convicted of one or more felonies, he is likely to avoid or at least delay a prison term until after the election is decided.

A trial in the January 6th case could take place in summer or early autumn, depending on how Mr Trump's appeals unfold. If it does go forward during the campaign, wall-to-wall news coverage will refresh memories of how Mr Trump's Big Lie and his attempt to stop Congress from certifying the vote led hundreds of his supporters to storm the Capitol. Five people died as a result of the attack and more than 150 police officers were injured.

However, instead of a trial-of-the-century about an event of plain historical significance, the flimsiest of the four cases may go forward first. That trial is scheduled for March 25th in Manhattan.

Alvin Bragg, a Democrat who is the borough's elected district attorney, brought an indictment that does not lack ambition. Mr Trump stands accused of 34 felonies for falsifying business records to hide hush money paid to Stormy Daniels, a porn actress, before the 2016 election. Prosecutors allege that Mr Trump ordered his lawyer, Michael Cohen, to buy Ms Daniels's silence for \$130,000. After he won the election he reimbursed Mr Cohen and marked those payments as legal expenses.

First but not foremost

The case is convoluted. Normally the charge would be a misdemeanour. To elevate it to a felony, prosecutors must prove the records were falsified with intent to commit another crime. Mr Bragg has alluded to several other offences in legal filings. He could say the payments violated federal campaign-finance laws since they were not declared as contributions, or that taxes were not paid on them.

Mr Bragg's case falls in a legal grey area. Federal election law pre-empts state prosecutors from bringing cases about federal races. By pursuing an untested legal theory Mr Bragg has bolstered Mr Trump's claim that he is the target of a partisan prosecution, says Jed Shugerman of Boston University School of Law.

There are other problems with Mr Bragg's case. The star witness, Mr Cohen, lacks credibility, having lied to Congress and a federal judge. The carnivalesque nature of the trial—a former tabloid publisher and a former *Playboy* model will probably testify—will play to Mr Trump's advantage, making the case seem like reality TV, a format in which he is highly practised. Even if Mr Trump is convicted, there seems to be little chance that the judge would sentence him to prison on such novel charges involving the manipulation of records.

The January 6th case was lodged in federal court in Washington, DC, by Jack Smith, a special counsel in the Department of Justice (DoJ). Mr Smith

charged Mr Trump with four crimes, including conspiracy to defraud the United States and to deny voters their rights by using lies, “fake” electors and other schemes to thwart the lawful certification of the electoral-college vote by Congress on January 6th. The indictment was tight, conservative and designed to move quickly, says Ryan Goodman of New York University School of Law. Though it lists six alleged co-conspirators, only Mr Trump was charged. (The others may be later.) No count relates directly to the violence of the Capitol riot. That would have been a heavier lift for prosecutors.

A charge of insurrection or seditious conspiracy—used to convict a number of far-right militia leaders who stormed the Capitol—would have required proof that Mr Trump knew the protests that day would turn violent. Incitement would have elicited a potentially strong First Amendment defence. Still, Mr Smith will need to show criminal intent. Mr Trump’s lawyers contend that he genuinely believed he won and that advisers said his pressure tactics were legal. That may not be a winning defence: plenty of people repeatedly told him he had lost. But it is a viable one. Rebecca Roiphe of New York Law School cautions against calling the case rock-solid.

Mr Smith faces another vulnerability. Two of the four charges—obstruction of an official proceeding and conspiracy to do so—relate to the disruption of the counting of electoral-college votes. More than 150 Capitol rioters have been convicted of or pleaded guilty to those felonies. Some of them have challenged the charges by arguing that the underlying criminal statute, which was passed after the Enron accounting scandal, applies only to evidence-tampering. This spring the Supreme Court will hear a Capitol defendant’s bid to invalidate the charges. A decision will come by July and could oblige Mr Smith to cut his indictment in half.

The biggest question-mark is the trial’s timing. Initially the presiding judge, Tanya Chutkan, an Obama appointee, moved the case along quickly. But in mid-December she froze trial preparation so that Mr Trump could argue in a federal appeals court that the case should be thrown out on presidential-immunity grounds. A three-judge appellate panel unanimously rejected his request earlier this month. The Supreme Court will probably decide by early

March whether to take it up. If the justices agree to hear the case, that will add a delay of weeks and perhaps months.

By July at the latest Judge Chutkan should have a green light from the Supreme Court to unfreeze the proceedings. (Hardly anyone expects the justices to side with Mr Trump on immunity, assuming they even agree to take his case.) Several weeks of preparation will need to be recouped before the trial actually gets under way. Then the trial itself will take about two to three months. That gives decent odds of a verdict by election day.

If Mr Trump is convicted, sentencing will be up to Judge Chutkan. She has required prison time for every convicted Capitol rioter whose trial she has overseen. But that seems highly unlikely for a former president. A more plausible scenario would be a fine, probation or house arrest. In any event he would remain free while he appealed against the conviction.

The Georgia affair

If Mr Smith's federal indictment over election interference is a targeted harpoon, its state counterpart in Fulton County, Georgia, is a giant trawl net. Both rely in essence on the same facts and witnesses. The big difference is that Fani Willis, a Democrat who is the elected district attorney in Fulton County, named 18 co-defendants alongside Mr Trump, whom she charged with 13 felonies. All were indicted under an anti-racketeering statute first used against the mafia. A conviction can result in prison time of five years or longer. Ms Willis says she wants the trial to start in August and, given the number of co-defendants, expects it to run into 2025. Three have pleaded guilty so far.

But the case has been derailed by revelations of an affair between Ms Willis and a lawyer she hired onto her team. The defendants want her disqualified, prompting a mini-trial about the nature of the relationship. They argue that Ms Willis has a personal stake in prosecuting them, to see her paramour enriched—he made \$728,000 on the job, and paid for at least a share of the couple's holidays together. Ms Willis denies any impropriety and delivered combative testimony in her own defence at a hearing on February 15th.

If the judge, Scott McAfee, disqualifies her, a state agency will appoint a new prosecutor, which could take a year or more. Her replacement could alter or even dismiss the charges. Even if Judge McAfee lets her stay, he will probably allow the defendants to appeal against his decision and pause the case. Don't bank on a trial before the election, in other words. The best chance of that happening is if Ms Willis voluntarily takes a leave of absence and her deputy severs Mr Trump's case from his co-defendants', says Clark Cunningham of Georgia State University College of Law. Nothing suggests that will actually happen. But as the only televised trial it could have the biggest impact of the four.

On the face of it, the case brought by Mr Smith involving Mr Trump's alleged mishandling of classified documents is the most straightforward. But the judge randomly assigned to the case, Aileen Cannon, who was appointed to the bench by Mr Trump, has moved slowly, and there appears to be little chance that it will reach trial before November.

Here the facts and the law are uncomplicated. Federal prosecutors charged Mr Trump with 40 felonies over his alleged wilful retention of national-defence papers and his refusal to give them back. According to prosecutors, after Mr Trump left the White House, he ordered aides to hide dozens of classified documents from the FBI. They were caught on video shuffling boxes. He appears to have misled his own lawyers, who certified to investigators that everything had been handed over. It took a raid on Mar-a-Lago, his Florida estate, to get them back. Some dealt with America's nuclear arsenal. Mr Trump is said to have twice shown documents to visitors and acknowledged that they contained secrets.

What makes the case thorny has less to do with its merits than with procedural hold-ups. In national-security prosecutions the government tries its best to withhold classified evidence from the defence, not to mention jurors. The judge decides what material has to be disclosed and to whom; those decisions are contentious and can be appealed against. The back-and-forth means delays.

Judge Cannon has scheduled hearings and filing deadlines with unusually long gaps in between, says David Aaron, a former prosecutor who handled similar cases. Brandon Van Grack, another former DoJ lawyer, doubts the

trial will begin before November despite a tentative start date of May 20th. Judge Cannon's decisions so far, he says, show scepticism towards prosecutors who want to limit the disclosure of evidence. That could portend more adverse rulings, which would prompt appeals and drag things out.

Whenever the trial does start it will be held in Mr Trump's backyard in Florida and could draw a sympathetic jury. A single holdout juror can block criminal convictions, which require unanimity in America. Even if he is convicted, sentencing will be up to Judge Cannon. In normal circumstances someone found guilty of the alleged crimes would risk going to prison for a few years. But again that seems unlikely in this instance.

I beg my pardon?

Say Mr Trump wins in November, and gets convicted and sentenced in any of the four cases before taking office: what then? If he is convicted in either of the two federal cases, he will appeal. After the inauguration he might try to pardon himself, or better yet issue a blanket prospective self-pardon. (His attempt to pardon himself would not help him in either of the state cases, since presidential pardons do not cover state crimes.) No president has ever attempted that. When Richard Nixon contemplated it during the Watergate scandal, the DoJ said it was improper and he was let off by his successor, Gerald Ford. In any event the Supreme Court would have the last word.

A surer bet would be for Mr Trump to appeal against his conviction, and then, while the case was winding through higher courts, order his attorney-general to drop it. Again, that trick would not work in Georgia or New York, since state cases sit outside the Justice Department's purview. Yet DoJ policy says a sitting president cannot be prosecuted, and while the advisory opinion is unclear about state matters, it seems likely that all of Mr Trump's criminal cases would be paused while he held the presidency. Prosecutions might resume in 2029 when he leaves the White House. At that point he would be 82.

Mr Trump is partly right about the charges he faces. They are political—not in the sense that the cases are partisan attacks, but because of how they may or may not change [America's political trajectory](#). Over the next eight months the American justice system will be tested by Mr Trump's defiance and

delay. How that system performs will provide a measure of its own integrity and resilience. It will also determine whether a candidate who sneers at the rule of law is able to manoeuvre his way past the charges against him long enough to win in November and become a law unto himself. ■

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Voters' views

How might Donald Trump's trials sway voters?

Feb 22nd 2024

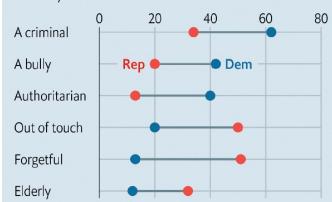


Polarised perceptions

United States, 2024, % responding

Which of the following traits is least desirable in a president?*

February 9th-12th



How do you think the federal criminal cases against Donald Trump have been conducted?

January 25th-29th

Classified documents



Interference in the 2020 election



*Respondents were asked to choose their top three least-desirable traits from a list of ten

Source: YouGov

POLLING SUGGESTS that most Republicans think the trials against Donald Trump have been conducted unfairly. Though 62% of Democrats say being a criminal is one of the worst traits a president can have, only 34% of

Republicans say the same. But in a close election Mr Trump cannot afford to lose ground or put off undecided voters. ■

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From sand to sea

Does the American army's future lie in Europe or Asia?

It could not wage wars in both at the same time

Feb 19th 2024 | Carlisle, Honolulu and Washington, DC



Getty Images

THE YEAR 1973 was pivotal for America's army. The force was [battered and broken](#) from Vietnam. In January the defence secretary announced the end of conscription; two months later the last combat troops left Vietnam. But the Arab-Israeli war which broke out on Yom Kippur in October planted the seeds of renewal. The lessons of that war, absorbed by American officers sent to Israel, helped reshape America's army into the modern and professional force which would vanquish Iraq in 1991.

Today's generals, who came of age during that transformation, are keenly aware of the resonance. "There's a loose analogy between the early 1970s and the army of Desert Storm," says General James Rainey, who leads the army's Future Command, "and the army which invaded Iraq in the early 2000s and where we need to be in 2040." Two decades of war in Afghanistan and Iraq [wore out troops](#), equipment and ideas. A recruitment

shortage remains unresolved. Now the rise of China and the lessons from the [war in Ukraine](#) have prompted introspection, renewal and reform.

Among army civilian and military leaders there are three big unsettled questions, according to people familiar with those debates. One is whether profound shifts in the character of war, some evident in Ukraine, might render ground forces less important, if not irrelevant.

A second is how to balance resources between Asia and Europe (Asia being the Pentagon's priority, and Europe where Russia is rearming fast). The army can prepare for conflicts in both places, but it cannot actually wage those wars at the same time—and it is no longer asked to do so. The 2018 National Defence Strategy ended the “two war” standard, a change accepted by the Biden administration.

That leads to a third question, and the most existential for the army. What, beyond the provision of logistics and air defence, would be the role of a ground force in a future war in the Pacific?

When General Randy George, the army's chief of staff, was recently asked for book recommendations, he cited “The Arms of the Future” by Jack Watling, a young British analyst. The book describes how in recent rounds of Warfighter, a big annual exercise led by America, combat brigades facing increasingly good sensors and longer-range and deadlier munitions took huge losses, emerging with 20% combat effectiveness. Artillery devastates infantry and armour well before they can get within sight of the enemy.

The war in Ukraine has reinforced those findings. Some argue that America's army, better trained and armed than Ukraine's, and with air cover, would fare better. General Rainey assumes the worst. “We're going to fight under constant observation,” he says, “and in constant contact of some form. There is no break. There is no sanctuary.” He says American “lessons learned” teams were in place three days before the invasion to collect observations. They will have had some nasty surprises. American-made GPS-guided shells and rockets at first worked well; more recently, they have struggled against Russian jamming.

The army recognises that whereas it could once patiently muster its forces before launching a large offensive—as it did against Iraq in 1991 and 2003—it now has to prioritise dispersal, mobility and concealment. The drone attack which killed three soldiers in Jordan on January 28th was the first successful attack on American troops by aircraft since the Korean war. Katie Crombe, an army officer, and John Nagl, of the US Army War College in Pennsylvania, note in a recent paper that Ukraine’s battalion command posts comprise seven soldiers who dig into the ground and move twice daily. “That standard”, they warn, pointing to stubborn habits of more static command posts, “will be hard for the US Army to achieve.”

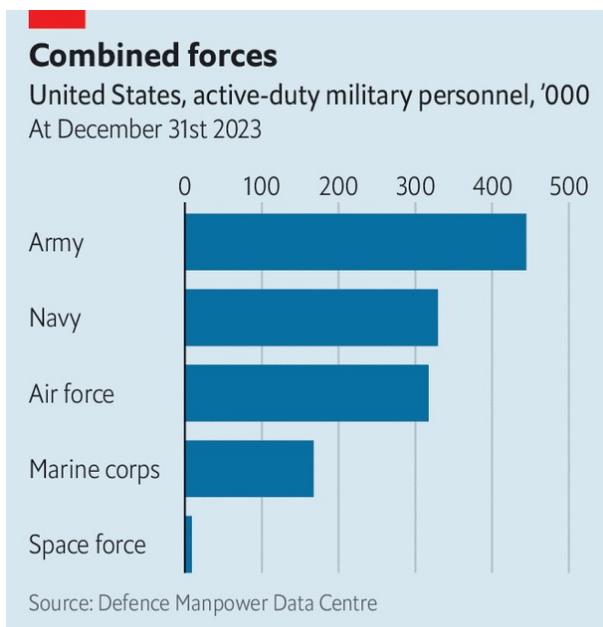
The commanders of battalions (about 1,000 soldiers) and brigades (a few thousand), the core units of combat in Afghanistan and Iraq, would be consumed by this intense fighting in a way they were not during counterinsurgency missions. The army is thus reorganising so that more of the burden of planning, logistics, command and control, and long-range firepower falls on divisions—larger formations typically led by two-star generals which stand farther back from the front lines and have more time and space to orchestrate the frenetic battles of the future.

What remains unsettled, says Billy Fabian, a former infantry officer and Pentagon planner, is how, precisely, the army’s combat forces should be organised for future wars: the balance between firepower on the one hand, dominant in Ukraine, and so-called manoeuvre elements, such as infantry and armour, on the other. “Fighting land wars is the army’s *raison d’être*,” he says, “and Ukraine raises tough questions that challenge deeply ingrained elements core to the army’s self-conception.”

Army dreamers

Hanging over these reforms is the larger question of where the army will be asked to fight. National defence strategies published by the Trump and Biden administrations instruct the Pentagon to focus on China. Yet the army increased its footprint in Europe after Russia’s first invasion of Ukraine in 2014. It has since reinforced the continent with a corps and division headquarters, an infantry and armour brigade, a rocket artillery battalion and numerous other support forces. In contrast, relatively few new forces have flowed into Asia.

For years the army's principal role in the Pacific was to guard bases, provide air defence and handle logistics. To the extent it was a "manoeuvre" force, in military parlance, it was focused on North Korea. Other services have looked down their noses at it. "The navy has a stranglehold on the leadership of Indo-Pacific Command," says Stacie Pettyjohn of the Centre for a New American Security, a think-tank in Washington. "They see the army only in a supporting role in a maritime theatre."



The Economist

General Charles Flynn, the commander of the US Army Pacific, vigorously rebuts such ideas. "Humans have this unique tendency to live on land," he says. "At the end of the day, decisions are going to be made by the pointy end of a gun." The primacy of land is as true in Asia as it is in Europe, he argues, not least because the region's largest countries, like India and Indonesia, have military forces dominated by armies. By building ties to them in peacetime, the army can position itself to project military power westward.

The growing pace of exercises (more than 40 take place annually) is a core part of that. General Flynn points to the examples of Talisman Sabre in Australia and Garuda Shield in Indonesia. Both were once relatively modest army-to-army exercises. They have grown and now involve the navy and air force. Both also involved the army's Joint Pacific Multinational Readiness

Centre, in essence physical and virtual training equipment that can be deployed around the region to do things which could only have been done at a large base in Louisiana. Such drills are morphing into a near-permanent presence: the army is deployed in the region for eight months of the year.

Alongside that is a reimagining of how the army would fight. The premise is that China has optimised its forces to attack American satellites, ships and air bases. “What it’s not designed against”, says General Bernard Harrington, “is to find, fix and finish land formations that are distributed, mobile and networked.” That has prompted the creation of three experimental “multi-domain task forces”, or MDTFs, the first of which is focused on Asia and commanded by General Harrington.

Each MDTF has four battalions which can deploy small units along the first island chain which runs from Japan to the Philippines. The idea is that these can fight not just on land—soldier v soldier, tank v tank—but across domains. Imagine that America needs to target a Chinese ship. The MDTF’s “effects” battalion might jam the vessel’s radar and hack its networks; if that does not neutralise the ship, it makes it more likely that anti-ship missiles launched by a “fires” battalion will get through. The force’s long-range hypersonic missiles, which arrived last year, have a range of nearly 3,000km —enough to reach from Japan to Taiwan, or from the Philippines to the South China Sea.

Initial experiments with the MDTFs have shown promise, though some are sceptical that this high-tech vision of war would survive contact with reality. Two MDTFs are currently devoted to Asia, with a third for Europe. The original plan envisioned a total of five, with an additional one in the Arctic and one for global tasks.

All this would seem to offer a definitive answer to the army’s identity crisis: Asia first. Inside the Department of the Army, nestled within the Pentagon, there are doubts, though. One question is whether its own plans mesh with those of the armed services as a whole. “The army still feels marginalised in the Pacific,” says Ms Pettyjohn. Another is whether the army itself has pivoted ruthlessly enough. Its fleet of water craft has shrunk dramatically in recent years, for instance. “Water craft are an absolute indicator of true commitment to the Pacific,” says J.P. Clark, another Army War College

professor. “They are quite expensive, only really useful for that theatre, and absolutely essential.”

Hard choices ahead

The MDTFs themselves remain “niche” formations, argues Mr Fabian. The largest allocated to the region is the 25th Infantry Division in Hawaii, he points out, a light-infantry division. “It seems like the army is trying to have it both ways,” he says. “Talk about fires and air defence for the Pacific, but stay a combined-arms force organised for close combat like it’s always been.” The army hedges its bets, says an insider, because it rarely wages the war it expects.

Trade-offs abound. Short-range artillery is vital for Europe; less so in Asia. “I just don’t know what you’d fire a 155-round at out in the Pacific other than the water,” quipped a top Pentagon official recently. The army will have to make firm choices in the next year or two, say officials. In part that is because it is creating more units than it can reliably man. The army expected to finish last year short of 10,000 recruits, a 15% shortfall and the second consecutive year of under-enlistment. Much of that is the result of America’s tight labour market, but it also reflects waning enthusiasm for military service, and for combat arms in particular.

The fall in the size of the “individual ready reserve”—reservists not allocated to a unit—from 450,000 in 1994 to 76,000 in 2018 worsens the problem. Ukraine shows how intense wars tend to chew up regular armies, requiring an infusion of citizens with military experience. Today’s shortage of combat soldiers is tomorrow’s shortage of reservists. Ms Crombe and Mr Nagl are among those who have floated the notion of “partial conscription”, an idea backed by just 20% of Americans. Now, as in the pivotal moments of the mid-1970s, the army finds itself wrestling with profound questions over its size, shape and purpose: questions that will eventually touch, as they did back then, its relationship to American society. ■

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Counting canines

These American cities are obsessed with dogs

They are probably not the ones you think

Feb 22nd 2024 | Los Angeles



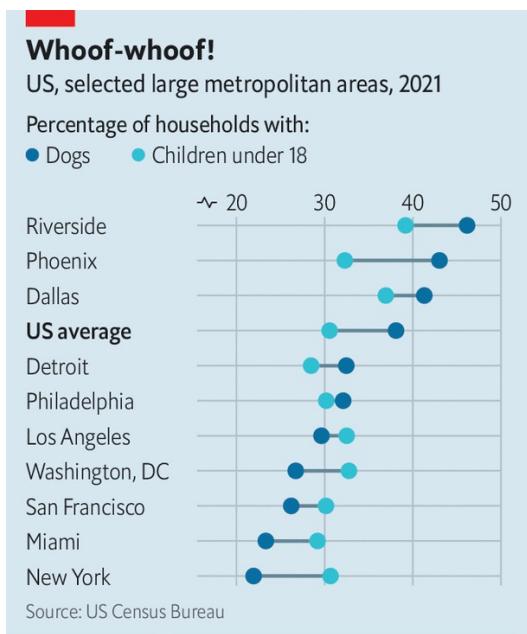
Getty Images

ONE OF THE caricatures of millennials (along with eating too much avocado toast, as if that's possible) is that they treat their pets like children. Precious pups are carted around in prams. Spot isn't just a dog, he is a "fur baby". Except he is probably not called Spot. Human names for pets are *en vogue*. There is even some overlap between the top-ten names for dogs and babies. "Luna" and "Theodore" grace both lists, though for dogs it is the cuddlier "Teddy".

So when it came out in recent years that San Francisco probably has more dogs than children, it seemed like an idiosyncrasy befitting a city filled with tiny flats and wealthy millennials. But San Francisco is not the only place where this may be true (Denver claims more pups than tots too). Nor is it even close to the most dog-obsessed area in America.

It is tricky to do a systematic comparison of the populations of dogs versus children in big cities. Counting canines is not a precise process. Local parks

departments or animal-control agencies may have a ruff estimate, but their methods can differ by city.



The Economist

To try to rank cities by their dog obsessiveness, *The Economist* used Census data to compare the proportion of households with children under 18 to that of households with dogs in the 15 biggest metropolitan areas in America. Riverside—which contains the suburbs east of Los Angeles—takes the biscuit. Nearly half of homes there have a tail-wagging tenant. Phoenix and Dallas round out the top three for dog ownership (see chart).

Six of the 15 cities, as well as the country as a whole, have more homes with dogs than tots. San Francisco is not one of them. What explains which places are pup-sessed? There is no clear geographical trend. The cities with the biggest gaps between the number of homes with dogs and those with kids are in the Sunbelt. But Detroit, Seattle and Philadelphia are just behind. There is a correlation, however, between household space and high rates of dog ownership. Dogs are more prevalent in cities where single-family homes are common. Just 22% of homes in New York City have a dog. Pity the pup cooped up in a closet-sized flat in Tribeca. The paw thing would go barking mad.■

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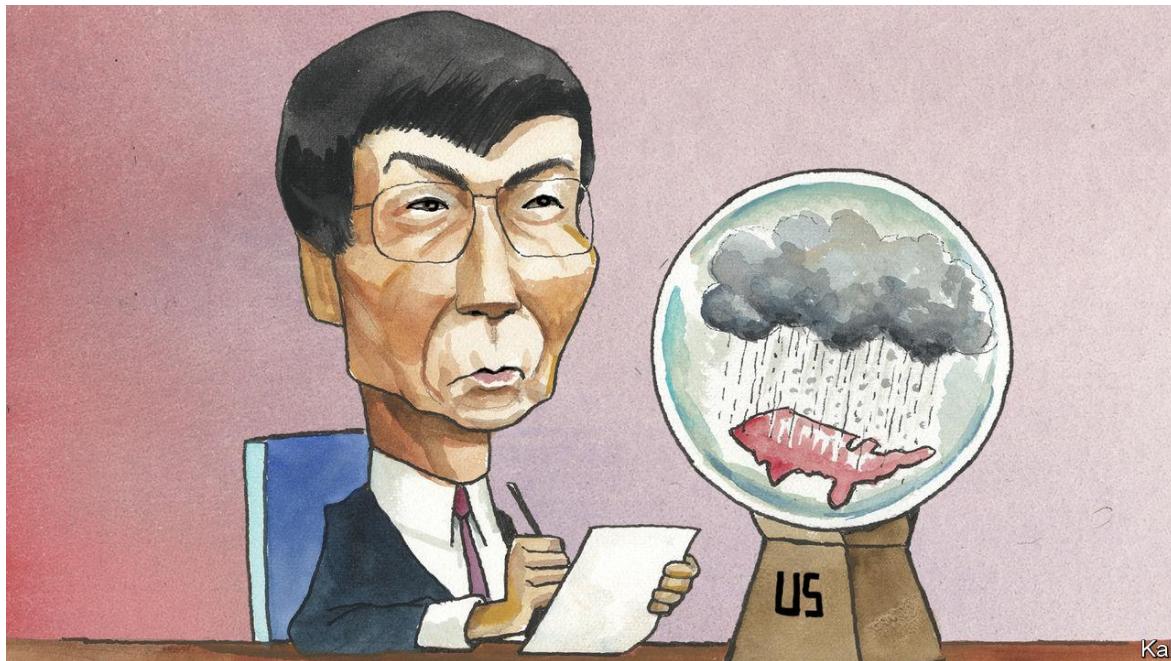
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Lexington

The flaws that China's chief ideologue found in America

As a young visitor decades ago, Wang Huning saw “an unstoppable undercurrent of crisis”

Feb 22nd 2024



IN AUGUST 1988 an inquisitive young Chinese political scientist named Wang Huning came to America for a six-month visit. He admired the Gateway Arch in St Louis, Missouri, and analysed the town government of Belmont, Massachusetts, watched a football game at the Naval Academy in Annapolis, Maryland, and toured a detergent factory in Iowa City, Iowa. He was shocked by the many people begging in the streets and amazed by the softness of the waterbeds in the furniture stores. One question preoccupied him: how had such a young country raced so far ahead of his homeland, with its history of more than 2,000 years? He found a lot to respect in the dynamism of America, but he also identified contradictions that could tear it apart.

China-watchers debate the extent to which Mr Wang's American sojourn influenced the course of China's modernisation. What is known is that he

left academia just a few years later, cutting off his torrent of published work, to help define the Communist Party's message and maybe its policies for three successive presidents. Now Xi Jinping's chief of ideology and propaganda, he is one of seven members of the Communist Party's ruling body.

Americans should have learned from him, too. They still can. His book about his inquiry, "America against America", is a time capsule from back before the cold war ended and the internet smashed a virtual world into the real one, back when a Chinese visitor might marvel that Americans could sharpen pencils with electric gizmos and order pizza over the phone. Mr Wang's book reminds the American reader that in those days, too, Americans were anxious about big problems, from racism to homelessness.

America was an alien land to Mr Wang, and he saw important, enduring patterns in what the natives might overlook as the wallpaper of their lives. He spotted subtle controls everywhere. The police did not have to mandate identity cards because the government persuaded each citizen to volunteer to have one by calling it a driver's licence and issuing it through a motor-vehicle agency. Big corporations such as Coca-Cola relieved the government of management over the lives of millions.

Because just about everything could be denominated in dollars, the voluntary pursuit of financial wherewithal, rather than any ideology or political system of coercion, was the ultimate source of stability. "People manage money, and at the same time they use money to manage people," he wrote. Technological superiority had become the source of Americans' sense of national superiority: "If you want to overwhelm the Americans, you must do one thing: surpass them in science and technology."

Mr Wang was astonished by the public libraries. Ancient Chinese thought was unique, he argued, but failed to influence the world because of a lack of means to share it. By contrast American libraries gave everyone access to the knowledge of generations. "The purpose of building a reservoir is not to store water, but to irrigate," he wrote. Knowledge was the source of social progress, but also social conflict. How to get the former without the latter?

Visiting Plymouth plantation and the Liberty Bell, Mr Wang admired how Americans put their thin history to work inculcating a shared political tradition. In light of recent events, his book's most poignant passage describes the inauguration of President George H.W. Bush. Mr Wang was impressed by the pageantry, by the creation of a tradition strong enough to guarantee the transfer of authority. The important result, he wrote, "is not that the new president has power, but that the old president thus loses power".

But Mr Wang did not think America's unifying forces and traditions could withstand its centrifugal forces. He has been called the Chinese Tocqueville, but he disdained one of Tocqueville's key conclusions. Mr Wang wrote that only someone such as Tocqueville, from an even more unequal society, could look at America and perceive a country achieving equality of conditions. Americans might claim to value both liberty and equality, but these values inevitably conflicted, and Americans prioritised freedom. They resented paying taxes that might yield greater equality, and the result was a destabilising divide between rich and poor.

Americans also claimed to treat the family as the basic unit of society, "but in spirit, the family is being hollowed out" because Americans actually emphasised the individual. Mr Wang was unsettled that parents put children younger than one to bed in separate rooms and encouraged their children to leave home starting at 18, to enter society "like entering a battlefield". These children would have no time to take care of their parents as they aged, and yet because of the resistance to taxes the government would not be able to care for them, either, or for others left behind.

Who lost America?

Mr Wang was taken with Allan Bloom's "The Closing of the American Mind", published in 1987, which lamented a shift to cultural relativism in higher education. Mr Wang believed an abandonment of shared values was precipitating an American "spiritual crisis". He thought the American system—"based on individualism, hedonism and democracy"—was losing out to the Japanese system "of collectivism, self-forgetfulness and authoritarianism".

Mr Wang got that one wrong. And the Chinese model does not look so hot these days, either. But many Americans have come to share a version of his conclusion, that America's contradictions are creating "an unstoppable undercurrent of crisis". A record low of 28% say they are satisfied with "the way democracy is working in this country", according to a recent Gallup poll. Sensible Americans still think that if only supporters of Donald Trump would wake up to the threat he represents to American institutions, they would reject him. The chilling reality is that that is what they like about him. Mr Wang may not have anticipated Mr Trump, but he did identify the corrosion of civic virtue that is letting the once and possibly future president tear so much to pieces. ■

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On the brink

Congo's M23 rebellion risks sparking a regional war

Goma is under a terrifying siege

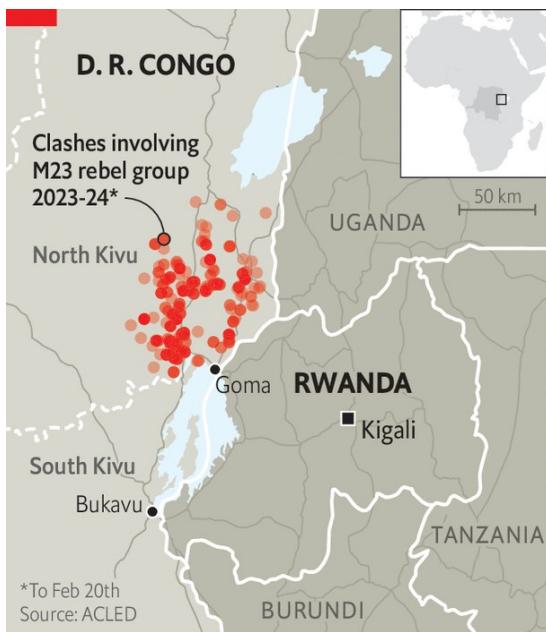
Feb 22nd 2024 | GOMA



Reuters

DOZENS OF FAMILIES sit under a large tarpaulin on bare volcanic rock, surrounded by plastic buckets and bundles of clothes. Deafening blasts of artillery fire punctuate the sound of children wailing at one of the many displacement camps outside Goma, the main city in the east of Congo. M23 rebels are entrenched just six miles away. "My husband was killed," says Aline Batachoka, a fresh arrival huddled together with other young women for warmth. "There was war and massacres."

Mrs Batachoka is one of an estimated 135,000 people who fled the Rwanda-backed M23 in the past month as it advanced through Masisi, a patch of North Kivu province west of Goma. She and the other newly displaced have joined about half a million people who had already sought refuge in the wretched camps on the city's outskirts from earlier M23 offensives. With the front line now straddling what was the last government-controlled road to Goma, rebels surround the city by land (see map).



The Economist

The only road out of Goma now leads across the border to Rwanda. Yet that is not much of a lifeline, since Congo's neighbour is largely responsible for the current crisis, which has already sucked in troops from at least six countries and risks exploding into a full-blown regional war. "It's clearly escalating," says Pierre Boisselet, a conflict researcher at Ebuteli, a Congolese think-tank, warning of the risk of a direct confrontation between foreign armies on Congolese soil. That is an alarming prospect, because the previous time this happened after a Rwandan invasion of Congo in 1998, the resulting war lasted until 2003 and claimed between 1m and 5m lives, mostly because of disease and starvation induced by the conflict.

Rwanda's main complaint is that Congo has sheltered and co-operates with the FDLR, a Hutu militia whose original leaders included army officers responsible for the genocide of Rwanda's Tutsi minority in 1994. M23 traces its roots to earlier rebellions led by Tutsis. In 2012, with Rwandan backing, it captured Goma before Congolese and UN troops drove it out again. But the group sprang back to life in late 2021 and swiftly captured swathes of North Kivu. It accuses Congolese President Félix Tshisekedi of failing to honour an earlier peace deal, and of overseeing discrimination and attacks against Tutsis.

A bewildering mishmash of forces defends Goma. Congo's notoriously ill-paid and poorly equipped army fights alongside an assortment of militias known collectively as *Wazalendo* ("patriots" in Swahili, the east's dominant language). European private military contractors staffed by, among others, former members of the French Foreign Legion, are contracted to provide training and technical support to Congo's army. They have also sometimes helped it plan operations. Burundi, a neighbour of both Congo and Rwanda — which has dire relations with the latter—has also deployed more than 1,000 troops to fight alongside the Congolese army.

There are also some 16,300 UN peacekeepers in Congo, whom *Wazalendo* sometimes shoot at due to deep distrust of the role of the international community. And last is a military mission recently dispatched by SADC, the regional bloc, which will have 2,900 South African troops in addition to forces from Tanzania and Malawi. If that were not complicated enough, Uganda, which played a leading part in previous Congo wars, has an ambiguous role in the current drama. It has looked the other way as M23 fighters moved across its territory and into Congo, for example.

To prevent this tinder box igniting, America has repeatedly tried to broker a peace deal by getting Congo to stop arming the FDLR and Rwanda to pull back its forces. Yet in fact Rwanda has doubled down in its proxy war against Congo and the various peacekeeping forces and missions deployed there. On February 4th a South African peacekeeper was killed when a UN helicopter was fired on while it was flying to Goma. Almost two weeks later a mortar barrage killed two more South African soldiers, who were among the advance elements of the SADC mission.

The Congo missile crisis

Though no blame has officially been apportioned, both attacks are thought to have been conducted by M23 rebels. That seems plausible given Rwanda's other actions. Earlier this month a drone launched from Rwanda bombed Goma's airport and Rwandan forces fired an anti-aircraft missile at a UN surveillance drone in Congo, according to a confidential report by the UN peacekeeping mission in Congo. That prompted an unusually stern denunciation from America, which called on Rwanda to withdraw its troops and, in particular, its anti-aircraft missile systems "which threaten the lives

of civilians, UN and other regional peacekeepers, humanitarian actors, and commercial flights”.

Rwanda has long denied its involvement in Congo. Yet these claims ring hollow. In December UN experts provided evidence that M23 fighters had received training in Rwanda, and showed aerial photographs of Rwandan army columns marching through Congolese territory. High-tech, and costly, mortar shells that can be guided by lasers or GPS have also landed near Congolese army positions, the experts said. They added that these had not previously been observed in the area and that “the use of the weapon system requires extensive training”.

Recently, Rwanda has barely bothered to maintain the pretence that it is not involved in Congo. In response to America’s call for it to withdraw its troops, Rwanda’s foreign ministry hit back saying it has taken measures to protect its air space and to “degrade offensive air capabilities” (which sounds like code for attacking Goma airport). It said these steps were a direct result of threats to its security posed by Chinese attack drones and by repeated violations of its airspace by Congolese jet fighters.

Mr Tshisekedi also gives no indication of backing down. He refuses to negotiate with M23, saying it is a Rwandan proxy group that aims to steal Congo’s mineral wealth. This month army spokesman Sylvain Ekenge described the struggle against M23 as existential for Congo, saying the troops “are condemned to succeed and to fight to the last drop of blood”.

A previous crisis in 2012, when the M23 captured Goma, led to swift action by foreign donors who blocked some \$240m in budget support to Rwanda. Yet, notes Jason Stearns, an expert on Congo, the international opprobrium Rwanda faced for backing M23 has been replaced by complacency and even increased support.

Mr Boisselet thinks both sides can still climb down. Onesphore Sematumba, a Congo analyst for the International Crisis Group, argues that diplomats need to pull out all the stops to avert a wider war. “We’re not there yet, [but] if the regional escalation continues, we could find ourselves in a scenario like during the other Congo wars,” he says. “More bombing means more displacement, more misery.”

Misery is the word. The M23 conflict has already inflicted a heavy toll. Lately, artillery shells have been landing in the camps for displaced people, blowing apart civilians. Mrs Batachoka says that some people in her group lost track of children when making their desperate escape. Her own child, swaddled to her back, is weak and ailing. “We have nothing”, she says. “Absolutely nothing.” ■

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Pub brawl

The booze industry reveals a lot about Kenya

The politicisation of business is retarding the country's economy

Feb 22nd 2024 | NAIROBI



Getty Images

TUSKER, A CRISP, golden and eminently quaffable lager, is arguably Kenya's most recognisable brand. Sun-tanned tourists gulp it down cold at the end of a game drive. For Kenyans, who often prefer it warm, it used to be a source of national pride. "My country, my beer," its best-known slogan proclaimed.

What Kenyans drink often reveals how they wish to be perceived. Tusker was long seen as the patriotic choice, even though for much of the colonial period Africans were not allowed to drink it. Trendy youngsters drink WhiteCap, a beer once seen as the tipple of the fusty, or Guinness.

They are all drinking products made by East African Breweries (EABL), which produces about 90% of the country's domestically brewed alcohol. Kenya's drinking habits, therefore, also provide an insight into why the business environment too often impedes rather than encourages growth. EABL's dominance of the brewing business is but one example of how east Africa's biggest economy is distorted by the market power of a few big

firms. It is a problem common in many other African countries, where markets are often small and fragmented, competition regulators are weak and barriers to entry are high.

Another example is Safaricom, a mobile-phone operator with a 66% share of the Kenyan market. This dominance may explain why it is so profitable. Over the past five years its average return on equity (ROE) was a mouthwatering 47%. That compares with an average ROE of about 10% on mobile-phone operators in America, according to Aswath Damodaran, a finance professor at New York University.

EABL has also done well, with an average ROE of 49% over the past two years, far above the returns earned by global peers. Many livelihoods depend on it, from the 62,000 smallholder farmers who supply it with barley and sorghum to the many more who deliver its beer in lorries or serve it up in bars. Yet its high margin is not a sign of a healthy market. Dominant companies protected by barriers tend to be less dynamic, efficient and competitive. Ripped-off consumers pay the price.

Across sub-Saharan Africa essentials, such as food, cost about 20% more than in poor countries in other regions, according to an IMF working paper from 2020. It found African firms were 10-20% more profitable than those in comparable countries, and that their price markups (over costs) were around 11% higher. These tend to fall disproportionately on the poorest.

When it comes to alcohol, high prices can be deadly if they encourage boozers to opt for cheaper moonshine. In Kenya beer is pricey not just because the market is dominated by a big firm, but also because the government taxes it so heavily. About half of the 200 Kenyan shillings one pays for a bottle of Tusker (\$1.40) goes to the taxman. Little wonder then that perhaps 59% of booze is sold on the illicit market, reckons Euromonitor International, a research firm. Not only does this limit the government's tax take but it often leads to tragedy when bootleg distillers mess up. Earlier this month at least 20 people died after drinking illicit booze at a party. Alas, such incidents are not uncommon.

One way to foster competition, which could lower prices for consumers, would be to make it easier for artisanal brewers to get licences. Many

Kenyans drink traditional brews that, if made properly, are no more dangerous than a pint of Stella. Yet the authorities grant few permits. The few who get them are not allowed to advertise or brand their beer and they must sell it in unmarked 20-litre containers. As a result few startups survive.

Formal startups face endless run-ins with government agencies, who add intimidation, bureaucracy and corruption to the already formidable challenges of taking on such a dominant competitor as EABL. “The 12 gates of hell”, is how Eoin Flinn, the CEO of the 254 Brewing Company, a craft brewer, describes the dozen bureaucracies he must deal with. Following the rules is often a Kafkaesque affair. Last year the revenue authority shut down his firm for failing to mark its pipes “to the satisfaction of the commissioner”. It took two weeks to discover that the commissioner wanted a single pipe painted blue.

Kenya is taking steps to liberalise and deregulate its economy. The government, which has stakes in 132 companies including Safaricom, plans to sell its shareholdings in 11 companies. The country’s competition authority is among the more robust on the continent. Last year it fined nine steel companies a total of \$2.2m for price-fixing. Yet these are baby steps, says Kwame Owino of the Institute of Economic Affairs, a Kenyan think-tank, who argues that the authority is too inclined to protect state-backed firms.

The main impediment to genuine reform is the nexus between politics and business in Kenya. Since Kenyan politicians often have significant business interests, they are not above using the organs of state against competitors, says Aly-Khan Satchu, an investment adviser. “If you control the levers of politics and the levers of business to a meaningful degree, you are able to tilt the playing field substantially.”

A politician might, for instance, have a business that supplies a monopoly, while a senior civil servant might be angling to get a relative a job at a state-owned company. “Both have a vested interest in protecting the monopoly,” says one MP. And businesses back politicians in the hope of friendly regulation. As long as people in Kenya’s political class benefit from distorting the market, they are unlikely to liberalise it. ■

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A boost to democracy

Senegal's judges stand up for the constitution

But with no date for an election, its democracy is not yet secure

Feb 22nd 2024 | DAKAR



Reuters

THE REBUKE was blunt and brief. On February 15th Senegal's Constitutional Council, the last line of defence for its democracy, summarily cancelled a presidential decree that had indefinitely postponed the election due on February 25th. It also cuffed down a law rushed through the National Assembly that had then attempted to reschedule the poll to December 15th. Stripped of a veneer of legality for his actions and under heavy pressure, Macky Sall, the president, promised to "fully implement the decision" of the council. That is a tremendous boost to democracy and rule of law in Senegal, where both had recently seemed in retreat.

Yet there is a wrinkle. The council conceded that there is not enough time for the government to organise the poll by its original date. Instead it told the government to hold the vote "as soon as possible". Mr Sall has promised to do so. What that means in practice has been hotly contested.

A civil-society group that has led the campaign against the delay is demanding that the election be held by March 10th. That would ensure that

Mr Sall leaves office by April 2nd, when his constitutional term ends. However, even holding it on March 10th would trigger an infringement of the constitution and the electoral code, since it would be too late under the constitution and would not allow the required 20-day campaign period. Some candidates have instead said that the election must be held by April 2nd at the absolute latest. But Mr Sall's party has suggested it will be difficult to organise a poll even by then. The president was expected to speak soon after *The Economist* went to press.

Mr Sall has made some conciliatory moves. More than 300 out of perhaps 1,000 political prisoners have been released. On February 17th the authorities permitted a protest march for the first time in the two weeks since the elections were cancelled. He has also been meeting political leaders, including some from the opposition, to decide on what to do next. Discussions about the date of the election are tangled up with much else. Karim Wade, the son of a former president, wants the electoral process started from scratch, which would allow him to apply again to run. His application was rejected by the Constitutional Council because he held Senegalese and French nationality at the time he submitted it, though he has since given up the latter.

Yet going back to square one would restart an 80-day electoral process. That would seem to be at odds with the council's ruling that voting should happen as soon as possible. Moreover, the council's decision seems to imply that if the election is not completed by April 2nd, then Mr Sall would have to step down to make way for a caretaker president. Mr Sall, who has said he will not run for a constitutionally questionable third term, has not commented on such specificities.

The opposition, who are increasingly angry that Mr Sall still has not named a date, will have to reach some sort of agreement with the president to avert a deeper constitutional crisis. Unless it is scrupulously fair, it risks perpetuating the sort of politics that helped get Senegal into this mess: that of political bigwigs striking deals that can only be implemented by contorting the law and pressing the country's nominally independent institutions to go along with them.

The decision to strike down Mr Sall's decree is a welcome display of spine from the Constitutional Council. But until the country's constitutional order and rule of law become more deeply entrenched and consistently enforced, Senegal's democracy will remain at risk. ■

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Israel's ultra-Orthodox

Ultra-Orthodox Israelis' refusal to fight is a growing problem for Netanyahu

Those keeping him in power are unwilling to share the burdens of war

Feb 22nd 2024 | JERUSALEM



Alamy

TWO PIECES of legislation may be brought before Israeli lawmakers in the coming days. The first aims to alleviate the military personnel shortage caused by the war in Gaza. The second would exacerbate it. Both could have dire implications for Binyamin Netanyahu's government.

The Israel Defence Forces (IDF) is made up of professional officers and NCOS, conscripts (mainly 18-year-old Israeli men and women, who serve for at least 32 and 24 months respectively), and regular reservists who have military experience and although no longer in the forces can be called up until the age of 40. The first law, which has been published only in draft, would lengthen male conscripts' service to three years and extend the call-up age for reservists to 45. Having been caught unprepared by Hamas's attack on October 7th last year, the IDF wants to take no chances and plans to maintain a much larger presence on Israel's borders for years.

Most Israelis accept their military obligations—and their proposed extension—as a necessary evil. Some 300,000 men and women left their civilian lives behind and rushed to their units when the war began. But they would like to see the burden shared more equally. The second law, which has yet to be presented to the Knesset, Israel's parliament, does the opposite.

It would codify an exemption from the draft for young men from the Jewish ultra-Orthodox community which has been in place since Israel's foundation in 1948. This arrangement, whose Hebrew name literally means "Torah study is their job", was ruled illegal by the Supreme Court in 1998. Since then Israeli governments have been trying—and failing—to come up with a legal way for young *Haredim* to avoid serving in the army. They have managed to get around it with repeated extensions of the original regulation, the most recent of which ran out in July last year.

Doomed youth

On February 21st the attorney-general asked the Supreme Court for a fifth delay in presenting the government's response to petitions demanding the defence minister start drafting *Haredi* men. At present 66,000 are registered as students of religious seminaries and so do not serve. The original exemption was for 400 students. The number has ballooned, partly because of the huge growth in the ultra-Orthodox after the second world war, and partly because of rabbis' desire to cloister their young men away from secular society. This has led to a change in Jewish tradition. In the past only a few exceptional scholars studied into adulthood. Today what Israeli sociologists call a "society of learners" has emerged. Scholarship has become their ethos, though many rabbis admit in private that a large number of the registered students do not, in fact, spend their days poring over their books.

As the ranks of the *Haredim* swelled, so did their political power. Since the 1970s their parties in the Knesset have often served as kingmakers in coalition governments. The preservation and growth of the *yeshivoth*, the seminaries whose students are exempt from service, has remained one of their main conditions for supporting would-be prime ministers. Increasingly, these have received state funding.

Two previous attempts to enshrine the exemption in law have been disqualified by the Supreme Court on the grounds that it violates the principle of equality. When Mr Netanyahu returned to office at the end of 2022, the price the ultra-Orthodox parties demanded for joining his government included passing a law that would be “petition-proof”. So far he has managed to put it off, but if no law is proposed soon, the court will probably force the government’s hand. The very idea of military police press-ganging religious students could lead *Haredi* parties to abandon the prime minister, bringing down his coalition.

Political tensions have often flared over the conscription exemption. But the war in Gaza, which has seen the largest call-up of reservists in over 40 years, has stoked anger about it. A large majority of Israelis say they still support the war, but in a recent poll 53% also said they opposed the law extending conscription and reserve service, mostly because they feel the inequality is unjust. Publicly, Mr Netanyahu has suggested that the *Haredim* already make up for their lack of military service by volunteering, but few are convinced. Members of the prime minister’s Likud party in the Knesset have already warned him that they will not vote for either law. The opposition, which has gone easy on the government of late because of the war, sees this as an ideal issue on which to attack the coalition, which has been plummeting in the polls.

In private the IDF’s top brass admit they have little use for the tens of thousands of ultra-Orthodox young men from highly segregated communities who study only religious texts from the age of 13. But they are concerned that their continued exemption will have an impact on the Israelis who are called upon to serve. “We need to know that in the future we can continue relying on the motivation of both our conscripts and the reservists,” says one IDF general. After the attack of October 7th, many of those mobilised arrived at their units even before their official call-up was issued. “If the government passes the laws exempting one community and forcing others to serve much longer terms, we may not be able to rely on so many reservists turning up next time,” says the general.

The IDF’s preferred solution is for all 18-year-old Israelis, including the ultra-Orthodox and Arab-Israelis who are also exempt, to do some kind of national service. The military would have its pick of recruits. The rest would

serve in civilian groups. But the idea has little support among politicians—at least those currently in charge. In a desperate attempt to boost his ratings, Mr Netanyahu has been trying to persuade Israelis that only he can deliver “total victory” over Hamas. But they want his political allies to join the fight. ■

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Gaza's devastated health system

The wrecking of Gaza's health system goes beyond its hospitals

The strip could see 58,000 excess deaths over the next six months if fighting continues

Feb 22nd 2024

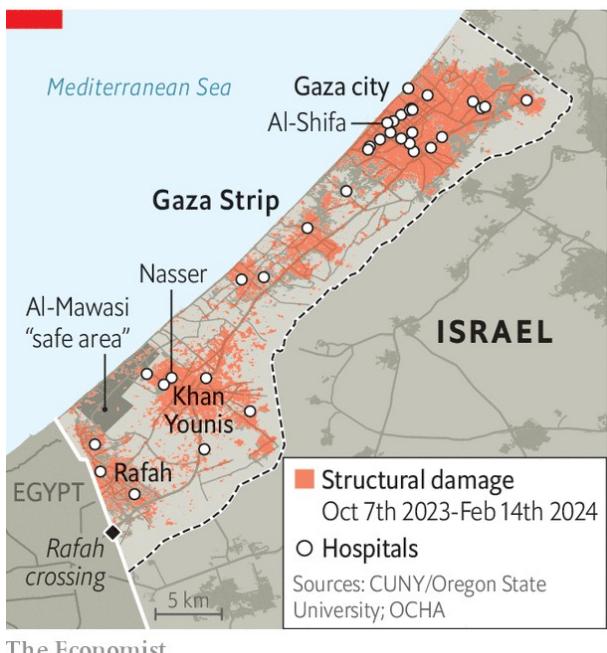


Getty Images

THE INJURED lie over hospital floors, blood bubbling from untreated wounds. Doctors perform amputations without anaesthetic. For want of gauze, they rip up their gowns. After surgery, there is no water to wash the blood from their hands. Without sterilised equipment, hospitals spread disease rather than treat it. Many doctors who have worked in other war zones say that conditions in Gaza are the worst they have seen. “Hospitals, intended to be safe havens...have frequently turned into death traps,” says a report released in February by Physicians for Human Rights (PHRI), an Israeli watchdog.

On February 18th the World Health Organisation (WHO) said the Nasser hospital in Khan Younis, the biggest city in southern Gaza, where fighting is still fierce, was no longer functional. A study released the next day suggests

that even if a ceasefire can be agreed, the damage to Gaza's health system is so great that many more deaths will follow, even when the fighting stops.



Since Israel's ground offensive began in October last year, medical facilities have been a key battlefield. Tens of thousands of Gazans have sought shelter in hospital compounds, many of which have been attacked by Israeli forces who say that Hamas operatives are sheltering there. According to the WHO, 85% of the nearly 800 health workers and hospital patients killed in conflicts around the world in the past year died in the occupied Palestinian territories, most of them in the ten-mile-wide Gaza strip. Some 60% of the 1,500 attacks on health-care facilities in all conflict zones occurred there, too.

After more than four months of war, only a quarter of Gaza's 36 hospitals and less than a third of its 72 health clinics are operating—and those only partially. On February 18th a week-long siege by Israeli forces of Nasser hospital, which was the largest hospital still functioning in Gaza, ended with troops entering the facility and arresting several doctors, including its director. About 130 patients and at least 15 medics remain in the building, which has no electricity or running water.

Gaza's health system is being destroyed at its roots. Health-workers are exhausted and traumatised, ambulances have been wrecked and the hospitals

still standing may be structurally unstable. Even when hospitals have not suffered direct hits, shock waves from bombs have done damage to internal piping, such as gas lines, and left oxygen supplies shattered.

Some 29,000 people in Gaza have died in the war so far. But new research suggests that fatalities will continue to mount long after any fighting stops. A study published on February 19th by the Johns Hopkins Bloomberg School of Public Health in Maryland and the London School of Hygiene & Tropical Medicine estimates excess deaths, the number of deaths beyond those expected in any normal year, would increase by 6,550 over the next six months even if there were an immediate ceasefire. If the fighting continues at its current level, that figure could reach over 58,000 over the same period. That is in part due to infectious diseases and in part to traumatic injuries that the few remaining hospitals are ever less able to treat. Other specialists predict the lack of proper health care could leave 280,000 people with life-changing injuries or illnesses.

Hospitals, which have special protection under the laws of war, have become a battleground in many recent urban conflicts. About 60% of Syria's health system was destroyed in the four years after civil war erupted in 2011, according to the UN. A quarter of Yemen's health services closed in the first year of its civil war in 2014. In 2022, after Russia invaded Ukraine, 37 of Ukraine's 1,600 hospitals were wrecked.

Still, Israel says Gaza's hospitals are legitimate targets. It has published evidence that it says shows that Hamas fighters have hidden among patients and stored weapons in at least a few hospitals. It also says that Hamas maintained a tunnel under Gaza's biggest hospital, al-Shifa, in Gaza city, that connected to its larger tunnel network. If a hospital is used for military purposes, it loses its special status. But Israel has not allowed independent investigators to access the hospitals and verify the allegations. After taking control of al-Shifa in November it dialled back its claim that it had uncovered evidence that there was a major command-and-control centre.

Many Palestinians say that Israel has a broader intent; to impair "Gazan society's capacity to exist," as PHRI puts it. Whether that is true is debatable. What is not debatable is that the war has already rendered much

of Gaza uninhabitable. The collapse of the health system will make that even harder to reverse. ■

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Saudi's booze-free bars

Bar culture has arrived in Saudi Arabia, albeit without the booze

And the kingdom's first liquor store has residents wondering if more will follow

Feb 22nd 2024 | RIYADH



IT LOOKS and tastes like a negroni, ruby red and bittersweet with a herbal finish. At 58 rials (\$15), it is priced like a negroni too. But it does not kick like one, because this version of the classic Italian cocktail is served in Riyadh, the capital of teetotal Saudi Arabia.

Mocktails are having a moment around the world, as health-crazed young people shun old-fashioned old fashioned. In Saudi Arabia, though, a recent mocktail buzz signals a different sort of social change. Alcohol, music and gender mixing were long forbidden in the kingdom. Now you can belly up to the bar with a date and order a virgin amaretto sour in a chilled glass—the bar experience, albeit without the buzz.

King Abdulaziz banned alcohol in 1952 after one of his sons got drunk at a diplomatic function and killed Britain's vice-consul. Embassies could still

import it via diplomatic pouch. Some diplomats sold it on the black market; enterprising locals and expats brewed their own. For most drinkers, though, the only way to tipple was to travel.

The ban is no longer absolute. In January the kingdom unexpectedly opened its first liquor store, open only to non-Muslim diplomats with a limit on purchases. Officials insist they did this to rein in the black market. It seems to have helped. Some smugglers have run out of stock; others now charge 2,000 rials for a bottle of mediocre whisky.

Some in the kingdom, though, believe this is a prelude to a wider easing of the ban. The next step may be to allow alcohol in select locations, like luxury resorts on the Red Sea.

In trendy parts of big cities, some restaurants already seem prepared for a policy change. At a French eatery rumoured to be a favourite of the crown prince, the walls are lined with wine bottles. You cannot order Bordeaux with your *bifteck*, at least not yet: the bottles are empty. But people are getting used to a different sort of nightlife. If you were planning to relax the ban, this would be a smart way to start: first acclimate the public to the sight of punters ordering whisky sours, then add the whiskey.

Even if the kingdom allows alcohol, many Saudis will continue to abstain for religious reasons. Mixologists decamping from places like Dubai to craft fancy mocktails will continue to do brisk business. “We want to give the right experience,” says the bartender who mixed your correspondent’s negroni at an Italian restaurant in Riyadh’s financial district. “You can’t have our cuisine and drink a mango juice.” ■

The Americas

- [What Javier Milei could learn from Peru's economic successes](#)
- [Jovenel Moïse's widow is accused of being party to his murder](#)

Lessons from Lima

What Javier Milei could learn from Peru's economic successes

Argentina's libertarian president wants to rip up the rule book. He shouldn't

Feb 22nd 2024 | LIMA



Ben Hickey

SINCE TAKING office in December Javier Milei, Argentina's new libertarian president, has wasted little time in trying to implement sweeping reforms. He has had one setback: earlier this month an "omnibus" bill of 664 articles was withdrawn after Mr Milei's party failed to get enough support from Congress. However, Mr Milei has taken the "chainsaw" he promised to Argentina's bloated state: the peso was devalued by 50% and annual subsidies worth 0.7% of GDP have started to be phased out. The number of government ministries has been reduced from 18 to nine. This week Mr Milei will describe his grand plans to the Conservative Political Action Conference in the United States, full of Donald Trump supporters. He will do so after meeting Antony Blinken, the US secretary of state, in Buenos Aires.

But rather than try to emulate Trumpian bombast, Mr Milei should look closer to home for economic advice, specifically at Peru. At first glance this seems strange. Since 2016 Peru has become a byword for instability. Presidents have come and gone: the sixth in eight years is now in office. There have been three legislatures in that period. The country's political gyrations included the election of Pedro Castillo, a hard-left president overthrown after attempting a coup against Congress and the judiciary. The killing by security forces of 50 protesters after he was ousted has helped to make Dina Boluarte, his replacement, deeply unpopular.



The Economist

And yet through all this Peru's currency, the sol, has been a beacon of stability (see chart). It has long been the most solid currency in South America. Against the dollar, it fluctuates from time to time, but it is worth the same as in 1999.

There are lessons in this for Mr Milei, who campaigned on ending chronic inflation by shutting down his country's central bank and adopting the dollar in place of the peso. Peru suggests that is unnecessary. In the 1980s Peru suffered hyperinflation. In 1985 the shrivelled sol was withdrawn and replaced with the inti ("sun" in Quechua). To no avail: by 1990 the central bank was printing bills marked 5m intis but soon worth almost nothing. Streets in the centre of Lima, the capital, were filled with money-changers:

the dollar came to account for over 80% of the money supply. A populist government operated several exchange rates, with cheap dollars for favoured importers—just as in Argentina under Mr Milei’s predecessor.

In 1990 a new president in Peru, Alberto Fujimori, implemented a radical programme of economic stabilisation and reform. The exchange rate was unified at a low rate and then allowed to float. Subsidies on fuel and utility bills were withdrawn overnight; the government stopped printing money and dismantled capital controls and trade barriers. Inflation had reached 2,800% in 1989. As relative prices adjusted, it peaked at 7,650% in 1990 before falling to 139% in 1991 and 6% by 1998. A new sol was introduced in 1991.

Economic exemplar

Having contracted by a quarter between 1988 and 1990, Peru’s economy began to grow, expanding by 5.2% in 1993. With only one or two blips, sustained growth ensued until last year. Mr Fujimori went on to shut down Congress and rule as an autocrat until 2000, but only after the passage of many of his reforms.

In this century, Peru has enjoyed the lowest inflation among Latin American countries with their own currency, points out Julio Velarde, the governor of the central bank. Peruvians have gradually come to trust the sol. Only 34% of bank deposits, 23% of bank loans and 8% of mortgages are now in dollars.

What explains the sol’s credibility? Start with the central bank. Mr Fujimori granted it constitutional independence. Although the governor and a further three of the seven members of the bank’s board are chosen by the country’s president, they have generally been professionals. Mr Velarde, who has been governor since 2006, enjoys the “total confidence” of financial markets, says Luis Miguel Castilla, a former finance minister. Even Mr Castillo, the left-winger, felt obliged to appoint him for a further term. “There’s a certain public consensus in favour of a prudent macroeconomy,” says Mr Velarde. The bank was among the first in the world to raise its interest rate, in August 2021, to scotch the global spike in inflation. It began cutting again in September. Inflation is now at 3%. With the Federal Reserve slow to cut its own rates, that is prompting some depreciation of the sol.

Structural economic factors may be even more important in the sol's success. Richard Webb, a former central-bank governor, points out that Peru has enjoyed almost 30 years of "a productive boom of dollars". Mr Fujimori's economic opening unleashed export growth. And "a revolution in transport" has facilitated a steady increase in food production in the Andes, adds Mr Webb, lessening pressure for food imports. Add to that a steady flow of foreign investment, and all this has allowed the central bank to accumulate international reserves of \$74bn, equal to around 28% of GDP, the highest figure in the region. That gives it the heft to defend the currency against volatility. "It's enough that the market knows we could intervene," says Mr Velarde.

In much of this Argentina could profitably copy Peru. Two things are at the root of Argentines' longstanding mistrust of the peso. One is persistent fiscal deficits that governments have financed by forcing the central bank to print money. Mr Milei is stopping that. The second is protectionism. Even with a bumper agricultural harvest in 2022, Argentina's exports that year were only 14% of GDP, compared with 26% in Peru. And Argentina's nationalist economic policies deterred foreign investment. The result is that its central bank has exhausted its international reserves.

Mr Milei's proposal to impose dollarisation and shut the central bank attacks the symptom rather than the cause. An earlier Argentine president, Carlos Menem, imposed a kind of soft dollarisation in the 1990s, fixing the peso by law at par to the greenback. But Mr Menem was fiscally lax and Argentina's economy differs too much from that of the United States to form what economists call an optimal currency area. Over time the peso became overvalued; a successor government had to impose wrenching deflation, which could not prevent a financial collapse in 2001-02.

Since taking office Mr Milei has said little about dollarisation. He has shown willingness to rule by decree, but has so far lacked the political skill to pass reforms in Congress. He was in Israel when the omnibus bill was withdrawn. Since returning to Argentina he has made headlines for picking spats with a pop star and calling Congress a "den of rats". Such belligerence will make it harder for him to succeed.

As for Peru, the sol faces a medium-term test. Partly because of political instability, the economy shrank by 0.6% last year. It is forecast to grow again this year, but by only 2-3%.

Mr Castilla, the former finance minister, worries that the next election in Peru, due in 2026, could throw up a populist president who would compromise the central bank's independence. But for now most Peruvians continue to keep their money in their national currency, a luxury Argentines have yet to enjoy. ■

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Ongoing injustice

Jovenel Moïse's widow is accused of being party to his murder

She denies the allegations, and many in Haiti think that the charges are political

Feb 22nd 2024



SINCE JULY 2021, when Jovenel Moïse, Haiti's president at the time, was assassinated, the small country has become ever more ungovernable. Gangs run rampant. The number of Haitians arriving at the United States' southern border has risen. As a result, many Haitians are watching with interest the two sets of cases against those potentially involved in his killing, taking place in both Haiti and the United States.

This month the case in Haiti took an unexpected turn when a judge charged Mr Moïse's widow, Martine Moïse, with involvement in the killing, along with the former prime minister and police chief. The indictment charges Mrs Moïse, who was injured in the attack, with conspiracy in the murder. It does not suggest she planned it, but points to inconsistencies in her evidence and suggests that she wanted to be president.

Mrs Moïse's lawyer has denied she had any involvement in her husband's murder. She has not been charged in the case in the United States. The legal order contains some intriguing details: Mrs Moïse claims to have hidden under her bed during the attack, but the investigators suggest that would have been impossible. Even so, it was a "pretty big leap" to get to the charges, says Jake Johnston of the Centre for Economic and Policy Research in Washington. Much of the evidence relies on the testimony of Joseph Felix Badio, an official who was himself arrested last year, and who has been accused of ordering the killing.

Many Haitians sense political foul play. Mr Moïse's assassination was widely seen as a coup. Since his death Ariel Henry has held the top job. He has used the deteriorating security situation to put off organising elections. Today Haiti has not one elected official. Meanwhile, life for many continues to get worse. The UN reckons that in 2023 Haiti's homicide rate was 41 people per 100,000, more than double that in 2022. In the United States it is 8 per 100,000 people.■

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Europe

- Vladimir Putin has been fighting not just Ukraine, but his own people
- After two years of war, Ukrainians are becoming pessimistic
- Towns in eastern Ukraine fear they will be Russia's next target
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Two years on

Vladimir Putin has been fighting not just Ukraine, but his own people

He will not stop

Feb 19th 2024



The Economist/Imago/Sopa Images

TWO YEARS after he launched his invasion of Ukraine on February 24th 2022, things are going Vladimir Putin's way. Ukraine's summer counter-offensive failed, and Russian troops are slowly creeping forward. On February 17th they took [Avdiivka](#), a small town, now a smoking ruin, next to the Russian-held city of Donetsk. It is the first Russian achievement since May. But though it is of limited significance considering the cost in blood, it is a sign of Mr Putin's determination to carry on his war. Russia's military-industrial complex is now churning out five times as many shells as it did at the start of the war. Western aid to Ukraine is ebbing.

Russia's president is also advancing on the home front. On February 16th he finally got rid of [Alexei Navalny](#), a brave opposition leader who died in jail in the Arctic where Mr Putin had placed him. Mr Navalny's mother was told that the reason for his death was "a syndrome of sudden death"; many other enemies of Mr Putin have succumbed to similar medically opaque causes.

The two fronts are connected; Mr Putin's war in Ukraine has always been about securing his position at home by changing conditions abroad.

Stephen Covington, a veteran Russia expert who has been advising NATO's supreme allied commanders in Europe for the past 30 years, calls this a kind of revolution—an attempt to change the conditions on which the social and political order is built. He traces its roots to 2007, when Mr Putin concluded that change inside Russia would undermine his own power. Unwilling to integrate with the West and unable to compete with it economically, since that would require a change of political system, Mr Putin instead set his country on a path of confrontation. "Putin's choice reflects a view that Russia can only address its non-competitiveness by changing the world around Russia, and most critically, by changing the European security system," Mr Covington wrote in 2015.

It was not NATO's military power Mr Putin feared, but the principles it was set up to defend in 1949: "freedom, common heritage and civilisation of their peoples, founded on the principles of democracy, individual liberty and the rule of law". They posed an existential threat to him. "We see that the doctrine of human rights is used to destroy the sovereignty of states, to justify Western political, financial, economic and ideological dominance," Mr Putin said in December 2022. The war he is fighting is not really about territory in Ukraine, but about an entire system of political control inside Russia and beyond it.

Inside Russia, it is suffered not just as drone strikes or the shelling of the Russian city of Belgorod by Ukrainian forces, but in Mr Putin's direct attacks on his own people. The killing of Mr Navalny, a man who fearlessly asserted the power of human agency, is in fact a blow struck at the hearts and minds of the country. Cowed compliance is no longer enough for the president who, like any paranoid dictator, sees danger everywhere; the number of treason cases each year has gone up tenfold since the start of the war. With its opponents rotting in jail, dead or exiled, the regime is now turning against even those friendly to it.

In December an "almost naked" party of Russian socialites in a nightclub drew Mr Putin's outrage. The host of the party was forced to apologise on camera. A rapper who turned up wearing only a sock over his groin was

locked up for two weeks. Fillip Kirkorov, Russia's highest-paid pop star, long loyal to the Kremlin, was banned from state television and was sent to redeem his sins by performing in a military hospital in Russian-occupied eastern Ukraine. "The true elite," Mr Putin said, "should be formed from participants in the special military operation [his term for the war], not freaks who display their genitals."



The Economist/AP

This internal war is waged against the young and cosmopolitan in Russia's great cities. Any mention or display of LGBT attributes has been criminalised. Access to abortion has been restricted. Priests who preach peace instead of victory have been expelled from the church. Children as young as four are being dressed in military fatigues to play "patriotic games". Schools have been prescribed textbooks declaring that Russia has always been at war with the West. Halloween and Valentine's Day have been demoted as alien holidays, while the Chinese new year has been elevated almost to the level of a state holiday, with lanterns and dragons decorating the centre of Moscow. China, after all, is seen as Russia's ally in its war against the West.

Private property has also been violated. Dozens of private firms have been nationalised without compensation. First it was foreign assets that Mr Putin was after. Now it is Russian businessmen who have been told to return assets

that they legally bought in the 1990s. On February 14th Mr Putin signed a law that allows the confiscation of property and assets from people convicted of discrediting the Russian army or spreading “fakes”, calling for sanctions or helping international organisations that Russia does not take part in.

All this is causing resentment. Public protests are brutally suppressed, but discontent bursts out in different forms and places. On learning of Mr Navalny’s murder thousands of people took to the streets, and covered memorials for previous victims of political repression in flowers before police moved in to arrest them and clear away the tributes. From outside Russia, Mr Navalny’s widow, Yulia Navalnaya, has vowed to continue his campaign.

An anti-war movement called *Put Domoi* (The Way Home) led by wives, sisters and mothers of mobilised men has also become more audible. Every weekend they turn up in white headscarves to lay flowers at the tombs of unknown soldiers in cities across Russia. The Kremlin has been careful not to trigger wider protest by arresting or assaulting them, so has instead harassed journalists who report on them. Opinion polls show that people’s will to make sacrifices for the war is at its lowest since the start of Mr Putin’s “special military operation”. None of this means that a protest movement is building up, but polling data do suggest that support for the war is slowly eroding.

There is another reason why the majority remain silent even if they don’t support the war, argues Kirill Rogov, a political analyst. It is an inability to fathom how Russia might withdraw its troops without its entire social order crashing down. What people crave is a return to normalcy, not a revolution. This craving explains the sudden popularity of [Boris Nadezhdin](#), a veteran liberal-leaning politician who was allowed to collect the 100,000 signatures he needed to register as a presidential candidate in next month’s election. His message for Russia to be free and peaceful resonated. He did not call the “special military operation” a crime or even a tragedy. He called it a mistake, something that could be corrected. He tried to comfort his countrymen and give them hope.

Hundreds of thousands of people queued up to sign. Barely known outside Moscow at the start of the campaign, his rating shot up to reach about 10% by the time he submitted his signatures. To be sure, the Kremlin swiftly barred Mr Nadezhdin from standing. But removing him does not remove the demand that he revealed. Whether this pressure might in time grow strong enough to bring a change or whether it can be handled by the Kremlin depends partly on the state of the economy, and partly on unpredictable events.

For now, the cost of compliance is low and the risks of speaking against it are far higher. This could change. Mr Putin's ability to militarise the Russian economy while maintaining living standards is limited. Alexandra Prokopenko of the Carnegie Russia Eurasia Centre, a Berlin-based think-tank, argued recently in *Foreign Affairs* that Mr Putin faces "an impossible trilemma": funding the war, maintaining living standards and taming inflation. The first two goals require higher spending, which fuels inflation and undermines economic stability. The damage caused to the economy, Ms Prokopenko argues, cannot be repaired without ending the war and seeing Western sanctions lifted.

Yet Mr Putin cannot do this, because his regime can now only exist in a state of war. It is safer for him to double down, imposing greater repression on his people, than to stop, which would prompt questions about the costs and causes of the war. He is not the first ruler to find himself in this situation. It is what the German high command concluded in the spring of 1918 as it adopted an "all or nothing" attitude to victory and prepared for a decisive offensive.

The gap between Mr Putin's militarism and people's wish for life to get back to normal will only grow. This mood is already affecting those stuck in the trenches. As Alexander Shpilevoi, a 27-year-old front-line soldier, says in a video posted on a Telegram channel called Road Home, run by wives and sisters of mobilised Russian men: "Everybody wants to go home. Very much so." His appeal landed him in a punishment pit in Russian-occupied Luhansk.

Seated under the medieval vaults of his Kremlin fortress, Mr Putin sees the world differently. To him the high cost of this war justifies the scale of his

endeavour. As his recent [interview](#) with the ex-Fox News presenter Tucker Carlson vividly demonstrated, he dwells among Russia's ancient princes and tsars, measures his efforts in centuries and sees it as a historic mission not only to restore their lost empire but to overthrow the social order that emerged after the second world war in the West and that spread eastwards after the fall of the Berlin wall. He wants to defeat the very sense of individual will that Mr Navalny embodied. And he will not stop. ■

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War-weary

After two years of war, Ukrainians are becoming pessimistic

They no longer expect the war to be over soon

Feb 22nd 2024 | KYIV



The Economist/Imago

IT HAS BEEN a long two years for Ukrainians, but for some the clock stopped the moment Russian tanks crossed the border. Residents of Hlibivka, a village 40km north of Kyiv, were trapped by the advance when the bridges behind them were blown up to save the capital. The Russian occupation marked the start of a nightmare for Olha Manukhina. Two days in, masked men jumped over her fence and kidnapped her husband and her son. She has not seen them since. She understands they are being held in a prison in southern Russia, two of thousands of civilian prisoners who don't officially exist. It's the uncertainty that gets her, she says, "the not knowing, the sense they are being left to die".

As war enters its third year, Ms Manukhina's sense of limbo is increasingly common. Belief in an eventual "victory" remains—among 85% of the population, according to one recent poll. But opinions about what that means and when it will happen have begun to diverge strongly. A majority now

believe it will take years. And for the first time since the start of the war, polling also suggests a majority feel that the country is heading in the wrong direction. Hopes of pushing Russia back to its legal borders are being eclipsed by a focus on survival, says Oleksandr Martynenko, a journalist and a former senior official. “We will be holding off the Russians all this year. The only question is whether we can.”

Wavering economic and military support from the West means things are likely to get worse. Ukrainian officials are increasingly nervous about the figures: cashflow, mobilisation numbers, weapons. Serhiy Marchenko, the finance minister, says he believes his country’s Western partners will come good on this year’s non-military budget of \$37bn—Ukrainian taxes pay for military expenses—but he is worried about what happens next. “We just haven’t had assurances about 2025.” Ammunition shortages are already an issue, and will get better only if Europe learns to produce weapons again.

Russia has its own problems with resources and manpower, but it retains a relative size advantage. In a war of attrition, that counts. “While the fat man shrinks, the thin man disappears,” a Ukrainian intelligence official says, citing a well-known local proverb.

Mykhailo Fedorov, a deputy prime minister and champion of military tech, says the only way forward is self-reliance. “We have no choice but to show strength. But I’m optimistic. We’ve got a clear advantage in effectiveness and speed.” Creative thinking allowed Ukraine to score unlikely victories in the Black Sea, he argues. During 2023, Ukraine sank a fifth of the Russian Black Sea fleet and established a shipping corridor in the face of constant bombardment. The same approach has seen a huge increase in the production of cheap and capable fighting drones. Ukraine boasts nearly a dozen long-distance models able to strike targets more than 600km away. One long-range drone manufacturer confidently predicts that 2024 will see the war move deep into central regions of Russia. “Mr Putin will have some explaining to do to his people,” he says. “Things will not be easy for him domestically.”

Yet it is Ukraine’s domestic politics, rather than Russia’s, that are beginning to look more fragile. Two years of unusual political unity have given way to public infighting. President Volodymyr Zelensky has faced down much of

the criticism in tough fashion. In early February he removed his popular armed forces commander, Valery Zaluzhny, after relations broke down between the two. The full effects of that risky decision have yet to be seen. On the eve of his firing, a full 94% of Ukrainians said they trusted their wartime general, compared with 40% for his replacement, Oleksandr Syrsky. A senior government official says he is worried about the capacity of the Ukrainian political system to manage the growing tensions, and says the Kremlin would love to capitalise on them. “Russia wants to remove Zelensky because there is no one else who can control the situation,” he says.

A difficult point will come in May, the date Mr Zelensky’s five-year presidential term officially ends. Martial law is clear in allowing the president to continue in office until another is elected, with elections also impossible under the same provisions. But the political chatter in Kyiv is all about an upcoming cliff-edge of legitimacy. Andriy Maheraga, a constitutional expert whose decision in 2004 not to ratify a fraudulent vote marked the start of the Orange revolution, says the criticisms are legal nonsense; but Mr Zelensky is nonetheless walking a tightrope. “The president will be in position past the five-year mark only because there is a war on—no more, no less. He needs to understand this, and instead of fighting opponents, try to unite them around him.” So far, big-tent collaboration has not been Mr Zelensky’s style.

The president can certainly take some comfort in public opinion, which continues to back him, albeit with a downward trajectory. Polling from the Razumkov Centre, a local sociological company, shows trust in him remains at 70%. That is much higher than for parliament and any potential opponent save Mr Zaluzhny. The public also largely aligns with Mr Zelensky’s uncompromising stance on negotiations with Russia. The Razumkov polling shows just 18% of them would support concessions to Russia even if the West were to cease support completely. A third say Ukraine should continue to fight even if it is left on its own; 22% suggest trying to freeze the conflict without making concessions, with the rest undecided.

The real obstacle to any deal is not so much domestic support as finding a trustworthy negotiating partner. “For negotiations to work, you need a tango,” the senior government official said. “War is actually quite successful

for Putin. What is his reason to stop?” A Ukrainian military-intelligence source suggested that current rates of equipment and ammunition use might force both sides to a temporary ceasefire some time next year. But it would be only a pause, he says: there is little confidence in a lasting deal as long as Mr Putin is alive. “We know he hates Ukraine and our freedom. We are a bad example for his society.”

For Ms Manukhina, the suggestion of waiting for a change in the Russian leadership brings her to tears. She says the little people, like her, are being forgotten. “If we are going to wait until Putin dies, all of our guys will perish. If nothing else is working, we must negotiate.” ■

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The Kremlin's cross-hairs

Towns in eastern Ukraine fear they will be Russia's next target

After the fall of Avdiivka, where will be next?

Feb 20th 2024 | POKROVSK



The Economist/Getty Images

FEAR IS COURSING through the small towns of eastern Ukraine after the fall of the strategic redoubt of Avdiivka on February 17th. Pokrovsk, a hardscrabble mining spot 45km north-west of Avdiivka (see map), is now crammed with soldiers, many of whom have just retreated from the fallen town. Russian attacks in the hours after the retreat are said to have killed five people in three other eastern towns. Even though these places are set back from the front, the sound of artillery in all of them is clear. It never lets up for long.



The Economist

Heavily fortified, Avdiivka had lain in a salient, surrounded by Russian-held territory for a decade. Although its fall is a setback, Major Rodion Kudriashov, deputy commander of the 3rd Assault Brigade, which helped cover the retreat, says he takes the long view, having battled the Russians since 2014. “We have lost a small battle,” he says, “but we have not lost the war.”

The question is whether Russia’s forces will press home their advantage and surge forward from Avdiivka, or turn to attack elsewhere. On February 19th there were reports of attacks in several sectors. But Major Kudriashov does not believe that the Russians can continue to press forward from Avdiivka. For even as the Ukrainian forces withdrew, they were able to inflict heavy blows on the enemy. According to Oleksandr Tarnavsky, the overall commander of the sector, 47,000 Russians were killed or injured in four months of battle for Avdiivka, a figure that is impossible to verify. Ukrainian forces do not give their own casualty numbers, though Major Kudriashov claims they were far lower.

The commander of a drone unit who pulled out the day before the fall says that, over a five-hour period last week, he witnessed some 200 Russians dashing to cross exposed ground. Ukrainian troops did not have enough ammunition to strike them all, but half of them did not make it, he says.

Major Kudriashov notes that the Russians prevailed because they had an 11-fold advantage in terms of artillery and, in the 12 days before the fall, dropped 60 massively destructive guided aerial bombs a day. He thinks that if Ukrainian forces had had more equipment and ammunition the battle of Avdiivka would have ended “entirely differently”.

In Pokrovsk Alyona Sobolenko, a reporter for Kapri, a local television station, is just back from filming the aftermath of an overnight strike on the nearby town of Selydove. She has been talking to her family about evacuating them. But for now, like many civilians in eastern towns, she is waiting to see how the situation unfolds. In the past two years Pokrovsk has sustained 59 Russian strikes, she says, though none in the past two weeks.

In another eastern town, medics have set up a stabilisation point to which wounded soldiers are evacuated before being dispatched to hospital. (They do not want its location revealed.) Most come at night, says Mila Makarova, in charge of evacuations, when it is easier to get them out. Drone warfare has transformed the battlefield, turning men running with stretchers or trying to haul out the wounded into targets, visible in a way they have never been in the history of warfare.

Drones are responsible for 30-40% of casualties in this sector, according to Asan Charuhov, the head of the unit; up from just a handful six months ago. On the night of February 16th a steady stream of men limp in. They tell of being pinned down for hours by a mix of drone and mortar strikes, and mention a wounded comrade who died after the two men who had tried to get him to safety came under attack and were forced to abandon him.

According to Major Kudriashov, Ukrainian troops are pulling back from Avdiivka to new defensive lines. Supposedly these are being built along the entire front line. But an intelligence source describes what has been built so far as patchy. “We have been suffering casualties,” he says, “because of poorly dug-in positions.”

Eight kilometres east of Kupiansk—which the Russians seized in February 2022, lost six months later and have since been trying to retake—new defensive lines unfurl across the fields. There are five lines, to a depth of four kilometres. They include trenches, minefields, barbed wire and concrete

“dragon’s teeth”, pyramidal anti-tank obstacles. Few soldiers are to be seen; many of them are keeping warm in log-fortified underground bunkers. Outside, the mud is so thick that it is hard to walk, let alone dig more defences.

Brewing raspberry tea in a room with four bunk beds that could pass for a set in a film about the first world war, the men list the battles they have taken part in. They also complain about a lack of ammunition. “We cannot hold on for a long time without help,” says a soldier with the call sign Viter. The road back to Kupiansk passes through the ruins of little Petropavlivka, cratered by aerial guided bombs. “There are no words to explain how tired we are,” says Viter. ■

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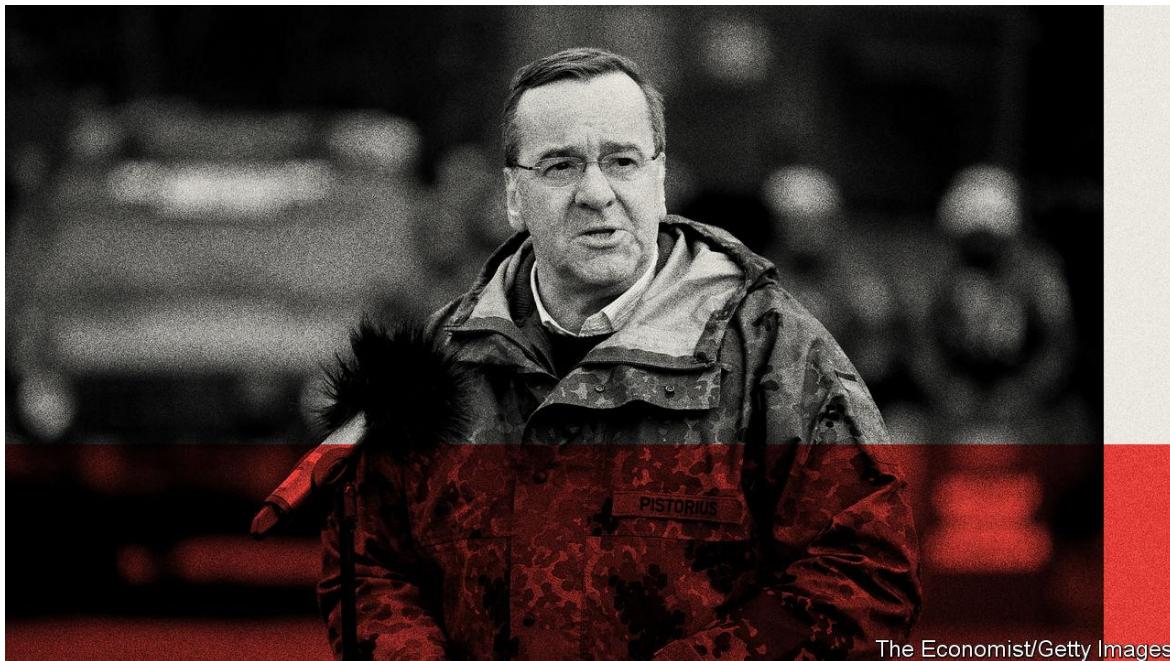
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Ploughshares into swords

How Boris Pistorius is transforming the German armed forces

The defence minister is turning the country's promises into reality

Feb 21st 2024 | BERLIN

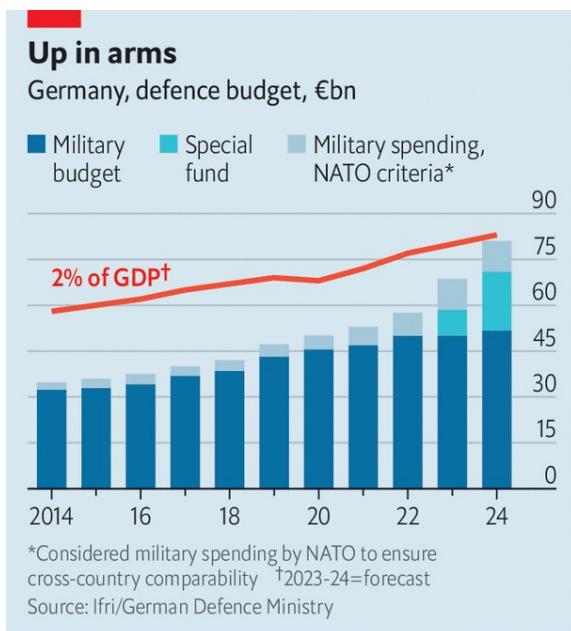


The Economist/Getty Images

BORIS PISTORIUS might seem an unlikely candidate for Germany's most popular politician. A ruddy-faced veteran of local politics in the flat north-western state of Lower Saxony, he can sound gruff and dismissive. His party, the Social Democrats, has suffered a steep drop in support since taking power at the head of a three-way coalition in 2021. And for a country that has enjoyed eight decades of peace, that shuns nuclear weapons and still shudders with shame for instigating two world wars, Mr Pistorius's message to bite the bullet and get *kriegstüchtig*, "war-capable"—and to get there fast—might seem jarring.

Yet since being appointed defence minister 13 months ago the 63-year-old lawyer has topped every poll. This owes much to his straight-talking manner. It also reflects the changing times, or more precisely the *Zeitenwende*, a term that Olaf Scholz, the chancellor, used three days after Russia's invasion of Ukraine to emphasise the gravity of the moment. From

this point forward, he said, nothing would be the same. Germany would have to build defences in a more hostile world. To many Germans, a tough-guy defence minister who looks happiest clambering onto muddy tanks seems just the ticket in a dark hour.



The Economist

But Mr Pistorius faces a huge task. Germany took its “peace dividend” at the end of the cold war all too seriously. Over the past three decades the number of soldiers in the Bundeswehr, Germany’s armed forces, has fallen from 500,000 to 181,500. Worse, internal reports have suggested embarrassingly low levels of operational readiness for many systems, such as helicopters and ageing infantry vehicles. That is hardly surprising. Using NATO’s defence-spending target for its members of 2% of GDP as a baseline, the German Economic Institute estimates that over those 30 years Germany’s cumulative underspending amounted to nearly €400bn (\$430bn), a giant sum for a country whose annual defence budget has only since 2022 topped €50bn. In recent years Germany has been spending a puny 16-17% of its defence budget on new equipment. That is below the 20% recommended by NATO.

In his *Zeitenwende* speech two years ago Mr Scholz tossed a giant heap of virtual money into this hole, creating a €100bn off-budget special fund to top up defence spending. Yet when Mr Pistorius came into office a year

later, little of it had been allocated. He quickly wrenched open the spigot. In 2023 Germany's parliament approved a record 50 big procurement deals, and even more are expected this year. Add some €19.2bn from the special fund on top of the annual defence budget, plus extras such as aid to Ukraine, and Germany should hit NATO's 2% target this year for the first time since 1992. At this pace it could regain its spot ahead of Britain and France as Europe's biggest military spender as soon as 2025.

But given his stated ambition to make Germany the “backbone” of European defence, Mr Pistorius is the first to admit that this is still not good enough. He has suggested that 2% of GDP should be a floor rather than a ceiling. And he would prefer to see the commitment reflected in the budget itself, not just by means of a temporary fund. Last year he asked for an extra €10bn; all he got in the budget was €1.8bn, not enough to cover cost-of-living adjustments in soldiers' pay. Mr Pistorius has pointed out that when the special fund runs out in around 2028, the government will have to find €25bn-35bn a year extra to keep defence spending at its elevated level.

That sounds easy for a country with a €4.1trn economy, and opinion polls suggest that a comfortable majority of Germans are in favour of beefing up defence. But German budgets are strangely constrained. Only 38% of overall tax revenue goes to the federal (as opposed to state and local) government, compared to around half in America. And spending is capped by a constitutional “debt brake” that sharply limits borrowing. So spending more on defence almost certainly entails spending less on other things. That is a conversation that Mr Pistorius would like to see his government colleagues start now.

The money is just one item on a long wish-list. Germany, which last week signed a joint defence pact with Ukraine and is already its second-biggest donor after America, plans to send three to four times more artillery ammunition to the country this year than last. He wants to bolster the German army with an extra 20,000 soldiers by 2031. Given German demography, this could prove tough.

Mr Pistorius is due to present a plan for overhauling the Bundeswehr in early April. He has spoken publicly of at least considering a return to the draft, which Germany abolished in 2011. There is also talk of adopting a

Swedish model of national service, which might entail strengthening Germany's feeble military reserve force and creating a home guard. A strong emphasis is being put on readiness. By 2032 the Bundeswehr wants to field three fully equipped combat divisions. More immediately it is focused on creating a 35,000-strong force assigned to rapid deployment needs under NATO command.

Perhaps the boldest of Mr Pistorius's current projects is the creation of post-war Germany's first permanent foreign base, on the territory of its NATO ally Lithuania. Some 5,000 German personnel, two combat battalions, should be fully deployed there by 2027. The number sounds small, but in manpower terms this increases Lithuania's fighting strength by 20%. Perhaps more important, this extension of German muscle towards the alliance's eastern flank represents both a strong riposte to Russian belligerence and a sign of commitment to joint defence. For war-shy Germany, that is a pretty big leap. ■

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Charlemagne

Europe's generosity towards Ukrainian refugees is not so welcome...in Ukraine

Ending the “temporary” protection offered to those fleeing war will be tricky

Feb 22nd 2024



Peter Schrank

IT TAKES TWO buses, a sturdy bottom and 43 hours to travel from downtown Brussels to Uman, a city right in the centre of Ukraine. Can't afford the €90 (\$97) fare? No matter: the Belgian authorities will pay the fare for any Ukrainians up for the trip, and throw in €50 pocket money to make the journey more palatable. Better yet, anyone who later changes their mind about having returned to their oblast even has the right to come back to Belgium, should they fancy another two-day bus ride. But the most compelling argument for those who had once fled war to voluntarily return is the call from home to fulfil their patriotic duty. Ukraine needs soldiers and workers, consumers and taxpayers. Its president, Volodymyr Zelensky, thinks too many of them may be lingering overseas. “Ukrainians are stronger together, so it is time to be together!” he said recently.

Around a fifth of Ukraine's 37m citizens left the country in the wake of Russia's invasion two years ago this weekend. Over half of those, or 4m, have been granted refugee-like protection in EU countries. Extending hospitality has been a point of pride from Spain to Estonia. But the arrangement was always meant to be temporary, an emergency measure as bombs rained on Kyiv. As the war has dragged on and life away from the front lines has largely returned to normal—bar the odd air-raid siren—questions have arisen as to why anyone still needs to stay away. Mr Zelensky has spoken of “citizens” at home in contrast to “refugees” who left, and praises the 1m or more who have returned. In a war of endurance, the domestic economy will sustain the effort all the better if citizens currently abroad come home. Such talk is discomfiting to EU countries that proudly laid out the welcome mat to Ukrainians in 2022. Is their abiding generosity to those once fleeing war in fact undermining the future of the country they are trying to help?

The Ukrainian authorities may be right to worry. It is rare for refugees to return to poor countries having settled down in rich ones (the average wage in Germany is nearly ten times that in Ukraine). Ukraine's demography was woeful even before the war: emigration and a low birth rate meant it had lost around one-sixth of its population in the previous two decades, not including territorial losses in 2014. Worse, those departing in 2022 were among the country's best educated, with two-thirds holding university degrees. At first, the vast majority were women and their children (men of fighting age are mostly prohibited from leaving the country). But over the past 18 months, more and more men in their prime have also found a way to the EU.

With every month that passes, Ukrainians overseas are putting down roots: they have found jobs, children have settled in schools and learned a new language. Perhaps as a result, a rising number of them seem to indicate they might not return even once the war ends. Migration experts guess a quarter definitely will go back, a quarter will not, and the other half are up for grabs. Wait long enough and what started off as a temporarily displaced population will morph into a more permanently exiled diaspora, says Lukas Gehrke of the International Centre for Migration Policy Development in Vienna. But not if the Ukrainian authorities can prevent it. Rich countries with ageing populations develop migration policies to attract foreign nurses or careworkers from overseas to fill gaps in their labour markets. Ukraine is

taking a similar approach—to lure its own people back. Those returning can apply for startup grants and subsidised mortgages to rebuild homes. Dual nationality, once forbidden, may soon be possible.

The trouble is, Ukraine's migrants are currently filling gaps in the EU's labour markets, too. Even as providing them with social assistance such as housing has been a short-term cost, many exchequers see the long-term benefits of welcoming a young and educated Ukrainian workforce. Germany, the Czech Republic and Poland, which between them have taken in over half the Ukrainians in the EU, have unemployment rates of around 3%, the bloc's lowest. In some countries populists have railed against Ukrainians. This week Geert Wilders, whose hard-right party has most seats in the Dutch parliament, accused Ukrainians of coming to his country not to flee war but to get free housing and jobs. In time, if Ukraine does indeed join the EU (it has opened negotiations to do so), its people will have the right to settle anywhere in the bloc. But that is years away.

Oblast from the past

In theory, Ukrainians in neighbouring countries may have no choice but to return. By March 2025 the three-year protection originally afforded them by EU rules will expire. Some countries in Europe have in the past shown that “temporary” means just that. As late as the early 2000s Germany kicked out a quarter of a million Bosnians who had been given refuge there in the 1990s; children were plucked out of school and sent to a country many had never known. In practice nobody wants to force Ukrainians back into a place still at war. Running out of time under the temporary programme would push many to apply for permanent refugee status, a cumbersome process that would overwhelm the bureaucracies of the countries in which they make the demand. So an extension of the temporary status beyond March 2025 seems likely. But then what happens?

What is clear is that a little steeliness in how EU countries deal with Ukrainian refugees—for example a cut in benefits they are entitled to, and an encouragement to return worth more than just a bus fare—would actually be welcomed by their home government. But it may not be so simple. One host country trimming benefits to Ukrainians may prompt the refugees to move home, but could just as easily encourage them to move to another EU

country, which they can do under the current rules. Offering temporary protection two years ago was an easy decision, driven by the heart. The hard bit will be bringing the scheme to an end. ■

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Britain

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Lifting sands

Can run-down Blackpool turn itself around?

The plan to regenerate a struggling seaside favourite

Feb 22nd 2024 | BLACKPOOL



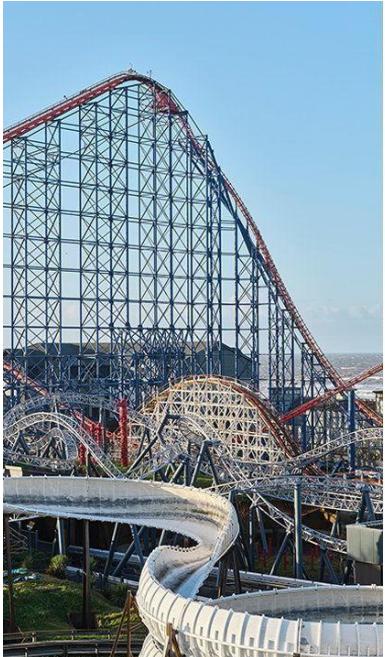
Orlando Gili

TO SEE THE best and worst of Blackpool, take a ride on its Ferris wheel. On the way up, marvel at the miles of golden beaches; and at the horse-drawn carriages clip-clopping along the promenade, Blackpool Tower at one end, a giant rollercoaster (once the world's tallest) at the other. Coming down, gaze at a brutalist haystack jutting out from the skyline—in fact an abandoned police station—and row after row of run-down terraced houses.

The seaside town in north-west England, home to around 140,000 people, has long been a place of contrasts. As Britain's most popular coastal resort, Blackpool brings joy to millions. Yet it is also a repository of despair, at the bottom of national rankings on a host of measures. Blackpool contains eight of England's ten most deprived wards. It has a lower healthy-life expectancy than Angola. The share of its children in local-authority care is the highest in the country. Its 16-year-olds' exam results are among the worst in England.

Yet the tide may be turning. Pragmatic leadership has helped Blackpool's Labour-run council convert a Conservative government's rhetoric about

“levelling up” neglected towns into capital and action. With the support of local businesses, the town is overseeing a £2bn (\$2.5bn) regeneration scheme. The council and the government now hold up Blackpool as a place of promise. Might the town do the seemingly impossible, and turn itself around?



Orlando Gill

Bright, breezy and bleak

Like the Ferris wheel, Blackpool’s fortunes have risen and fallen over the years. In the 19th century railways transformed a fishing village into a holiday resort, drawing in first Lancashire millworkers, then many others beyond. By 1911 the central station was the busiest in the world. During the second world war, it escaped heavy bombing because Hitler dreamed of unfurling a swastika over its tower. But from the 1970s it would suffer another kind of continental assault. Cheap trips to warmer destinations such as Spain and Greece precipitated its decline.

Today Blackpool still attracts around 14m visits a year, from 5.5m people. They are overwhelmingly British or Irish—fans of its air show (from 70-80 countries) and punk festival (a draw for Dutch and Germans) aside. Most come for day trips, or for boozy stag or hen nights.

Blackpool's problems are typical of many English coastal towns, which tend to be predominantly white and disaffected (Blackpool voted for Brexit by two to one). Seasonal work is often low-paid and low-skilled. Its precariousness creates transience, reflected in high turnover rates of pupils in local schools.



Stephen Cheatley, your YouTube tour guide

The town's housing is terrible. Much of it is old, built as B&Bs and guest houses. Many lie derelict. Just off the promenade, red paint is peeling off one in patches. "Decades of decay" is daubed on the boarded-up door. "It used to be a nice hotel, once," says Stephen Cheatley (pictured above), who makes a living broadcasting tours of the town to his 55,000 subscribers on YouTube (a fan later stops him for a selfie).

Others become poor-quality houses, crammed with occupants. Rents are typically pegged to housing benefit, claimed by four-fifths of private renters in the town centre. Some landlords advertise their rooms in prisons. Just as lack of opportunity pushes out the young and healthy to thriving cities, so Blackpool's cheap housing pulls in the sick and unemployed. Blackpool has become "the last place left in the country for people to go", says Professor Heather Brown of Lancaster University.

The result is a poverty trap and a picture of poor health. Life expectancy is the lowest in England (and bar Glasgow, in Britain). One woman in five smokes while pregnant. Poor mental health is rife and the town lacks a sense of civic identity.

Reversing decline is not easy when many upward paths are blocked. Densely populated, Blackpool lacks space for new factories (though chemical and aerospace firms are nearby). It has a similar number of drag queens to Brighton, but lacks the southern resort's proximity to London to help its gay scene sparkle. A bid for a supercasino in the early 2000s was a busted flush. The town's director of regeneration, Alan Cavill, visited Las Vegas and Atlantic City for inspiration, but Manchester held the winning hand.

So Blackpool has looked for other ways to revive itself. For almost a decade it has been following a plan agreed on by council, voluntary and business leaders combining private investment, central-government funding and council borrowing to invest in physical regeneration, housing, health and skills.

The regeneration of the town centre is by far the costliest part. Plans include a building for 3,000 civil servants, Blackpool's first museum ("Showtown") and a £300m leisure complex, privately financed but unlocked by a levelling-up grant to move the law courts. Next to its busiest train station, the council has built and secured franchise rights for a Holiday Inn, with a Marco Pierre White restaurant, linked to the tramway skirting the promenade. The council hopes that Blackpool will again become a regular venue for political parties' conferences.



Orlando Gill

Building back Blackpool

Better housing is just as important. Five minutes' walk from the Holiday Inn stands a scaffolded former guest house. Six months ago plants were growing out of its collapsed floor; now the finishing touches are being applied to a six-bedroom home. It is one of around 700 run-down properties acquired by My Blackpool Home, a company wholly owned by the council. The firm competes with landlords with the aims of providing better housing at similar rents and stabilising communities. Since 2016 it has bought around 10% of the town centre's worst housing. The aim is to improve areas sufficiently to prompt private investors to do the rest.

On health and skills, through Pride of Place, a partnership created in 2017, community, council and business leaders are working together. In one area of town, Claremont, one in ten residents had an unplanned hospital admission in 2022. Their average age was 42; the most common cause was asthma. Working with the health service, Pride of Place uses street-level data to pre-emptively knock on the doors of those most at risk. "It makes business sense," says Kate Shane of Merlin Entertainments, which operates Blackpool Tower and employs 500 people locally, some of whom have health problems.

Blackpool has high youth unemployment rates and lacks a university. But £65m, some of it levelling-up money, is being invested in turning Fylde College, a further-education college which already offers degree-level apprenticeships, into a “multiversity”, a concept floated in 2018 by Andy Haldane, then chief economist at the Bank of England. In a world of artificial intelligence and automation, Mr Haldane argued, such institutions would be needed to spread technical skills, beyond the cognitive ones taught in lecture theatres.

Some locals ask if the money could be better spent, at a time when a cost-of-living crisis has made life even more difficult for Blackpool’s poorest. “They don’t even have time to draw breath,” says Conal Lane, of Citizens Advice, a charity.

Some plans sound a little optimistic. Mr Cavill reckons that the best model for Blackpool may be Rimini, an Italian working-class resort which has reinvented itself as a place for business tourism. But whereas Rimini has an airport and good rail links, Blackpool has slow trains to Liverpool and Manchester. Rather than looking out at the Adriatic, diners at the Holiday Inn will see The Flying Handbag, a gay bar, and moss-tinged terraces.

And the partial funding of some of the biggest, shiniest projects from central-government grants has a whiff of the pork barrel. Such grants have mostly been doled out to “Red Wall” seats won from Labour in 2019. Blackpool elected two Conservative MPs (though one is suspended from the party and facing a ban from Parliament).

For all that, there is firepower behind Blackpool’s plan. It already draws more visitors than Rimini, and it set its plan in motion years before ministers first harped on about levelling up. The scheme cannot be truly appraised for a generation. But since 2017 it has created or preserved nearly 6,000 jobs. Despite covid-19 cratering its tourism sector, Blackpool’s gross value added per person, a measure of output, grew faster than Britain’s in the decade to 2021. Productivity may be greater in big cities. But Blackpool is still a place people want to live in, work in and visit.

Return to the Ferris wheel and look again, this time at the people: at the tourists who regularly return; at the residents who may no longer have to

leave. At least now there is hope again for Blackpool. The wheel may be turning. ■



Orlando Gili

Blackpool illuminated

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Tax advice

A memo to Britain's chancellor, Jeremy Hunt

Pre-budget thoughts from a fictitious Treasury adviser

Feb 22nd 2024



ON MARCH 6TH Jeremy Hunt, the chancellor of the exchequer, presents what should be the last budget before the general election. The governing Conservatives trail Labour by 20 points in the opinion polls. His backbenchers are demanding tax cuts in a bid to close the gap, but money is tight. What to do? We present the frank advice of an imaginary Treasury mandarin.

To: The Chancellor of the Exchequer
From: Sibyl Cervant, HM Treasury
Subject: The Budget

As you know, chancellor, budget day is nearing. Budgets prompt big questions. Are choreographed fiscal events a sensible way to run an economy? Is “fiscal headroom” too volatile to be a helpful yardstick for fiscal policy? Should we worry that current spending plans require sharp cuts to public services after the election?

The answers are “no”, “maybe” and “certainly”. But such things can wait. There is a budget to be written, a battered red briefcase to be photographed—and a political as well as an economic game to be played. Permit me to offer my advice on the way through this morass.

1. The fiscal position

Let’s start with fiscal headroom, the annual amount you can spend or cut taxes by while complying with your self-imposed rule that government debt begins falling (relative to GDP) in five years. City forecasters think that you will have £15bn-20bn (\$19bn-25bn), or 0.7-0.9% of GDP. But you may have less: the economy shrank in the last two quarters of 2023, and the watchdogs at the Office for Budget Responsibility may downgrade their growth outlook.

But assume those forecasts are right. Nothing says you have to hand it all out. The best course, indeed, would be to keep it. Estimates of headroom are just that. They can shrink to nothing in a trice. Your recent predecessors kept a buffer of about £30bn on average. After years of topsy-turvy fiscal policy, no one should object if you swear off more tinkering. And with public services creaking and inflation above target, the economy is hardly screaming for tax cuts, even if it is in recession.

Nevertheless, an election is looming, your party is adrift in the polls and your backbenchers and the Tory press are baying for tax cuts. If you do insist on giveaways, what are your options? Can you smuggle in any sensible reforms alongside the bread and circuses? I believe you can.

2. Your tax-cutting options

What about the obvious headline-grabbers: cutting income tax or national insurance? There are two steps here. First, which is better? National insurance, I would advise. It is a tax on income from employment, whereas income tax also covers savings, pensions and property. A further percentage-point cut in national insurance (to follow your recent two-point cut) is thus cheaper (£5bn) than the same cut in the standard rate of income tax (£7bn). It may also improve labour supply, a little.

Second, should you cut the rate or raise the threshold at which people start to pay? Cut the rate, I would say. The two are economically very similar (distributional differences aside) but rate changes are more visible. As a politician, you'll want voters to see tax rates falling. And we at the Treasury would prefer it if frozen tax thresholds stayed out of the public conversation. As long as Britain's long-term fiscal position is fragile, this will not be the last government to freeze thresholds in order to raise taxes by stealth.

Better still, leave both taxes alone. If growth remains meagre and inflation keeps falling, the economy may soon need economic stimulus. But leave this to the Bank of England. Stimulative tax cuts may be self-defeating if they push the bank to keep interest rates high. So if you insist on tax cuts, choose those that also spur the supply side. A bad choice here (though popular with your backbenchers) would be to abolish inheritance tax (cost: £8bn). That is plainly regressive: only 4% of estates are rich enough to benefit.

Consider instead abolishing stamp duty land tax, a levy on property transactions, for residential properties (cost: £9bn). The better-off are still the immediate beneficiaries, but less egregiously. The knock-on effects are broader: a more fluid property market could unlock housing supply by permitting empty-nesters to downsize without a tax bill and help to unclog the labour market by making it easier for people to move. Ideally, you would announce a wholesale rationalisation of property taxes, including increases in council tax on the most expensive homes. But even a politically neutral civil servant shudders at that in an election year.



The Economist

Look too at the other, less discussed, variety of stamp duty: stamp duty reserve tax (SDRT), a 0.5% charge on transactions in shares. You are keen to re-energise British capital markets: abolishing SDRT would help (cost: £4bn). Academics suggest it would boost share prices by 1-2%, if not more. Unlike the “Brit ISA” (tax-advantaged investment in domestic equities) you are fond of, cutting SDRT whiffs less of protectionism and brings Britain closer to international norms.

A final area to consider is a “bonfire of irrationalities”. You could cut taxes alongside other measures to clean up tax perversities. Marginal tax rates leap from 40% to 60% on incomes of £50,000-60,000 (for parents of two, as child benefit is withdrawn) and £100,000-125,000 (for all, as personal allowance tapers), and then drop again. The chart shows this absurdity.

Value-added tax (VAT) provides another option. The £85,000 VAT registration threshold restrains business growth and the thicket of exemptions needs a machete. Chocolate Nesquik powder—for that milky drink many children like—is VAT-free; strawberry isn’t. You could extend permanent full expensing of capital allowances, which you brought in last November, to leased equipment. The bank levy could be rolled into corporation tax. My colleagues would be delighted to draw up a longer list. In fairness, some of this may only win you votes at think-tanks.

3. Closing advice

Your predecessor Lord Lamont (borrowing from J.K. Galbraith) called politics “the art of choosing between the disastrous and the unpalatable”. This budget risks being both. Thus, two final warnings. First, do not expect too much. Even a stimulative budget, says Goldman Sachs, would boost growth by only a tenth of a percentage point this year. Second, look to your legacy. Choose cuts that your successors, of either party, will want to keep. But of course, chancellor, the decision is yours.■

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Higher education and race

Some British universities have become remarkably racially diverse

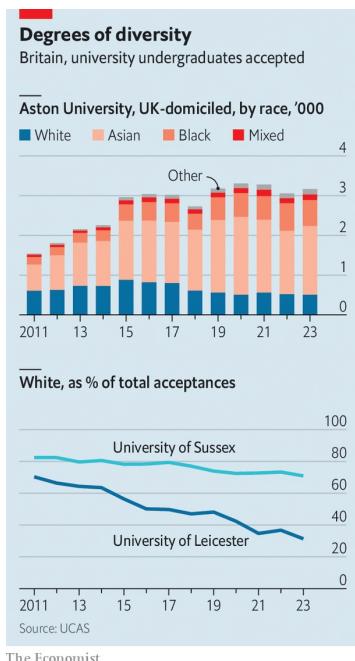
Good grades, high expectations and reluctance to travel explain why

Feb 22nd 2024



Edward Moss Photography

BLACK AND Asian undergraduates were rare in the mid-1980s, when researchers working on an official report on race and education turned up to interview them. The students told sorry stories of off-putting teachers and careers advisers. An Afro-Caribbean student remembered expressing a desire to train as a lawyer, only to be advised to take a job in Woolworths, a now-defunct retail chain. Another student was advised to work in agriculture because his father came from rural Pakistan.



The Economist

They could hardly have imagined what Britain's universities would look like today. Far more people from all backgrounds go. But non-whites have rushed in faster, going from 23% to 35% of all Britons accepted as undergraduates over the past 12 years. Some universities, especially former technical colleges and polytechnics in big cities, have grown exceptionally diverse. Last year just 16% of the undergraduates admitted to Aston University in Birmingham were white (see top chart).

One reason is simply that Britain has grown more ethnically diverse, cities like Birmingham much more so. The 2021 census showed that 32% of 17-year-olds in the city were white. Another reason is that black and Asian pupils do far better in exams than they did in the 1980s. In last year's GCSE exams (normally taken at 16) larger proportions of Asian, black and mixed-race pupils in England got at least a grade five in English and maths than of white pupils. Teenagers from some ethnic groups, such as Bangladeshis and black Africans, have pulled well ahead of the national average despite high poverty rates.

Black and Asian Britons are unusually likely to go to university, even after accounting for their better grades. This is not because universities favour them, although some lower entry thresholds for people who grew up in poverty. It is mostly because non-white youngsters strive to go, perhaps

anticipating that they will face discrimination in the job market. Among the poorest, academically least successful teenagers, ethnic differences in university-going are vast. The Institute of Fiscal Studies, a think-tank, calculates that 5% of white Britons who score in the bottom quartile at GCSE and are entitled to free school meals because of their parents' poverty end up at university. Among black Africans in the same position, 40% do.

Non-white students, especially ethnic Bangladeshis and Pakistanis, tend to study close to home. Michael Donnelly of the University of Bath puts this down to a combination of parental conservatism, money worries and not-unjustified fears of standing out in more homogeneous parts of the country. The stickiness helps to explain the great diversity of institutions like Aston University. It also explains why a good university in a diverse city like Leicester has come to look quite different from a similarly good university on the edge of a mostly white city such as Brighton (see bottom chart).

Some black and Asian Britons are unhappy at university. They are less likely than white students to graduate with first-class or upper-second-class degrees, and are less likely to feel that their courses are worth it. Black students are more likely to drop out. For most, higher education is a good bet all the same. Research by the Sutton Trust, a charity, shows that technically oriented institutions like Aston University are extremely good at pushing young people from poor backgrounds into the middle class. Aston does more for social mobility than Cambridge or Oxford do, because those universities admit so few students from poor backgrounds.

The British government rarely utters a positive word about universities, which it views as dens of wokeness. Last year Rishi Sunak, the prime minister, complained that they often sold a “false dream” and encouraged young people to do apprenticeships instead. Sensibly, black and Asian Britons seem to be ignoring him. The younger Mr Sunak would not have listened, either. He has a BA from Oxford and an MBA from Stanford.■

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Look north

A northern mayor's left-wing challenge to Labour

Can Jamie Driscoll emulate Ken Livingstone?

Feb 20th 2024 | JARROW



JAMIE DRISCOLL'S pitch mixes the nostalgic, the technocratic and the red-blooded. "Who remembers Curly Wurlys?" he asks. The fate of Britain's public services, he says, recalls the shrinkflation that has reduced the chocolate bar of his childhood memory to just 21 grams. "Every government we get lets the rich get richer, while we get the Curly Wurly treatment." His speech ranges from anecdotes of haggling with Treasury ministers to research on integrated transport systems. Then he adds: "What's the bloody point of politicians who can't think their own thoughts?"

Those seeking a left-wing challenge to Sir Keir Starmer's Labour Party have tended to hunt in Islington, the north London redoubt of Jeremy Corbyn, the exiled ex-leader. Better to head 275 miles (443km) north, to a community hall in Jarrow, a former shipbuilding town still synonymous with interwar unemployment.

Mr Driscoll, mayor of the North of Tyne region, is campaigning to become mayor of a new "North East" region, of 2m souls, more than twice his

current remit. A supporter of Mr Corbyn, he was elected in 2019 on a Labour ticket; after an acrimonious split, he is standing in May as an independent. How Mr Driscoll fares will help to gauge whether anger among left-wing activists at Sir Keir's [tack to the centre](#) ahead of a general election can translate into a serious threat at the ballot box.

He faces a hard task. History is littered with failed left-wing bids to usurp Labour. The party is riding high in national polls. On February 16th it triumphed in [by-elections in Wellingborough and Kingswood](#).

But challengers can succeed—Ken Livingstone became mayor of London in 2000 after a similar rift—and Mr Driscoll has some factors in his favour. He has raised £165,000 (\$207,000), a chunky sum by British standards. He can present himself as both an outsider railing at the Labour establishment and an insider who has wrung a bumper devolution deal out of Whitehall (“We get more money than Manchester,” he boasts). And the north-east, though long Labour-leaning, has occasionally given the party high-ups a bloody nose: in 2004, 78% of voters rejected a regional assembly, Sir Tony Blair’s early attempt at devolution.

Mr Driscoll levels two charges at Sir Keir. The first is resiling from the principles on which he became leader in 2020: by embracing private health-care providers, being too “weasel-worded” on the war in Gaza, shying away from extending child benefit and trimming a green industrial plan originally priced at £28bn a year.

The second concerns party democracy. Mr Driscoll was barred as a candidate ostensibly for sharing a stage with Ken Loach, a left-wing film-maker who is now persona non grata, having dismissed Labour’s crisis over antisemitism as a “witch-hunt”. Sir Keir’s circle have been proudly ruthless in intervening in bits of the party they regarded as falling short. The price, complain some on the left, has been ideological uniformity in a once broad church.

Though the electoral odds are stacked against Mr Driscoll, his campaign points to a potential longer-term problem for Sir Keir. A 20-point poll lead and the allure of government have so far persuaded most of the party to swallow the compromises he insists are necessary for victory. Yet some MPs

quietly warn that within a couple of years he will be at risk if he sticks to them.

Mr Corbyn was popular with many Labour members not because they were ideologically rigid, but because he spoke to broad ideals, such as reducing inequality, that Sir Keir reflected in 2020: more Lennon than Lenin, as Tom Baldwin, Sir Keir's biographer, puts it. In Jarrow, Mr Driscoll cites as the litmus tests for a Labour government whether it can reduce health-service waiting lists and ease the state of "destitution" that some locals are in.

A theme of the past decade in British politics has been the Conservative government's battle to contain insurgent forces on its right. If Labour comes to office, Mr Driscoll's tests may dictate whether his campaign is the Corbynistas' last stand—or a foretaste of wider unrest on the left. ■

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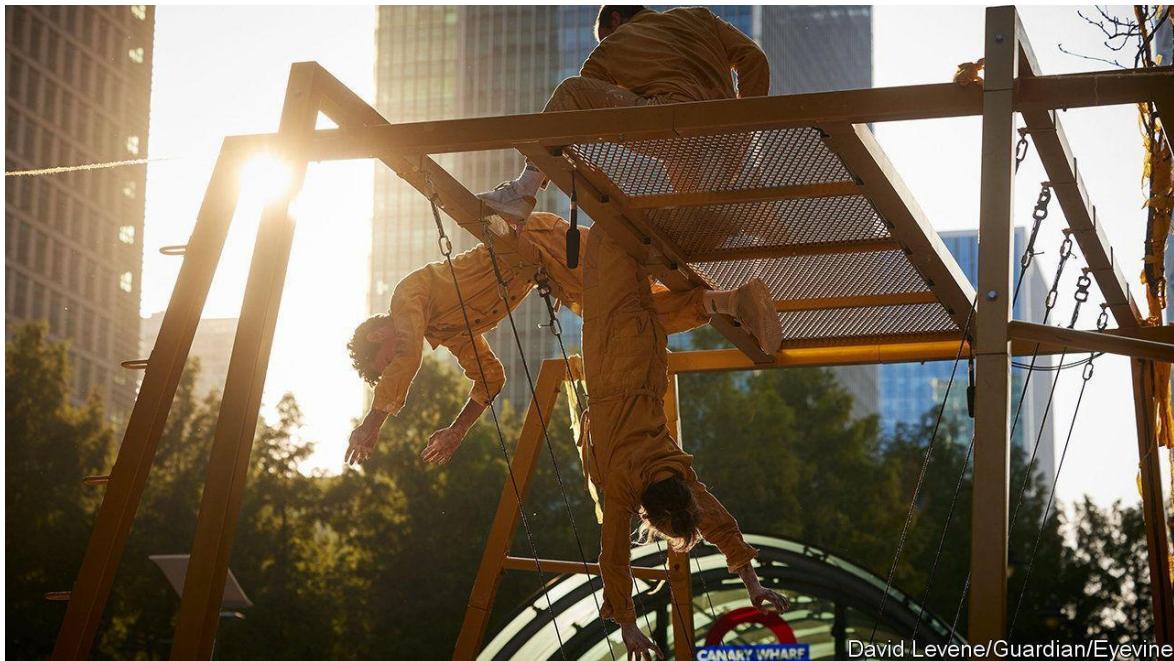
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Refurbished

How working from home is reshaping Canary Wharf

London's dockland district has more homes, more fun and fewer offices

Feb 22nd 2024



CANARY WHARF is reinventing itself. When it was London's new financial hub in the 1990s, bankers and lawyers filled its glass towers. Now that Londoners are not commuting five days a week, the district is broadening its appeal, to accommodate those seeking somewhere to live or let loose. Will it succeed?

An effort to diversify has been in the works for years. But the exodus of workers during the pandemic, and the departure of corporate tenants such as HSBC, a big bank, and Clifford Chance, a law firm, have sharpened it. Across the capital 9.5% of office space is empty, above the five- and ten-year averages, cramping valuations. Rising interest rates have pushed up borrowing costs, just when landlords face extra bills to make buildings greener.

Canary Wharf's investors are unruffled. The district has known hard times before. It crashed into bankruptcy in the 1990s; in 2008 the fall of Lehman Brothers, an American investment bank, cleared over 76,000 square metres overnight. The estate's joint owners—Brookfield, an asset-management firm, and the Qatar Investment Authority, the emirate's sovereign-wealth fund— injected £400m (\$485m) last year.

Housing plays a big part in Canary Wharf's reinvention. Nearly all new building is earmarked for homes for rent. The plans mirror Brookfield's playbook elsewhere, notably Manhattan West and Hudson Yards in New York, where offices, hotels, shops and housing sit side by side. Today more than 3,500 people live in Canary Wharf; the first residents moved in only in January 2020.

To shed its image as a sterile office district, Canary Wharf has rolled out activities including go-karting and a padel club. In the summer it hosts outdoor sports screenings and concerts, and a beach volleyball tournament for firms on the estate. The water surrounding the former docks, mostly unused until recently, now affords swimming, boat rentals and 5km of boardwalks. Where there was once a largely vacant car park, there is now an indoor playground with a roller rink, ball pits and bumper cars.

The drive to diversify is paying off. Around 6.3m people visited the estate in January, up by 8.2% year on year. At the end of 2022 midweek trips returned to pre-pandemic levels; visits between 4pm and 10pm were 50% higher. Fears that retailers and hospitality businesses would leave as offices emptied have not materialised. There are now 70 bars, cafés and restaurants, up from 40 or so before the pandemic. The Waitrose supermarket in Canary Wharf has long been the upmarket chain's best performer by revenue.

Offices are still at the core of Canary Wharf, but their importance has shrunk: from 95% of the portfolio's value 20 years ago to 74% by 2022 (of that, big banks make up just over half, down from 70% in 2004). Plans are in hand for a swanky life-sciences campus. Canary Wharf is also attracting creative types. Last year it welcomed the Qube, which provides studios and production space for music producers, podcasters and social-media influencers.

The result is a mix that should be more resilient to fluctuations in demand for any single class of property. But the office workers still toiling in the sleek towers above the dog-walkers, pram-pushers and joggers lining the riverside paths have not been forgotten.

Citigroup is spending over £100m to refurbish its 42-storey skyscraper. Barclays has revamped its 32-storey tower, adding a trading floor with a café selling mocktails and *coq au vin*. A coworking floor is filled with bean bags, board games and mirrors with supposedly motivational prompts (“You’ve got this”). And the view over east London’s old docklands is bright.■

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Bagehot

Sir Keir Starmer: bureaucrat first, politician second

A biography of the Labour leader reveals a reformer ill at ease in politics

Feb 21st 2024



OXFORD, 1986. The editorial board of *Socialist Alternatives*, a tiny magazine that follows the revolutionary ideas of Michel Pablo, an obscure Greek Trotskyist, meets under the guidance of a willowy figure known as “the Frenchman”. Its members include a law student called [Keir Starmer](#). His articles are hard to decipher; his main contribution is to take the magazine to the printers and distribute it to bookshops. “Keir was the backroom guy, the one who did the hard work,” a comrade tells Tom Baldwin, author of a penetrating new biography of the [Labour Party](#)’s leader (these days, Sir Keir). “The rest sat around and talked.”

It was the start of a career of dissolving human dramas in bureaucratic procedure. As a police adviser in Northern Ireland, Sir Keir is caught in a hail of rioters’ rocks. Petrol bombs fly. The experience begets a dense report on procedural reform. As Britain’s chief public prosecutor, he brings cases

against bent MPs, newspaper bosses and al-Qaeda cells; he cites as one of his proudest achievements the digitisation of old paper files.

Prime ministers govern in the spirit of their old job. Boris Johnson was a newspaper columnist; Rishi Sunak a finance guy. Mr Baldwin, who spoke to his subject dozens of times over several years, portrays a reformist public servant taking on his biggest basket-case yet. He hates the House of Commons and doesn't understand Labour's factions. He rejects "visions" (too abstract), "pledges" (too binding) and spending money (there is none). Instead he believes in "good solid governance" and "doing the basics better —the mundane stuff, the bureaucratic stuff". Asked what Starmerism means, he hesitates. "I just want to get things done."

A Labour government would bring three cultural shifts. Since 2010, Conservative administrations have regarded Whitehall as bloated, inert or overtly hostile. But Sir Keir places a rather old-fashioned faith in better administration to fix most of Britain's problems. Policy churn is the "single most important reason" for the country's economic malaise, he says. To cure it, he wants to yoke government activity to five long-term "missions". The sidelining of Treasury wonks by Liz Truss has become a morality tale. Sir Keir will place great emphasis on government ethics; Sue Gray, his chief of staff and a former mandarin, has told Labour staffers to stop making policy by WhatsApp.

The second concerns what Tories called the "blob": a self-interested nexus of public-sector panjandrums, charities and think-tanks who ministers think smother reforms. (In the late 2000s, as New Labour waned, treating mid-ranking officials such as Sharon Shoesmith, a social-work boss at a London council, as hate figures became a national sport.) By contrast, Starmerism owes a bit to the corporatism of the 1960s and a lot to New Labour's embrace of the "third sector". Sir Keir wants the leaders of businesses, unions and charities to sit on "mission boards" at the heart of government.

"Keir basically believes most problems are solved if you get people who know their stuff in a room, and listen to the evidence and reach a decision," says an aide. In a speech last month Sir Keir declared a truce with the blob. Government attacks on the National Trust, a charity, were "war on the proud

spirit of service”, he said. “We will welcome anyone who wants to make our national life better to take their place at the table.”

The third trend is a shift of power from ministers towards a panoply of new or strengthened institutions. The Office for Budget Responsibility, a fiscal watchdog, will be given oversight of specific tax and spending decisions. The Board of Trade, a policy talking-shop, will become an independent agency. New bodies include an Office for Value for Money, an Industrial Strategy Council, a British Infrastructure Council and a Flood Resilience Taskforce.

It works as a pitch: government has been so erratic that the banal promise of consistency and listening to advice would amount to a paradigm shift. (On February 20th James Cleverly, the home secretary, fired the head of the immigration inspectorate after a series of critical reports.) Britain is lucky that its most pressing problems—backlogs in health care and construction—have obvious fixes. Mr Baldwin argues that Sir Keir’s brick-by-brick approach could prove more satisfying to voters than vaulting “-isms”.

Mr Blobby

Yet institutions should be the instrument, not a displacement, of politics. Labour wields them as a shield rather than a sword. Promising to be handcuffed by wonks is a bid for reassurance by an opposition that is not yet trusted with power. (Similarly, the Labour manifesto of 1997 pledged that technocrats would set the minimum wage and promised to keep the monarchy.) Advisory committees suck in businesses that would otherwise be critics.

Getting the best from the civil service will require more politics, not less. Sir Keir wants it to be less siloed and more long-termist, but that will require bold political choices over accounting lines and budget cycles. (Ms Gray will “cleave towards conventional ways of doing government”, predicts Mr Baldwin.) Sir Keir has a touch of David Cameron, who wanted to be prime minister “because I think I’d be rather good at it”.

Starmerites understand that they will have at their disposal sweeping powers of appointment, which the Tories have failed to exploit. But institutions are

not policies. A proposed Regulatory Innovation Office, to “support a beefed-up Regulatory Horizons Council”, does not resolve the political question of whether to embrace gene-edited crops or weight-loss drugs. A reformed Migration Advisory Committee (“that can advise on the impact of all policies to ensure that the details are right”) cannot decide how many people should come. Policy papers bristle with “pathways”, “hotspots”, “hubs” and “landscapes”, but the question of how much money they will get goes unmentioned. Mr Baldwin’s Sir Keir seems to regard politics as the unfortunate prelude to the grown-up business of governing. But it is the very essence of it. ■

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International

- Russian spies are back—and more dangerous than ever

From Russia without love

Russian spies are back—and more dangerous than ever

The Kremlin’s intelligence agencies have learned from their mistakes in recent years

Feb 20th 2024 | MUNICH



Maxime Mouysset

IT IS UNUSUAL for spymasters to taunt their rivals openly. But last month Bill Burns, the director of the CIA, could not resist observing that the war in Ukraine had been a boon for his agency. The remark might well have touched a nerve in Russia’s “special services”, as the country describes its intelligence agencies. Russian spies bungled preparations for the war and were then expelled from Europe en masse. But new evidence gathered by the Royal United Services Institute (RUSI), a think-tank in London, shows that they are learning from their errors, adjusting their tradecraft and embarking on a new phase of political warfare against the West.

The past few years were awful for Russian spies. In 2020 operatives from the FSB, Russia’s security service, botched the poisoning of [Alexei Navalny](#), the most vocal opposition activist. He mocked them for spreading Novichok on his underwear. Then the FSB gave the Kremlin a rosy view of how the

war would go, exaggerating Ukraine’s internal weaknesses. It failed to prevent Western agencies from stealing and publicising Russia’s plans to invade Ukraine. And it was unwilling or unable to halt a brief mutiny by Yevgeny Prigozhin, the leader of the Wagner mercenary group, last year. The SVR, Russia’s foreign intelligence agency, saw its presence in Europe eviscerated, with some 600 officers expelled from embassies across the continent. Disastrously, at least eight “illegals”—intelligence officers operating without diplomatic cover, often posing as non-Russians—were exposed.

The study by RUSI, written by Jack Watling and Nick Reynolds, a pair of the organisation’s analysts, and Oleksandr Danylyuk, a former adviser to both Ukraine’s defence minister and foreign intelligence chief, draws on documents “obtained from the Russian special services” and on interviews with “relevant official bodies”—presumably intelligence agencies—in Ukraine and Europe. In late 2022 Russia realised that it needed more honest reporting from its agencies. It put Sergei Kiriyenko, the Kremlin’s deputy chief of staff, in charge of “committees of special influence”. These co-ordinate operations against the West and then evaluate them.

That personnel change appears to have produced more coherent propaganda campaigns. In Moldova, for instance, a once-scattershot disinformation effort against the country’s bid for European Union membership grew more consistent and focused last year. It tied the accession bid to the president personally, all the while blaming her for Moldova’s economic woes. Campaigns aimed at undermining European support for Ukraine have also picked up. In January German experts published details of bots spreading hundreds of thousands of German-language posts a day from a network of 50,000 accounts over a single month on X (Twitter as was). On February 12th France exposed a large network of Russian sites spreading disinformation in France, Germany and Poland.

Despicable them

Meanwhile, the GRU, Russia’s military intelligence agency, has also been re-evaluating its tradecraft. In recent years its Unit 29155—which had attempted to assassinate Sergei Skripal, a former GRU officer, in Salisbury, Britain in 2018—saw many of its personnel, activities and facilities exposed

by Bellingcat. The investigative group draws on public information and leaked Russian databases for its exposés.

The GRU concluded that its personnel were leaving too many digital breadcrumbs, in particular by carrying their mobile phones to and from sensitive sites associated with Russian intelligence. It also realised that the expulsion of Russian intelligence officers in Europe had made it harder to mount operations and control agents abroad—one reason why the invasion of Ukraine went awry.

The result was wholesale reform, which began in 2020 but speeded up after the war began. General Andrei Averyanov, the head of Unit 29155, was, despite his litany of cock-ups, promoted to deputy head of the GRU and established a new “Service for Special Activities”. Unit 29155’s personnel—once exemplified by Alexander Mishkin and Anatoly Chepiga, Mr Skripal’s hapless poisoners, who insisted that they had travelled to Salisbury to see its cathedral’s famous spire—no longer carry their personal or work phones to its facility, using landlines instead. Training is done in a variety of safe houses rather than on site. Whereas half of personnel once came from the *Spetsnaz*, Russia’s special forces, most new recruits no longer have military experience, making it harder for Western security services to identify them through old photographs or leaked databases.

A separate branch of the Service for Special Activities, Unit 54654, is designed to build a network of illegals operating under what Russia calls “full legalisation”—the ability to pass muster even under close scrutiny from a foreign spy agency. It recruits contractors through front companies, keeping their names and details out of government records, and embeds its officers in ministries unrelated to defence or in private companies. The GRU has also targeted foreign students studying at Russian universities, paying stipends to students from the Balkans, Africa and elsewhere in the developing world.

For another example of how Russian spies have turned disaster into opportunity, consider the case of the Wagner Group, a series of front companies overseen by Mr Prigozhin. Wagner initially served as a deniable arm of Russian influence, providing muscle and firepower to local autocrats in Syria, Libya and other African countries. In June 2023 Mr Prigozhin,

angered by the mismanagement of the war by Russia's defence minister and army chief, marched on Moscow. The mutiny was halted; two months later Mr Prigozhin was killed when his plane exploded in midair.

Russia's special services quickly divided Mr Prigozhin's sprawling military-criminal enterprise among themselves. The FSB would keep domestic businesses and the SVR the media arms, such as the troll farms which interfered in America's presidential election in 2016. The GRU got the foreign military bits, split into a Volunteer Corps for Ukraine and an Expeditionary Corps, managed by General Averyanov, for the rest of the world. The latter missed its target of recruiting 20,000 troops by the end of last year, says RUSI, though its strength is "steadily rising". There have been hiccups: Mr Prigozhin's son, who mystifyingly remains alive and at liberty, offered Wagner troops to the *Rosgvardia*, Russia's national guard. That prompted a bidding war between the guard and the GRU, according to the RUSI authors.

The net result of this consolidation is a revitalised Russian threat in Africa. Shortly after Mr Prigozhin's death, General Averyanov visited various African capitals to offer what RUSI describes as a "regime survival package". In theory the proposals involve the GRU providing local elites with military muscle and propaganda against local rivals. In return Russia would get economic concessions, such as lithium mines and gold refineries, and thus gain leverage over enemies, perhaps including the ability to sever France from uranium mines in Niger (France needs uranium for its nuclear power stations). Mr Prigozhin is dead; his malevolent influence lives on.



Maxime Mouysset

Russian intelligence, though bruised, is firmly back on its feet after its recent humiliations. In recent weeks the Insider, a Riga-based investigative website, has published a series of stories documenting Russian espionage and influence across Europe. They include details of how a GRU officer in Brussels continues to provide European equipment to Russian arms-makers, and the revelation that a top aide in the Bundestag and a Latvian member of the European Parliament were both Russian agents, the latter for perhaps more than 20 years.

“It’s not as bad for them as we think it is,” says Andrei Soldatov, an investigative journalist, who reckons that the Russian services are “back with a vengeance” and increasingly inventive. Vladimir Putin, Russia’s president, and once a (mediocre) KGB officer, is “trying to restore the glory of Stalin’s formidable secret service”, explains Mr Soldatov. He points to a case in April 2023 when Artem Uss, a Russian businessman arrested in Milan on suspicion of smuggling American military technology to Russia, was spirited back to Russia with the help of a Serbian criminal gang—a common intermediary for the Russian services.

In the past, says Mr Soldatov, the FSB, SVR and GRU had a clearer division of labour. No longer. All three agencies have been particularly active in recruiting among the flood of exiles who left Russia after the war. It is easy

to hide agents in a large group and simple to threaten those with family still in Russia.

Mission possible

Moreover, Russian cyber-activity goes from strength to strength. In December America and Britain issued public warnings over “Star Blizzard”, an elite FSB hacking group which has been targeting NATO countries for years. The next month Microsoft said that “Cosy Bear”, a group linked to the SVR, had penetrated email accounts belonging to some of the company’s most senior executives. That came on top of a sophisticated GRU cyber-attack against Ukraine’s power grid, causing a blackout apparently co-ordinated with Russian missile strikes in the same city.

The renewal of Russia’s intelligence apparatus comes at a crucial moment in east-west competition. An annual report by Norway’s intelligence service, published on February 12th, warned that, in Ukraine, Russia was “seizing the initiative and gaining the upper hand militarily”. Estonia’s equivalent report, which was released just a day later, said that the Kremlin was “anticipating a possible conflict with NATO within the next decade”.

The priority for Russian spies is to prepare for that conflict not just by stealing secrets, but by widening cracks within NATO, undermining support for Ukraine in America and Europe, and eroding Western influence in the global south. By contrast, there has been precious little Russian sabotage against Ukraine-bound supplies in Europe. One reason for that is the Kremlin’s fear of escalation. Another is that the Russians cannot do everything, everywhere all at once.

In the meantime, spies will continue to battle against their peers. In their report, Estonia’s foreign intelligence services published the identities of Russians working on behalf of the country’s intelligence services. “For those who prefer not to find their names and images alongside those of FSB or other Russian intelligence officers in our publications, potentially affecting their associations with the West, we extend an invitation to get in touch,” noted the Estonian spooks. “We are confident that mutually advantageous arrangements can be negotiated!” ■

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1843 magazine

- [One day in the life of a Russian political prisoner](#)

Russia

One day in the life of a Russian political prisoner

Navalny's death has exposed the similarities between Putin's penal system and Stalin's

Feb 22nd 2024



The wake-up call in cell number nine of the IK-6 prison colony in the Siberian town of Omsk comes at 5am in the form of the Russian national anthem blasting from a loudspeaker. Vladimir Kara-Murza, a journalist and politician, knew as soon as he heard the opening chord that he had only five minutes to get up before prison guards would take away his pillow and mattress. By 5.20am his metal bed frame, attached to the wall, would be locked up so that he could not use it for the rest of the day. Kara-Murza's cell, painted in bright blue, was five metres long and two metres wide. In the middle, a table and a bench were screwed to the floor. The only objects he was allowed to keep were a mug, a tooth brush, a towel and a pair of slippers. The light was never turned off.

Later in the morning a mug of tea and a bowl of gluey porridge made from an unidentifiable grain would be pushed through a small hatch in the cell door. At some point Kara-Murza would be permitted a 90-minute “walk” – a

stroll around a concrete courtyard the same size as his cell with a metal grille in place of a roof. He was obliged to keep his hands behind his back. Often the sub-zero temperatures made it impossible to keep going for the allotted time. The loudspeaker in his cell blared throughout the day, sometimes playing the local radio station, sometimes a monotonous recital of the penal-colony rules.

Like Navalny, Kara-Murza was the victim of suspected Novichok poisoning. He twice fell into a coma in 2015, and again in 2017

CCTV cameras were trained on Kara-Murza around the clock. Even so, the guards would take him to an inspection room at 9am and 5pm each day. He had to strip naked while they ran a metal detector over his clothes and underwear. Every time he is addressed he has to identify himself in the official formula: “Kara-Murza, Vladimir Vladimirovich, date of birth September 7th 1981, convicted under criminal code articles 284.1 part one, 207.3 part two, 275. Start date of sentence, April 22nd 2022. End date of sentence, April 21st 2047.”



A poster of the late opposition leader Alexei Navalny is held up during a protest at the Russian embassy in Berlin, Germany (*opening image*). Vladimir Kara-Murza (*above*), a journalist and prominent oppositional

figure, was sentenced to 25 years in prison for spreading false information about the Russian armed forces

Since the death of [Alexei Navalny](#), Russia's most prominent opposition leader, in a similar penal colony in the Arctic last week, Kara-Murza has become, along with Ilya Yashin, an opposition politician, one of the country's highest-profile political prisoners. Like Navalny, Kara-Murza was the victim of suspected Novichok poisoning. He twice fell into a coma in 2015, and again in 2017. (According to Bellingcat, an investigative outlet, a specialist unit of the Russian security services had been tailing him before each incident.) As a result, he suffers from polyneuropathy, a nerve disease that causes his legs to go numb.

Like Navalny he could have stayed in exile abroad – he had lived in America for years and is also a British citizen. (The British government has said that it will not try to secure his release through a prisoner exchange.) And like Navalny he also chose to return to Russia, drawn by his calling as a Russian intellectual and a refusal to let his country be defined by Vladimir Putin. On April 5th 2022 – just over a month after Russia [invaded Ukraine](#) – he flew back to Moscow. By that time Putin had already made it a crime to refer to his “special military operation” as a war, let alone to criticise it. Yet Kara-Murza openly denounced it as a war of aggression.

Kara-Murza was given 25 years – a far graver penalty than awarded, on average, for murder

A week after his return he was arrested outside his home in Moscow, and charged with spreading “fake news” about the war. His advocacy for the Magnitsky Act – an American law that allows sanctions to be placed on individuals involved in corruption and human-rights abuses – made him a traitor in the eyes of the Kremlin. (It is named after Sergei Magnitsky, a lawyer who uncovered a \$230m fraud and who died in prison in 2009, having been denied urgent medical treatment.) His trial for treason took place behind closed doors because it involved what the Kremlin regards as “state secrets”.

Kara-Murza was given 25 years in prison – a far graver penalty than awarded, on average, for murder. (He was sentenced by Sergei

Podoprigorov, the same judge who put Magnitsky in jail and was sanctioned in Magnitsky's name.) It is the longest term currently being served by a political prisoner in Russia. From his prison cell, Navalny called the sentence "revenge for the fact that [Kara-Murza] did not die".



Alexei Navalny died at IK-3, a prison colony located in Khard, a city just above the Arctic Circle while serving a 19-year sentence. Navalny wraps his arms around his wife, Yulia Navalnaya

On January 26th of this year Kara-Murza was transferred to an even harsher penal colony a short drive away, differentiated from the previous one by a single digit (IK-7). This measure had been taken, officials said, because of a "severe administrative breach" by Kara-Murza: missing a wake-up call which he says never came.

Kara-Murza is permitted to write and receive letters, though he is only allowed a pen for 90 minutes each day. I wrote to him after his abrupt disappearance from IK-6. "You ask me about the meaning of my transfer," Kara-Murza replied. "The meaning of a transfer is the transfer itself. One of the main features of prison life is a constant unpredictability, insecurity and uncertainty not only about tomorrow but even this evening."

Alexander Solzhenitsyn, the Nobel Prize-winning writer, had identified this kind of punishment as a distinctively Soviet innovation, Kara-Murza said. “The Soviet know-how was to constantly uproot a person, ordering him ‘out with your stuff’ without any warning...As soon as you start getting used to and adapting to a place, you have to start all over again.”

“One of the main features of prison life is a constant unpredictability, insecurity and uncertainty not only about tomorrow but even this evening”

Kara-Murza is almost completely disconnected from the outside world. Since he arrived in prison, he has been granted only one 15-minute phone call with his children (five minutes per child). Complete isolation means that even a visit from the prosecutor can lift his spirits.

Apart from the drone of the loudspeakers, Kara-Murza’s only external sources of mental stimulation are letters and books from the prison library. But he finds it hard to read. “You lose concentration very fast, thoughts run away. You read one page and don’t understand what it is that you’ve read,” he wrote to me. “Memory also works in a strange way. You remember in detail what happened 30 years ago, but anything you hear and read this morning is erased completely.”



The outspoken Russian journalist Vladimir Kara-Murza at a hearing in Moscow city court

At 8.30pm he is handed his mattress and pillow. His bunk bed is lowered. Then at 5am the next morning he once again wakes up to the sound of the Soviet national anthem.

Omsk, the city where Kara-Murza is being held, was one of hundreds of sites for the Main Directorate of Corrective Labour Camps, established by Stalin in 1929 and better known by its acronym in Russian: gulag. This was a centralised system of slave labour on an industrial scale, in which up to 20m people from across the Soviet Union found themselves trapped. Roughly 2m of those prisoners died.

Solzhenitsyn gave the definitive literary treatment of these labour camps, prisons and transit centres in “The Gulag Archipelago”. He spent 11 years within the gulag and wrote a three-volume “literary investigation” in which he mapped it as though it were “an almost invisible, almost imperceptible country...though scattered in an archipelago geographically”. He described the prisoners, starving and exhausted by work, “eyes oozing with tears, red eyelids. White cracked lips covered with sores. Skewbald, unshaven bristles on the faces.”

Part of the function of the gulag, Solzhenitysn argued, was economic: Stalin needed labour to industrialise and prepare for war in Europe. The camps were usually in far-flung places rich in natural resources that needed extracting. But their horrors also served a political purpose: to sow terror and purge from society anyone who showed signs of independent thought. It was “a wonderful place into which he could herd millions as a form of intimidation”, wrote Solzhenitsyn.

Many of Russia’s camps – particularly in more remote parts of the country – are staffed by children and grandchildren of those who guarded the gulag

After Stalin’s death in 1953 the extermination stopped, the system became more humane and the number of prisoners decreased, but its essence remained. Navalny saw many of the features of the gulag perpetuated in the Russians prison system. “It is not concerned in the slightest with the re-

education of prisoners but is aimed only at dehumanising the prisoner, bullying him and serving the illegal orders of the country's political leadership," he wrote. "This system cannot be reformed." As Solzhenitsyn observed: "Archipelago was, Archipelago is, Archipelago will be." The archipelago has shrunk in size, changed its name and adapted to new economic conditions – but its terrain and procedures remain recognisable.

Few institutions in Russia have experienced the continuity that prisons have. Both prisoners of the Soviet gulag and those who guarded them have passed on their experiences to their descendants. Russia's camps – particularly in more remote parts of the country where the prison is the main employer – are often staffed by children and grandchildren of those who guarded the gulag. These dynasties see their past as a point of pride. When the Usolsky penal camp in Siberia celebrated its 75th anniversary in 2013, its press office hailed the unbroken tradition of "loyalty to the Motherland, mutual support and respect for veterans" stretching back to its founding just before the second world war.



Police detained dozens of people at an unsanctioned rally against political repression in March 2020

Russia's current prison population remains among the highest per head in Europe with Belarus and Turkey but, at around 430,000, it is the lowest in its

history. Around 225,000 employees work in the system. The network of colonies and detention centres is still so vast that prisoners often disappear within it for weeks; they are transferred from one facility to another in windowless train compartments with six berths and twice as many prisoners. Their families and lawyers lose track of them.

New arrivals to prison are placed in “quarantine”, where they are given medical checks and a psychological assessment, before they are moved to a shared cell or solitary confinement. But the main purpose of this is to break the spirit of the prisoner. Scared and often barred from seeing a lawyer, they feel completely powerless. Kafkaesque absurdity is built into the system, explains Anna Karetikova, now in exile, who once oversaw pre-trial detention centres in the Moscow region. To demand a meeting with a lawyer, detainees need a pen and paper, which they are often denied. (They can complain, of course, but for that they still need a pen and paper.)

To demand a meeting with a lawyer, detainees need a pen and paper, which is often denied. They can complain, of course, but for that they will need a pen and paper

They soon learn that real power lies in the hands of prison officials known as *operativniki* – investigators. In countries governed by the rule of law, punishment comes after a trial. In Russia investigations start after an arrest and continue inside prisons and penal colonies. *Operativniki*, who are rewarded on the basis of how many crimes they solve, use their unlimited power to coerce confessions and pin new crimes on prisoners. They work in close co-ordination with the security services and the police, deciding who gets urgent medical care and who gets punished with solitary confinement or beaten in special “pressure cells”.

Conditions vary greatly between colonies and even between cells within the same prison. Some have televisions and fridges; others have only a hole in the floor for a toilet. Some prisoners can pay for the use of a gym or have food brought to them by a delivery company. Others are kept hungry. Many prisons, including IK-7 in Omsk, are connected to an electronic mail system, so sending a letter to a prisoner can take a matter of minutes. But the speed at which it is passed on depends on the good will of the prison censor. A benevolent censor will deliver the correspondence within hours. A cruel one

may not deliver it at all. (Navalny was denied letters from his family for weeks.)



Security guards patrol the entrance of penal colony IK-6 in Mordovia, central Russia

Which island of the archipelago a prisoner lands on depends on the financial means of prisoners and the designs of the powerful person who put them there. This offers a business opportunity for prison bosses. Corruption lies at the heart of the gulag’s modern iteration, explains a former senior prisoner official. Bribery can buy you a better cell and racketeering by prison staff is endemic. They rent out slave labour to friendly businesses.

How much a prisoner must pay is decided by the *khozain* – the master who runs the prison. Details of the amounts that change hands are scarce but, in 2012, monthly “collections” at one prison with 1,500 inmates ran at between \$1m and \$1.5m. Some people paid the equivalent of \$60 a month; others \$25,000. The money is shared with other prison officials.

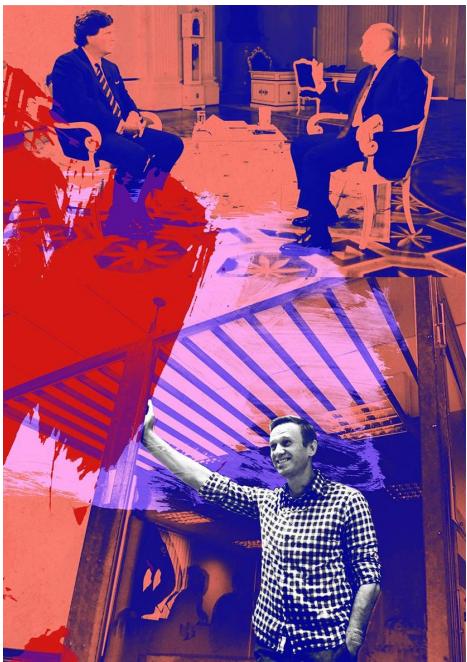
Those who refuse to pay get “broken” – beaten or tortured. The richer they are and the more they resist, the greater the punishment. “Breaking” is mostly carried out not by guards but by “activists” – inmates who work closely with the prison administration. The methods of torture include

denying medical care, beatings, suspending prisoners from bars (known as “crucifying”), electric shocks and rape with mop handles. Russian prisons have the highest number of deaths and suicides in Europe and the rate is growing according to the latest figures. Political prisoners are rarely tortured physically but there is no shortage of means by which suffering can be inflicted. Navalny was worn down with sleep deprivation, tormented with the smell of food when he was on hunger strike and denied treatment.

Corruption lies at the heart of the gulag's modern iteration, explains a former senior prisoner official

Relations between prisoners across the system are regulated by a strict, unwritten “thieves’ law” which has evolved over decades and passed down by word of mouth. It has its own argot – prison is called “our common home” – and conflicts are resolved by a council appointed by a “crowned” thief-in-law who oversees the *obschak*, the common slush fund.

Prisoners are divided into four castes. The top caste is “criminal elite” or “made men”, who perform no duties themselves and adjudicate conflicts. They are followed by “collaborators”, “bitches” or “reds” who enforce order alongside prison officers. “Lads”, “men” or “wool”, who are not professional criminals, make up the vast majority of prisoners. And then there are the outcasts or untouchables who are referred to as “cocks” or “the degraded” because they sleep under the bunk beds. They are not allowed to touch other prisoners or their possessions, and must eat separately, using their own cutlery. People convicted of sex crimes, snitches and people who hide the fact they’re gay fall into this category. This stigma follows outcasts from one prison to the next.



This informal hierarchy has been endorsed by prison authorities. Recently the security services spread intimate photographs of Azat Miftakhov, a political prisoner, in order to brand him a “cock”. This subculture is so established that last year it was acknowledged in a ruling by the European Court of Human Rights, which awarded damages to a group of outcasts for “inhuman and degrading treatment”.

Until recently, penal colonies were divided into “red” prisons run by the authorities and “black” prisons where thieves’ law prevailed and inmates administered punishment themselves. The “red” prisons, where power is more impersonally exercised, were considered to be the worst. Today these prisons predominate as the state, obsessed with control, has become intolerant of any sources of autonomy.

The state and the underworld have fused together, according to Nikolay Shchur, a former prison ombudsman. Gone are the days when collaboration with prison authorities was considered a violation of thieves’ law – brigades of inmates now carry out torture on behalf of the authorities. “The community of criminal bosses today is simply a branch of the FSB, Russia’s security service, or the police, who appoint informants over a particular territory,” Shchur has written.

Russian prisons have the highest number of deaths and suicides in Europe and the rate is growing

Though the prison economy drives many of the abuses within Russia's penal system, its horrors are politically vital to the Putin regime. "Everyone must be afraid of Russian prison. That is its purpose," said the former official. "The goal of the penitentiary system...is to break people, to destroy their personality and to vaccinate the population against freedom."

One person who has seen this process up close is Maria Eismont, a defence lawyer. In 2019 Konstantin Kotov, one of her clients, was transferred to IK-2, a notorious "red" colony where Navalny was first sent, for taking part in a political protest. After visiting Kotov there, Eismont was struck by how poorly defended it seemed from the outside: there were no towers or barbed wire. "It was guarded by fear," she wrote. "You feel that fear in the looks of those convicts who walk around the camp without a convoy, but answer monosyllabically to your questions and avoid eye contact," she has written. "You feel it in the visitors' waiting room filled with relatives of the convicts, who try their best not to talk to you. 'They don't like lawyers here,' one explained."



Konstantin Kotov, a human-rights activist, received hundreds of letters when he spent over a year in prison for violating Russian protest rules in 2019

Eventually she was allowed to see her defendant. “Kotov had been there less than a day, but I saw a completely different person.” It was not primarily that his head had been shaved or that he was dressed in an oversized uniform – he simply wouldn’t look her in the eye. The one time he raised his head, she saw tears. “We are not allowed to look around,” he told her.

In prison brutality is elevated to a virtue and acts of kindness are rooted out. Kotov didn’t have any gloves, so one of his fellow prisoners took pity on him and offered him a spare pair. In response, the prisoner’s parole was cancelled and Kotov was blamed. Earlier this year Alexander Kravchenko, a prison doctor who signed off on the release of four gravely ill prisoners, was sentenced to seven years in jail for “overstepping his authority”.

Prison spits out soldiers to prosecute the war and swallows those, like Kara-Murza, who protest against it

There have been intermittent attempts to humanise the prison system and focus it on rehabilitation. But in recent years even these limited efforts have been quashed. In 2018 a liberal newspaper provoked widespread outrage when it published a video showing a dozen prison guards beating an inmate named Yevgeny Makarov with truncheons, periodically reviving him to continue the torture. A group of experts, with the support of politicians, proposed a series of modest reforms. In response, the deputy head of the prison system, who had apologised to Makarov, was fired and locked up, and Putin discarded the proposals.

Putin had reason to keep the prison system unreformed, which became apparent after the invasion of Ukraine in February 2022. Yevgeny Prigozhin, leader of the Wagner Group, a mercenary outfit, and a former convict himself, demonstrated that penal colonies could be a vital source of manpower. In a video released in September 2022, as the Russian army was retreating , he was seen offering the inmates of Yablonevka prison a pardon if they signed up to fight for six months. Should they survive, he told them, they would be treated as heroes. Olga Romanova, who runs Russia Behind Bars, a prisoners’-rights organisation, estimates that the total number of prisoners who have been recruited since the start of the invasion is about 100,000. She claims half of them made it home alive, but many re-offended, found themselves in prison again and agreed to return to the front line.



Alexander Solzhenitsyn, the dissident writer, pictured on the day he was released from the gulag in 1953. He had been imprisoned for eight years

Prigozhin and several senior Wagner commanders died in a plane crash after staging a mutiny last year. The Russian defence ministry has taken over the recruitment of prisoners, who are still paid but no longer released after six months. According to a current prisoner, they are offered a choice between fighting on the front line, sewing uniforms or being transferred to a harsher colony. Prison spits out soldiers to fight the war and swallows those like Kara-Murza who protest against it.

Kara-Murza is a historian by background and by pedigree. He studied history at Cambridge. One of his ancestors was Nikolai Karamzin, a 19th-century historian who is the Russian equivalent of Edward Gibbon and author of the 12-volume “History of the Russian State”. He is attuned to the historical resonances of his surroundings: IK-7, where he is now kept, is only a few miles from a fortress where the novelist Fyodor Dostoyevsky spent four years as a prisoner for possessing and spreading banned literature. Dostoyevsky was forbidden to write but committed his impressions to memory, which he later published as “The House of the Dead”, praised by Tolstoy as the finest work written in Russian.

After Stalin's death, the Soviet leadership lost the appetite for mass repression. Slave labour was ineffective and even the leadership had had enough of terror

Grim though forced labour in the provinces could be under the tsar, Stalin's repression was a completely different beast. The establishment of the gulag in 1929 served as the foundation of Stalin's political order; that year was a more pivotal moment in Russian history than 1917. The camps destroyed the fabric of life and liquidated entire social classes. There was no discernable logic determining who was sent there or and nothing you could do would spare you. As with many Russians, the history of the gulag feels personal to Kara-Murza: his grandfather was arrested in 1937 and survived a labour camp in the far east.

After Stalin's death, the Soviet leadership lost the appetite for mass repression. Slave labour was ineffective and even the leadership had had enough of terror. The KGB, which Putin joined in the 1970s, found that the memory of mass repression was enough to control the populace. Everyone knew somebody whose relatives had been sent to the gulag. This was enough to instil compliance. The number of political prisoners fell to between 10,000 and 20,000, according to one of the Soviet dissidents.

Kara-Murza was eight years old in 1989, when "The Gulag Archipelago" was published in Russia. It was an important literary event but it remained largely unread. Two years later the Soviet Union collapsed and even fewer people cared about Soviet dissidents in the brave new world of capitalism.



Vladimir Bukovsky, a freed dissident, holds up his passport to the press after arriving at Heathrow Airport, London, in 1977

But Kara-Murza retained his interest. In 2005 he made a four-part documentary about dissidents. Even then, he was in no doubt that Russia was heading back into authoritarianism. His subjects included his hero Vladimir Bukovsky, the Soviet dissident and memoirist. Bukovsky, who was imprisoned during the 1970s, wrote about trying to maintain his sanity in prison by drawing a castle – sometimes on scraps of paper, sometimes on the floor – with a fragment of a pencil lead he kept hidden in his cheek. To escape the feeling of “drowning”, he would sketch out “every detail, from the foundations, floors, walls, staircases and secret passages right up to the pointed roofs and turrets”.

Now, surreally, Kara-Murza finds himself part of the [tradition of Russian prison literature](#) that he reveres. “Sometimes I can’t help feeling that I am inside one of those books,” he wrote to me from IK-7.

Russians became noticeably less fearful after the collapse of the Soviet Union. In the 2000s the economy boomed and Putin ruled legitimately with popular support. By 2008 only 17% of the population worried about the return of repression, according to a poll. The children born in these years did not grow up obliged to choose between defying the absurdities of the

governing ideology or submitting to them, as their grandparents had. They became known as the “unflogged” generation, who regarded themselves as citizens rather than subjects.

In the 2000s, the economy boomed and Putin ruled legitimately with popular support

In 2012 Putin, who had served as president from 2000 to 2008, decided to circumvent the constitution and return to the Kremlin. He was greeted by large protests, galvanised by Navalny. He knew that he needed to take drastic measures to reassert control.

Not only did he arrest protesters, he started methodically to lay the foundation for repression. He introduced a law requiring any “politically active” organisation or person, in receipt of funds from outside Russia, to register as a “foreign agent”; and he expanded the scope of treason legislation to encompass not just espionage but “providing financial, material-technical, advisory or other assistance to a foreign state, international or foreign organisation...in activities directed against the security of the Russian Federation”. The vagueness of the word “other” allowed the state, as the Soviets had done before, to pursue people for any activities it disapproved of. Investigating corrupt Russian officials could be treason; so could writing reports or articles read by Western officials.



Evgenia Kara-Murza (*pictured*), wife of imprisoned political activist Vladimir Kara-Murza, speaks at a conference held by the *Washington Post*

Putin's new laws needed to be enforced gradually in order not to trigger resistance. In 2013 there were just four convictions on charges of treason. But Putin didn't need a conveyor belt of trials to achieve his goals – his intention was to reignite collective fear because exemplary brutality and lengthy sentences intimidate the whole of society. By 2021 more than half of the population were concerned about the return of repression.

Putin started the war against Ukraine to solidify his power and shape Russia in his image. The extraordinary circumstances allowed him to boost his arsenal of repressive measures in order to stamp out any opposition. The offences introduced at the beginning of the war – “spreading false information” and “discrediting the Russian army” – were taken straight from the Soviet criminal code. He has also brought back Soviet practices, such as declaring dissidents “insane” and locking them up in psychiatric hospitals. Last year an 18-year-old activist, Maksim Lypkyan, was forcibly detained in a mental institution after being convicted of spreading “fake news”.

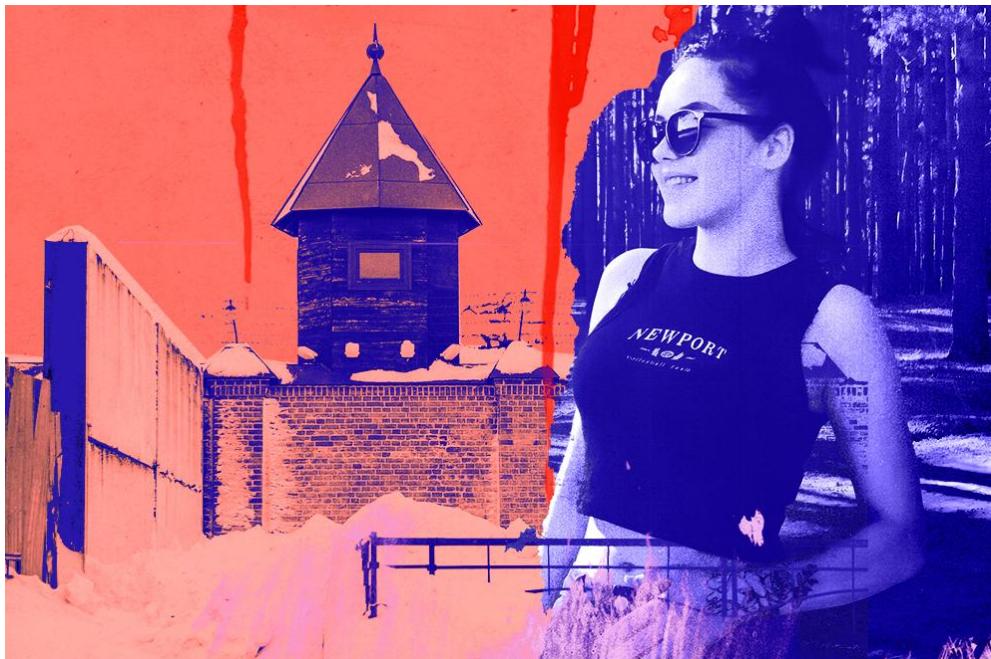
The justice system has become a tool of repression – few people get out of prison after being arrested. Pre-trial detentions can last for years and the acquittal rate in Russia is less than 0.5%. Sometimes, punishment is

dispensed without a trial. If people who are designated “foreign agents” repeatedly fail to declare their status when they broadcast, publish or post on social media, they are automatically considered criminals.

Pre-trial detentions can last for years and the acquittal rate in Russia is less than 0.5%

In 2023 more than 100 people were charged with treason, among them Kara-Murza. In court he noted that in “its secrecy and its contempt for legal norms”, his trial was less fair than those of Soviet dissidents in the 1960s and 1970s. He felt as if he had been taken back to the show trials of the great terror in the 1930s.

For the most part, Putin’s terror has worked. After 15,000 arrests in the first month after the invasion, protests have died down. Around 1,100 people are serving sentences for their beliefs. The number of people who have been charged under politically repressive laws in Russia over the past six years is greater than at any time since 1956, according to Proekt, a Russian online media outlet. Mass arrests can be dangerous for authoritarian regimes, because they puncture the myth of popular support. But numbers don’t tell the whole story. “Until recently it was the well educated, a socially and politically active minority, who were aware of political prosecutions. Now everybody, from a taxi driver to a shop assistant, knows that people can go to prison for what they say,” says Eismont, who has defended prisoners of conscience, including Kara-Murza.



Valeria Zotova is currently serving a six-year prison sentence for supporting Alexei Navalny and participating in pro-Ukraine groups online

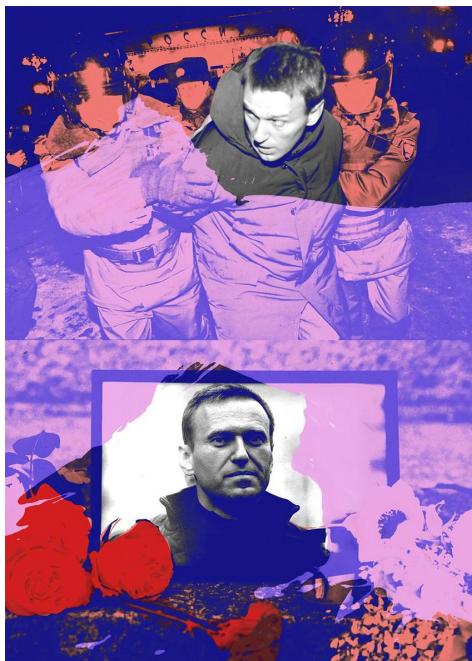
Some of the recent crop of political prisoners are famous, such as Yashin, the charismatic Russian politician. But many are ordinary people – increasingly women – who had never previously been political. Anna Bazhutova, 30, was arrested in August 2023 for live-streaming a video about Bucha, a Ukrainian town where Russian troops committed a massacre, in which she declared “death to the Russian occupiers”. Technology makes the FSB’s job easier. It stages sting operations on social media and prosecutes people at random to create an atmosphere of unpredictability.

Political prisoners are also younger these days: over the past decade the average age has dropped from 47 to 39. Growing up, they never experienced the climate of fear that shaped their elders. “He is part of Russia’s freest generation,” says Eismont, of Dmitry Ivanov, one of her clients. Ivanov is a 23-year-old maths student who was sentenced to eight-and-a-half years in prison for “disseminating knowingly false information about the Russian Armed Forces motivated by political or ideological hatred”. He showed no fear in court when he addressed the judge at his sentencing: “Freedom is the ability to say that two times two is four.”

Around 1,100 people are serving sentences for their beliefs

Transcripts of trial proceedings have become the last examples of free political speech in Russia. These texts have been posted on social media and gathered in book form. Yevgenia Berkovich, a poet and theatre director who was arrested for “justifying terrorism” in a play about Russian women who became brides of Islamic State fighters. She addressed the judge in verse, turning the court into a theatre. Her statement has been transformed into a rap.

Those who defy the regime act in the full knowledge that they will be imprisoned. Kara-Murza returned to Russia after Navalny was already behind bars. Before he was arrested, Yashin had prepared himself for his ordeal with a psychologist. Ivanov knew he would end up in jail for his actions. They spoke out because they wanted to assert their freedom to act and because they believed that their country had been hijacked.



Riot police detained Navalny for leading an anti-Putin rally at Pushkin Square in central Moscow in March 2012. He was released several hours later (*pictured top*). A portrait of Navalny adorned with candles and flowers left at a memorial in Paris (*pictured below*) on February 16th 2024, after the Kremlin announced his death

It may not look as if Russian political prisoners have achieved much. But they destroy the appearance of ubiquitous support and threaten the

government by undermining fear and obedience. In one of his first communications from prison in January 2021, Navalny wrote that the authorities are cowed by “those who are not afraid, or, to be more precise: those who may be afraid, but overcome their fear”.

Prison is ingrained in Russian song, language and folklore. “You can never be safe from prison or the begging bowl,” runs a popular proverb. “If you have not been to prison, you don’t know life,” goes another common saying. Despite the barbed-wire fences, the separation between the world inside and outside prison has always been notional. Prisoners are not an aberration but an essential part of Russian life.

“The only place befitting an honest man in Russia at the present time is a prison,” a character reflects in Tolstoy’s novel “Resurrection”. Much of the book is set in a penal colony in Siberia in homage to Dostoyevsky. Tolstoy, much to his regret, never went to prison. Neither did Anton Chekhov. But both recognised that you cannot be a writer of national importance without incorporating the institution into your literary world. For those who aspire to be national politicians in Russia, prison is not just a punishment or hindrance but the ultimate test of someone’s convictions. It asserts their dignity and earns them moral authority.

Prison is ingrained in Russian song, language and folklore. “If you have not been to prison, you don’t know life,” goes one proverb

Navalny, the ultimate national politician, understood this fully. He walked into prison to strike at the fear that prison instils and, in so doing, liberate his people from paralysis. When Putin tortured Navalny, he didn’t want a confession but a plea for mercy, an admission that fear works. He could not obtain it.

In his last significant appeal to Russia’s supreme court made from his penal colony, Navalny pleaded not for justice for his country or for his own release, but for the right of prisoners to have two items of printed material in a punishment cell. The rules permitted just one. For himself he requested two books – the Bible and “The Law of God”, a volume of Orthodox teachings. But he wasn’t just concerned with his own situation. A Muslim prisoner, he argued, is faced with a choice of having the Quran or a

newspaper. Such a prisoner would always choose the former, but anyone put in a punishment cell also needs a newspaper because “it is a very cold place.” he said: “Do you know what they take newspapers into the cell for? To cover themselves at night.” In Russia the separation between prison and freedom, life and death, is newspaper thin. ■

Arkady Ostrovsky is *The Economist*’s Russia editor and author of “The Invention of Russia: From Gorbachev’s Freedom to Putin’s War”

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In a hole

Why the world's mining companies are so stingy

The energy transition requires vast quantities of metals. But miners are reluctant to invest

Feb 18th 2024

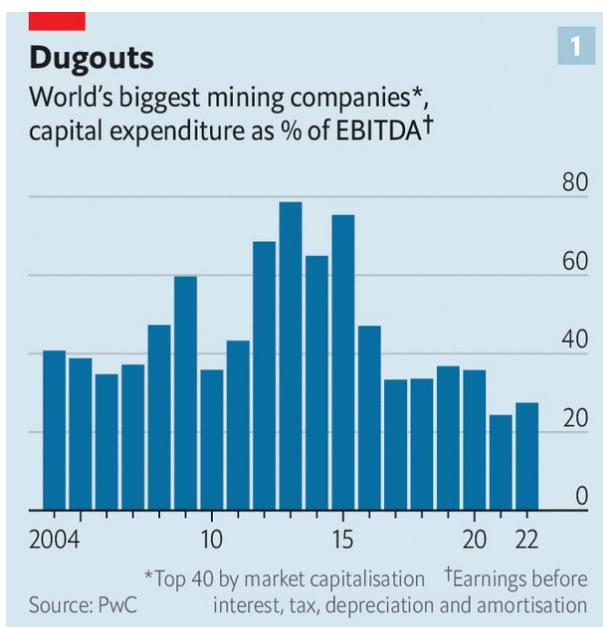


Getty Images

MINING COMPANIES have spent much of the past decade in investors' bad books. Throughout the 2000s and early 2010s the industry, betting that the surge in commodity prices brought on by China's economic rise would persist, splurged on investments and racked up hefty debts in the process. At the height of the frenzy in 2013 the combined capital expenditure of the world's 40 largest mining firms by market value reached \$130bn, according to PwC, an advisory firm, nearly four-fifths of their earnings before interest, tax, depreciation and amortisation (EBITDA). That spending spree left mining bosses red-faced as economic growth in China slowed, causing commodity prices—and the industry's profits—to plummet.

Miners spent the years that followed cleaning up the mess. In 2015 more than \$50bn-worth of assets were written down. BHP, the world's most valuable mining firm, spun off its least-loved sites to raise money and

simplify its business. Others followed suit. Cash was used to pay off debts instead of financing new projects.



The Economist

Since then, profits in the industry have recovered. But investment has not. In 2022 the 40 largest miners together invested \$75bn, equivalent to a mere quarter of EBITDA (see chart 1). BHP, which on February 20th reported its results for the second half of 2023, invested \$8.8bn last year—less than half as much as it spent in 2013. Other big miners remain tight-fisted, too.

That is a problem. Decarbonising the global economy will require 6.5bn tonnes of metal between now and 2050, according to the Energy Transitions Commission, a think-tank. Although much attention has been paid to the lithium and nickel needed for batteries, they are only one part of the picture. Fully 170m tonnes a year of steel, made mostly of iron ore, will be needed for everything from wind turbines to electric vehicles—more than ten times current global production. Vast amounts of copper will be required to expand and upgrade electricity grids. Demand for aluminium, cobalt, graphite and platinum will rise substantially, too. That will require a lot of blasting and drilling, which must begin now. Why isn't it happening?

One reason miners are reluctant to loosen the purse-strings is that they are still trying to win back the confidence of investors. The value of the MSCI

world metals and mining index, which tracks share prices in the industry, has risen by about 10% in the past decade, compared with a doubling in the world's stockmarkets as a whole (see chart 2). Returns on new projects in the industry are currently around 7%. That is hard to sell to investors when the yield on investment-grade corporate bonds in America is above 5%.



The Economist

Wary of risky new developments, miners are prioritising expanding or selectively acquiring existing sites. Last year BHP bought OZ Minerals, an Australian miner of copper, gold and nickel, for \$6.4bn. Mining firms are also handing more cash back to shareholders through dividends and buybacks than at any time since 2007, according to S&P Global, a data provider.

Yet miners and their cautious investors are also responding rationally to changes in the industry. Commodity prices can be volatile. Mike Henry, chief executive of BHP, notes that doing business has become more difficult and expensive in recent years, too. Rising costs for labour and equipment have squeezed returns, says Jonathan Price, boss of Teck Resources, a Canadian miner. The nearly \$9bn price tag to develop its Quebrada Blanca 2 copper mine in Chile, which opened last year, was almost double what it estimated in 2019.

The scope of what miners are expected to do to minimise the environmental impact of sites has also widened considerably, says James Whiteside of Wood Mackenzie, a research firm. Companies can no longer simply rely on diesel generators to power sites. They are increasingly being told either to connect to the grid or to install renewable-energy sources such as solar panels. Governments worried about water use have compelled miners to build desalination plants. All that has further raised their costs.

Miners, nervous of disappointing investors, have become more prone to pausing or cancelling projects when costs go up or prices come down. “You really have to have the stomach to think long-term,” says Jakob Stausholm, the boss of Rio Tinto, the world’s second-most-valuable miner. That is not always easy. On February 15th BHP said that it would write down the value of its Western Australian nickel business by \$2.5bn in response to higher costs and a slump in the price of the metal thanks to an expansion of Indonesian supply.

Stuck in the mud

Another reason for miners’ lack of investment is woefully lengthy permit processes, which delay projects and add uncertainty. In America obtaining permits often takes between seven and ten years, with companies required to consult a variety of government agencies and other interested parties. In some countries environmental concerns have led to approvals being withdrawn. The Serbian government revoked the licence of Rio Tinto, another mining behemoth, for a \$2.4bn lithium mine after environmental protests broke out in the country in 2022.

One thorny issue is access to the ancestral lands of indigenous populations. In America the majority of resources—97% of nickel, 89% of copper and 79% of lithium—are either on Native American reservations or within 35 miles (56km) of them. One example is the Resolution Copper project near Phoenix, Arizona. The site, jointly owned by BHP and Rio Tinto, could meet a quarter of America’s current copper needs, but has encountered stiff resistance from the Native American community. In 2020 the former chief executive of Rio Tinto was forced to step down after the company blew up two ancient Aboriginal rock shelters in Australia, sparking public outrage. The chairman also resigned the next year.

Few bosses want to tempt a similar fate; others are also put off by spending in far-flung jurisdictions where governance is poor, for fear of irking sustainability-minded investors.

As Western miners have retreated, others have piled in. Cash-rich Gulf entities are taking an interest. International Resource Holdings, an Emirati mining firm, is buying a 51% stake in Mopani, a Zambian copper miner, for \$1.1bn. The government of the United Arab Emirates has agreed to invest \$1.9bn to develop at least four mines in the Democratic Republic of Congo. Manara Minerals, a Saudi Arabian mining fund, is hunting for more investments after buying a stake in the base-metals unit of Vale, a Brazilian miner, for \$3bn last year. The kingdom is also scouring its own deserts for resources and has opened itself up to foreign miners. It is making it easier for miners to operate by supporting the development of railways and desalination plants, says Bandar Alkhorayef, the minister for mining and industry.

The bigger threat to Western miners, however, comes from China. In the first half of 2023 its firms invested \$10bn abroad in mining, 130% more than in the first six months of 2022. Nine of the world's 40 most valuable listed mining companies today are Chinese. Firms such as CMOC, Minmetals and Zijin Mining have snapped up assets from Bolivia and Botswana to Serbia and Suriname. Many of these firms are backed by state-owned banks or investment funds. Compared with the Western majors, they face less pressure from shareholders to rein in spending.

Western governments, alarmed by China's growing control over the commodities needed for the energy transition, have turned to diplomacy. In 2022 America established the Minerals Security Partnership (MSP) with various allies in order to channel investment into the extraction and processing of critical metals. This month Japan, under the auspices of the MSP, signed an agreement with the Democratic Republic of Congo to expand "business opportunities". America is also said to be in discussions with the EU to team up with resource-rich countries and facilitate projects. Yet for as long as investors are timid, costs stay high and the permit process is glacial, all this will do little to get miners to dig in. ■

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Through the looking glass

The world's biggest maker of spectacles wants to be a tech firm

It is experimenting with smart glasses and built-in hearing aids

Feb 22nd 2024 | MILAN



OVER THE course of six decades Leonardo Del Vecchio, an Italian entrepreneur who died in 2022, built Luxottica into the world's largest maker of spectacles and sunglasses. In 2018 he merged his firm with Essilor, a French lens manufacturer, to create a Franco-Italian corporate giant that is today worth over \$90bn and employs some 200,000 people. The group owns iconic eyewear labels from Ray-Ban to Oliver Peoples, and also produces glasses using the brands of European luxury houses such as Armani and Chanel. On February 14th the company reported that its sales grew by 7% last year, at constant exchange rates, faster than at many other luxury businesses.

Now Francesco Milleri, a close confidant of Mr Del Vecchio's who was appointed chief executive of Luxottica in 2017 and of the combined group in 2020, is looking for the company's next act. He has two big ideas. First is to become the leader in smart glasses. The ambition is not entirely new: the

firm partnered with Google, a tech giant, on its Google Glass—an unambiguous flop thanks in part to its clunky interface and dorky design. The device was discontinued in 2015.

Yet there are plenty of optimists who think that the moment for smart spectacles has arrived. In 2021 Snap, a social-media firm, unveiled a pair of augmented-reality glasses. This month Apple began shipping its augmented-reality headset, the Vision Pro. It reportedly pre-sold 200,000 of the devices, despite a price tag of \$3,499. “I believe we are at the dawn of a product revolution akin to what we saw in the early 90s in mobile phones,” reckons Luca Solca of Bernstein, a broker.

EssilorLuxottica’s latest foray into the technology is through Ray-Ban, in partnership with Meta, another tech giant. The first iteration it launched in 2021 had only modest success. It will be hoping that a new version it began selling in September, which has a snazzier camera and a longer battery life, will do better. The device can capture and relay what the wearer sees. An in-built virtual assistant can hear and respond to their requests.

Mr Milleri’s second idea is the one in which he seems most invested. “We have become a med-tech company,” he declares. Central to that is the development of spectacles with built-in hearing aids, which it will launch in August, for those with moderate hearing loss. It reckons that is a group of some 1.25bn people worldwide, many of whom shy away from the perceived stigma and high price of conventional hearing aids. The company’s spectacles, by contrast, will look no different from other glasses and cost well below the price of a regular hearing aid, says Mr Milleri.

The thinking is not altogether original. The Beltone “Hear-N-See”, one such device, first debuted in 1956. Audiofon, a German maker of hearing aids, has also dabbled in spectacles. But the idea has never been adopted en masse. Mr Milleri is counting on better technology to change that. Last year his company acquired Nuance Hearing, an Israeli startup founded in 2015. Its technology uses an algorithm to detect where sounds are coming from based on when they are picked up by different microphones. The spectacles it has developed then isolate and process the voice of the person the wearer is speaking to and transmit it through tiny built-in speakers. Nothing goes in the wearer’s ear.

Mr Milleri's enthusiasm for the concept is personal. Mr Del Vecchio, who was 87 when he died, suffered from hearing loss and often lamented that hearing aids were uncomfortable to wear with glasses. That inspired Mr Milleri and Leonardo Maria Del Vecchio, one of the founder's sons, who is also the firm's strategy chief, to pursue the idea. Whether they prove to be farsighted remains to be seen. ■

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Flagging business

Why does landlocked Eswatini have a ship registry?

Countries like it may be helping to fuel the growth of a “dark fleet”

Feb 22nd 2024



THE WEBSITE for the shipping registry of Eswatini (formerly Swaziland), established in October 2023, appears much like those of more established seafaring nations. A picture of vast cruise ships sits alongside promises of the “highest quality ship maritime services and ship registrations”. Delve deeper though and Eswatini’s nautical credentials start to unravel. For one thing, the African country is landlocked, calling into doubt the assertion that the port of Mbabane, Eswatini’s capital, is situated on the coast of South Africa. It is a “dry port”, 150km from the sea and 30km from a rail link to Maputo on Mozambique’s Indian Ocean coast. Its stated ability to handle “containers, bulk carriers and tankers” seems questionable.

The country is following in the wake of other smaller nations that offer their flag to shipowners. Seagoing vessels are obliged by maritime law to fly a flag of a country of registration and stateless vessels are not protected by international law. Yet the days when the stern of a ship would fly a national

flag connected to the ownership of the vessel are long past. Liberia, Panama and the Marshall Islands now account for nearly half of the global fleet, by tonnage. Countries with loose ties to seafaring have been dubbed “flags of convenience” for levying low or no taxes and offering an escape from burdensome labour laws and other regulatory requirements. Often administered by private companies based elsewhere, these registries are a handy source of additional revenue for small and poor countries.

Registering a merchant vessel with a jurisdiction that is a mere speck on the map is not necessarily a cause for concern. Many take seriously their responsibility to oversee adherence to the rules and regulations of the high seas. Liberia’s, based near Washington, DC, has a good record of maintaining global standards across its fleet. Other registries merely give a “façade of legal oversight” says Richard Meade, editor of *Lloyd’s List Intelligence*, a trade publication. A blacklist complied by Paris MoU, an organisation that aims to “eliminate the operation of substandard ships”, puts the likes of Cameroon, Vanuatu and Comoros near the bottom.

Eswatini’s register provisionally comprised 13 cargo ships at the end of January. According to *Lloyd’s List*, three were placed under sanctions by America for supporting the Syrian regime and have been involved in exporting grain from Russian-occupied parts of Ukraine. A spokesperson for Eswatini’s registry says that all three were registered in December but then de-registered on January 18th for “not complying with the administration’s guidelines”. Yet at the start of February two of the vessels, *San Damian* and *San Severus*, continued to signal that they were flagged by Eswatini. On February 8th *San Damian* was spied passing through the Bosphorus Strait flying an Eswatini flag. “Once a ship has been removed or rejected”, says the spokesperson, “we do not follow them further. If they still use [the flag] it is illegal and invalid.”

Less diligent registries are helping to fuel the growth of a “dark fleet”—some 1,400 vessels, according to the Atlantic Council, a think-tank—that operates with little regulatory oversight. They are mostly oil tankers that engage in subterfuge to hide where they are and the origin of their cargo in order to evade sanctions on Russian crude oil. Ownership is often opaque. Mr Meade estimates that 12% of the global tanker fleet is now dark. He

notes that Gabon's registry, now comprising 140 vessels, is the fastest-growing in the world thanks largely to the reflagging of Russian tankers.

An expanding dark fleet poses a danger to itself and other vessels. Dark ships tend to be old and less well maintained, and some may be uninsured. Practices such as turning off or "spoofing" location devices are a danger to other ships. Swapping oil cargoes at sea to obscure their origins poses the danger of a spillage. Mr Meade foresees a worse calamity of a large "dark fleet" tanker sinking in an environmentally sensitive area, with no accountability.

Can anything be done? Diplomatic arm-twisting sometimes works. Moldova, another landlocked country on the blacklist, recently closed its registry after pressure from the EU, probably as a precondition of starting accession talks. Rumours suggest that the British government, with American backing, wants to implement UN recommendations made in 1986 to tighten the link between ships and the flag they fly. In the meantime, the expanding dark fleet can be added to a growing list of dangers on the high seas. ■

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Bartleby

The making of a PowerPoint slide

Loosely based on almost-true events

Feb 22nd 2024



Paul Blow

Vanessa: THANK you for attending the call today. This is the first meeting of the Project X sub-group, and I'd like to start by reminding everyone of what our brief is. As part of the refresh of our core values, we have been asked to create a one-slide representation of what the company stands for.

At our last meeting we decided to explore the option of using a temple diagram. The idea is that we represent the company's thinking as the facade of a temple, with our new values as the columns that support our purpose. This feels like a super-effective way of demonstrating what we stand for, and I couldn't be more excited that we're going to be trying it out.

The list of values is still to be confirmed but the provisional set is Wonder, Originality and Candour. The—yes, Jeff?

Jeff: Can a temple have only three pillars? That seems like quite a low number, just in terms of structural integrity.

Vanessa: I think so. Though it's a great question. I see lots of hands going up on the screen. Angelo, you first.

Angelo: The ancients definitely had more than three columns on their temples: six was more normal, I think. I also wanted to ask whether we were planning to use particular column types.

Vanessa: Great question. It's super-exciting to see how super-engaged everyone is. Rodney?

Rodney: I was going to ask the same question as Angelo. I like the Corinthian column aesthetically. Doric just seems more ho-hum and if "Wonder" is one of our values then I think we should push the envelope on our design choices.

Vanessa: Which one is Corinthian?

Rodney: It's the one with the feathers.

Vanessa: Oh yes! I see lots of thumbs up in the chat, so that feels like a great early win for this group. Leslie?

Leslie: I just wonder if we are being a little Eurocentric in our thinking here. I mean, these are all types of ancient Greek column and that feels very non-diverse to me. Do Hindu temples have pillars?

Vanessa: Super-insightful, Leslie. Lots of clapping emojis in the chat. Maybe we should combine pillars from different cultures? That would be super-original, too, with a capital "O"! Shilpa, you're next.

Shilpa: Can I be candid? I think I am on this group because none of you can do PowerPoint. I am literally going to draw some rectangle shapes for the pillars. We won't be having feathers or whatever. And there's a limit to how many pillars will fit on a single slide.

Vanessa: Thanks, Shilpa. Candour is hard but it's super-central to who we are as a company. Lots of thank-you emojis in the chat for that intervention. Or does that symbol mean *namaste*?

Shilpa: I have no idea why you're directing that question to me.

Vanessa: Er, right. No. Sorry. Anyway, let's just go with three plain columns for now. Rodney, is that your old hand or have you got a new point to make?

Rodney: I get what Shilpa is saying but I worry that we are settling for a really boring temple. As I understand it the purpose is on the pediment?

Vanessa: The pavement?

Rodney: The pediment: the triangular bit above the columns. But we could have an architrave, which—I'm getting there, Vanessa—is a horizontal strip on top of the columns and below the pediment. And the reason for doing that is that we could put our corporate mission there, just below our purpose.

Vanessa: Oh wow! That's a super-energising idea. Yes, Jeff?

Jeff: Do we have a mission? And do missions come above or below purposes?

Vanessa: We don't have a mission, but we should take that idea back to the main group. And purposes are definitely higher than missions. Purposes are the “why” and missions are the “what”. Values are the “how”.

Rick: What's the “where”?

Vanessa: The temple is the “where”.

Shilpa: You do all know we're not actually building a temple?

Laura: I have a question. What are the columns resting on?

Angelo: Yes, I wondered about that. Those must be the foundations? But what are those in our firm?

Rodney: Isn't that capabilities? So like our people, our technology, our brand, that kind of thing?

Angelo: Just putting this out there but maybe our values should be foundations and the pillars should be capabilities?

Vanessa: Lots of thumbs up for that idea. Shilpa, what do you—oh, I see Shilpa has just exited the call, so we may need to leave it there for now. Super-inspiring, everyone. Super-inspiring.

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Silicon Valley sobriety

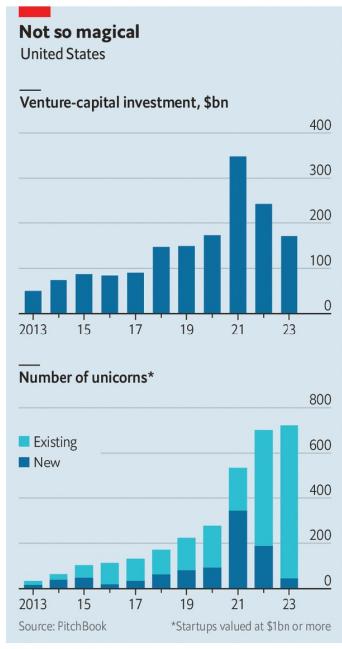
The age of the unicorn is over

Don't expect AI to bring it back

Feb 22nd 2024



BUSINESS HAS never been better for America's tech giants. After slumping in 2022, the combined market value of Alphabet, Amazon, Apple, Meta and Microsoft has surged by 70%, to over \$10trn, since the start of 2023 amid the hype over artificial intelligence (AI). The technology has also propelled others into the industry's upper echelons. On February 21st Nvidia, an AI-chip champion, reported that its sales rocketed by 265%, year on year, in the quarter to January. Its market value has risen from around \$500bn a year ago to \$1.7trn, making it America's fifth-most-valuable firm. OpenAI, the maker of ChatGPT, and other AI builders such as Anthropic have shot to fame, scooping up billions of dollars in funding.



The Economist

Thousands of smaller AI firms have popped up, too. Enough that a small Caribbean island called Anguilla, whose internet domain suffix is “.ai”, now generates around a third of its government’s budget from licensing it out, according to *Rest of World*, an online publication. In the latest sign of madness returning to Silicon Valley Adam Neumann, the ousted founder of WeWork, an office-sharing firm that declared bankruptcy in November after years of losses, made a bid on February 5th to retake the reins of the firm.

Yet it would be a mistake to think America’s startup scene is returning to its former exuberance. For one, the reception from WeWork’s management and creditors to Mr Neumann’s gambit has been lukewarm. Venture-capital (VC) firms invested only \$170bn in the country last year, down by half from 2021, according to PitchBook, a research firm. Bar a few high-profile exceptions, such as OpenAI, investors have been especially wary of signing cheques at lofty valuations. Throughout the 2010s the number of unicorns—private companies with valuations above \$1bn—soared in America. Fully 344 of them were minted in 2021. Last year’s figure was 45.

The end of the era of cheap money is largely to blame. In the go-go years, as investors raced to get a piece of the buzziest startups, tech firms had little need to tap public markets for capital. Crossover investors such as Tiger Global and Coatue, which operate in both public and private markets,

flooded into Silicon Valley. Dharmesh Thakker of Battery Ventures, a VC firm, recalls that founders could “raise money on a Zoom call”. In 2021 crossover investors accounted for over half of startup funding. They have since retreated, last year contributing less than a third.

Now investors are mulling how to sell their stakes in the unicorns of yesteryear. Most VC funds operate on a ten-year clock, backing startups in the first five and cashing out in the second. With over 700 unicorns, at a combined valuation of \$2.4trn, a sizeable amount of money is at stake.

The first way to exit is through an initial public offering (IPO). Yet the IPO market remains at a standstill, with 83 VC-backed listings in 2023, down from 309 in 2021. Many of those that listed last year, including Instacart, a grocery-delivery business, and Klaviyo, a software firm, are trading below their initial price. Arm, a chip designer whose share price has more than doubled since its listing in September, is a rare exception. Firms that are planning for an IPO this year are often doing so at a reduced valuation: Reddit, a meme-sharing website, plans to list at \$5bn, down from a private valuation of \$10bn in 2021.



The second path to an exit—a sale to a corporate buyer—is also partly blocked. Only 698 VC-backed firms were purchased by companies last year,

according to PitchBook, down from 1,311 in 2021. Trustbusters have kept big tech, once a serial acquirer, on the sidelines. Last month Amazon abandoned its bid to acquire iRobot, a maker of robo-vacuum-cleaners, following scrutiny from European regulators.

Selling to another private investor—the third option—is not too attractive, either. Private valuations in the so-called secondary market are below those at the latest fundraising round for more than four-fifths of unicorns, according to Caplight, a data provider. Discord, a chat service popular with gamers, was most recently valued in the secondary market at \$6bn, down from a nearly \$15bn valuation when it last raised funds in 2021.

Amid the drought, some unicorns have simply collapsed. Convoy, a logistics startup that last raised funds in 2022 at a nearly \$4bn valuation, shut down in October. Veev, a unicorn dedicated to disrupting home-building, closed its doors in November and is liquidating its assets. Samir Kaji of Allocate, a firm that connects investors with VC funds, believes that many unicorns will “quietly get acquired for parts”.

Back to the garage

That is a sad fate for the founders, employees and investors of those once-promising firms. But others need not be overly worried. Tom Tunguz of Theory Ventures, another VC firm, reckons the drop in funding since 2021 is merely a return to a long-run trend that was thrown off course by the pandemic. And there is plenty to celebrate in the newfound sobriety of Silicon Valley.

It is rare these days to find a startup that espouses growth at all costs. Founders have rediscovered the concept of frugality. Many are being cautious with their hiring, a striking contrast to the race for talent during the pandemic. It helps that the industry’s giants have flooded the market with thousands of techies following a bout of layoffs. Over the past two years Alphabet, Amazon, Meta and Microsoft have fired more than 75,000 staff between them.

What’s more, AI is providing American startups not just with new business ideas, but also ways to do more with less. Startups burn roughly half their

cash on selling their products and a third on engineering. AI assistants for salesmen and coders are raising productivity by more than a third at some startups, lowering the amount of capital they need to raise. In time, the age of the unicorn may not be missed. ■

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A tale of two chip factories

TSMC is having more luck building in Japan than in America

Truculent workers and red tape have slowed its efforts in Arizona

Feb 22nd 2024



ON THE JAPANESE island of Kyushu, the fruits of the country's industrial policy are about to go on show. On February 24th TSMC, the world's most advanced chip producer, will open its first fabrication plant in the country. Earlier this month it announced plans for a second plant nearby.

Contrast that with the Taiwanese giant's other big international expansion, in America. Last summer it pushed back the start of production at the first of two plants it is building in Arizona from 2024 to 2025. In January it announced that a second plant, previously scheduled to open in 2026, would not be operational until 2027 or 2028. The second was meant to produce three-nanometre (nm) chips, the most advanced currently on the market, but TSMC has raised the prospect that it may now be used for less cutting-edge production.

Both the Japanese and American governments are eager to expand domestic production of chips, and are seeking the help of foreign firms. So what explains the contrast between celebrations in Kumamoto and headaches in Arizona? The first point of divergence is in labour relations. A protracted spat with the Arizona Building and Construction Trades Council, an association of labour unions, over the use of Taiwanese workers to build the plants was finally resolved in December with a promise by TSMC to hire and train local workers. Union activism is comparatively rare in Japan: the country typically loses fewer than 10,000 days of workers' labour each year to stoppages, compared with more than a million in America.

Helpful local partners are the second reason why TSMC's experience in Japan has been smoother. Denso, a Japanese maker of car parts, and the chipmaking arm of Sony, an electronics giant, both took minority stakes in TSMC's subsidiary in Japan. Earlier this month Toyota, a carmaker, invested in the venture, too. Those companies have plenty of experience pulling off big projects in their country. Helpfully, they are also the primary customers for the chips the plants will build, notes Lim Tai Wei, a researcher at the East Asian Institute of the National University of Singapore. In contrast, the Taiwanese firm is going it alone in Arizona, its first large project in America since the 1990s.

A final difference concerns subsidies. Both the Japanese and American governments have tempted global chipmakers with offers of grants. TSMC has already received money from Japan's government, which agreed to stump up half the cost of its capital spending for the Kumamoto project. But it has yet to get any funds from America under the CHIPS Act passed in 2022. Disbursements of cash have been slowed by negotiations over conditions, including what profits America's government will be entitled to, says Stephen Ezell of the Information Technology and Innovation Foundation, a think-tank based in Washington. In the meantime, the costs of building and equipping the sites have been going up. Mark Liu, TSMC's outgoing chairman, said in January that the technology in its second Arizona plant would depend on the incentives on offer.

The delays could drag on. In October Gina Raimondo, America's Commerce Secretary, warned that projects like TSMC's could be held up for years by the environmental reviews required for federal funding unless they are

exempted on national-security grounds. In a survey of around 200 semiconductor firms by the Bureau for Industry and Security, an American government agency, 64% named environmental rules as among their biggest regulatory problems, compared with 21% who included export controls and 18% who cited local permit and zoning laws.

There are plenty of lessons to be learned. Subsidies are effective only if they are paid, and environmental red tape in America has become excessive. Combative unions may put off foreign firms. Would-be customers should take a keener interest in the success of their suppliers. Foreign firms, for their part, must also learn to adapt to local market conditions, rather than trying to copy and paste approaches that worked at home, argues Chris Miller, a historian of the semiconductor industry at Tufts University.

Japan, meanwhile, should avoid being smug about its success. The TSMC plant opening in Kumamoto on February 24th will produce chips ranging in size from 12nm to 28nm, less advanced than those in the works in Arizona. For the whizziest chips, Japan is instead pinning its hopes on Rapidus, a company established in 2022 with the backing of eight of the country's biggest firms, including the three that took a stake in TSMC's subsidiary. Its goal is to mass-produce bleeding-edge 2nm chips by 2027. That more ambitious plan could still encounter plenty of stumbling blocks along the way. ■

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Schumpeter

Is running a top university America's hardest job?

Balancing a motley crew of interested parties is becoming nearly impossible

Feb 20th 2024



Brett Ryder

WANTED: PRESIDENTS for America's top universities. Applicants must possess an unimpeachable academic record. Marc Tessier-Lavigne resigned as president of Stanford University in July 2023 after a report found serious problems with the neuroscientist's research. They must also be able diplomats in America's culture wars. In December Liz Magill was chastised by lawmakers in a hearing on campus antisemitism, and [resigned from her role](#) as president of the University of Pennsylvania days later. Claudine Gay, whose tenure as president of Harvard University [lasted six months](#), fell at both hurdles. She was seen as weak on antisemitism by donors and resigned on January 2nd after a plagiarism scandal erupted over her work.

Changes at the helm of America's universities are common. According to the American Council on Education, an industry association, the average tenure of a university president in 2022 was six years, indicating that hundreds of jobs change hands each year. Yet the number of vacancies at

America's most prestigious schools is striking. Yale's president will also step down this summer after 11 years in the job; so will the chancellors of the publicly funded University of California, Los Angeles, and Berkeley. That leaves six of the top universities in the world searching for a new president. These institutions are responsible for shepherding some of the world's biggest brains (Nobel prizewinners) and also some of its most impressionable (the coddled offspring of America's elite). That's to say nothing of their hospitals, thousands of administrative staff and \$160bn of endowments.

The search is on. At private universities, the responsibility falls on the board of trustees. Many university boards look similar to those of America's corporate giants, packed with financial luminaries. A broader committee, including faculty and students, is sometimes tasked with aiding the search. Specialist headhunters are often called. Fierce competition for candidates, who are usually found running big faculties or lesser universities, is not the only reason boards are daunted by the prospect. America's universities, which are at the centre of toxic debates over free speech and diversity, are suffering from a crisis of legitimacy that has put the presidential office under a microscope, too.

The top job at a university has long had its frustrations. Beyond directing donors' dollars and making a few big hiring decisions, university presidents wield surprisingly little formal power. Unlike the boss of a company, they find their most senior employees protected by tenure, which makes it almost impossible to remove experienced faculty members. "The glib answer is that they live in a very large house and beg for money," says Richard Chait, a professor at Harvard. A 1949 editorial in *The American Scholar* described the job as an exercise in "advertising, selling and hoarding"; Clark Kerr, a mid-century Berkeley chancellor, quipped that the role involved providing parking for the faculty, sex for the students and athletics for the alumni.

Mr Kerr's summation points to a deeper truth—that a university president's job is mainly about keeping a motley crew of interested parties happy. Achieving that balance is becoming nearly impossible. A 2003 paper by Edward Glaeser, an economist, suggests that as non-profit institutions become wealthier, power shifts from their providers of capital (donors) to their workers (faculty). Although that may have been a reasonable

description of the decline of donors' power during the 20th century, the financial backers of America's universities are now reasserting their influence with a vengeance. Some, displeased with how Ms Gay and Ms Magill handled antisemitism on campus, were instrumental in ousting them. Ken Griffin, a hedge-fund titan whose name adorns Harvard's Graduate School of Arts and Sciences, recently said he had halted his financial contributions to the university. At the same time students, who are meant to be instructed by universities, are instead pushing them around. Few think these pressures will subside any time soon.

One option is to rethink the duties of the president. That could involve limiting their ability to make political statements, or reinforcing their obligation to free speech and merit. Boards are, however, more likely to approach the problem through their choice of appointee than through constitutional change. A candidate's ability to placate donors or appear on the congressional stage will be closely scrutinised. That trustees will undertake more thorough due diligence of prospects' academic records is assured. Despite the challenges of the job, boards will not encounter a dearth of applicants from within academia for these distinguished posts. But might they look outside universities altogether?

Some may consider a business leader an attractive choice, particularly to deal with the administrative bloat that now afflicts many universities. After all, the operating budgets of America's largest universities are now similar to those of a Fortune 500 company. Yet America's businesses have not shown themselves to be any better at navigating the country's culture wars. A former politician, another possibility, may know how to gladhand donors and schmooze with journalists, but would be a lightning rod for criticism from supporters of whichever party they did not represent. In both cases, the outsider would struggle to win the respect of the faculty through whom they must work.

Searching for meaning

The truth is that the background of applicants is not the problem. An identity crisis is engulfing America's universities. They are torn between their responsibilities to learning and social justice—and that is a tension any president governing by consensus will find hard to resolve. This carries

wider lessons for all organisations. Institutions unmoored from a clear purpose, whether that is knowledge-seeking or profit-seeking, are destined for crises. Even the cleverest captain would struggle to steer such a ship. ■

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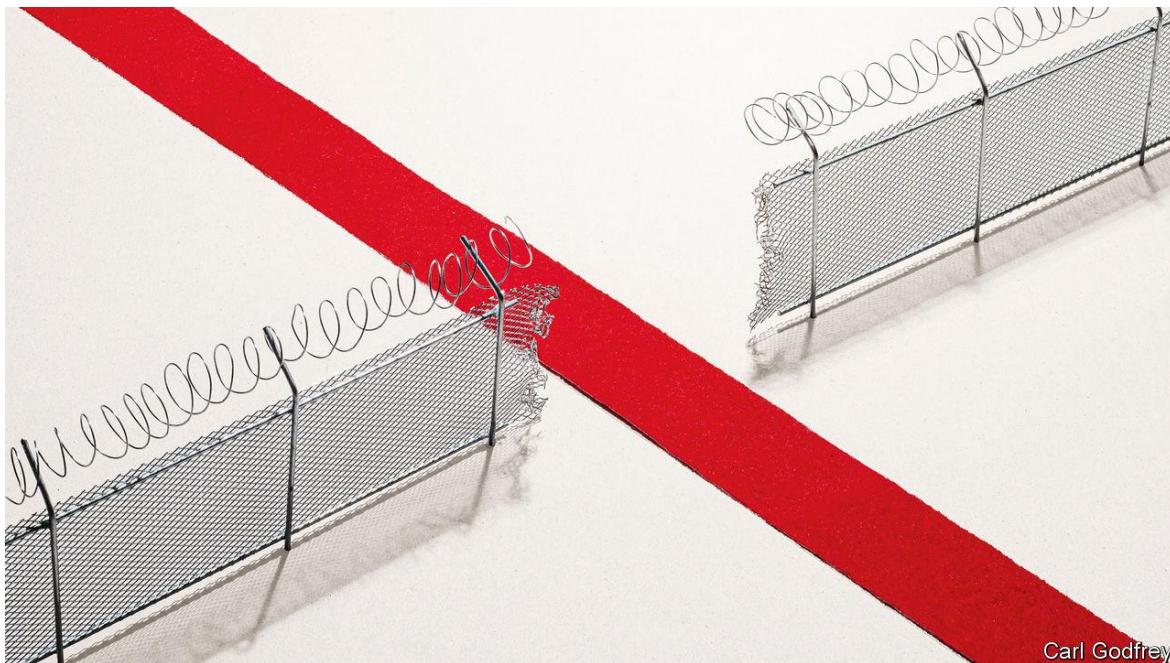
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Gaps in the fence

Russia outsmarts Western sanctions—and China is paying attention

How the rise of middle powers helps America's enemies

Feb 21st 2024



NAZEM AHMAD, an art collector and financier, who owns work by Andy Warhol and Pablo Picasso, has been under American sanctions since 2019. That may sound like a problem, but it has not stopped him from smuggling half a billion or so dollars for Hizbulah, a Lebanese militant group, according to America's Treasury. He moves art, cash and gems across borders via galleries in the Ivory Coast, family offices in the UAE and portfolio firms in Hong Kong. His financial tapestry is underpinned by bank accounts in America.

All of this displeases Western policymakers, who are trying to make sanctions more stringent. Mr Ahmad is one of several magnates on whom sanctions have been adjusted. The EU's 13th wave of measures against Russia, agreed on February 21st, will punish some Chinese firms for supplying Vladimir Putin with weaponry and other banned goods. President Joe Biden has announced that foreign banks settling payments for such

goods could be next, and is planning more sanctions on Russia after the death of Alexei Navalny, an opposition politician, on February 16th. In recent years measures have been applied to everyone from Houthis holding up Red Sea traffic to Israeli settlers building illegally in the West Bank and companies helping strengthen China's armed forces.

Thus the world is witnessing an unprecedented surge in financial warfare. But just as the West ratchets up sanctions, ways to circumvent them are becoming more sophisticated. Visit any country that courts the West's business without buying into its principles, and you will find companies and people—hailing from China, Russia and the Middle East—under sanction and getting things done. Since the West first retaliated against Russia's invasion of Ukraine, it is in places such as India, Indonesia and the UAE, which have access to the dollar, that America's and Europe's aims are being thwarted.

Any enemy of the West faces a mixture of measures. Most common are trade embargoes, under which Iran and Russia labour. American companies are banned from exporting anything that could be repurposed by Russia's army, which ranges from drones to ball-bearings. Import restrictions on commodities, such as the \$60-a-barrel price cap imposed on Russian oil by America and Europe, are meant to weaken hostile powers. Bans on doing business with governments, as also apply to Iran's and Russia's, are supposed to further cripple their ability to fight.

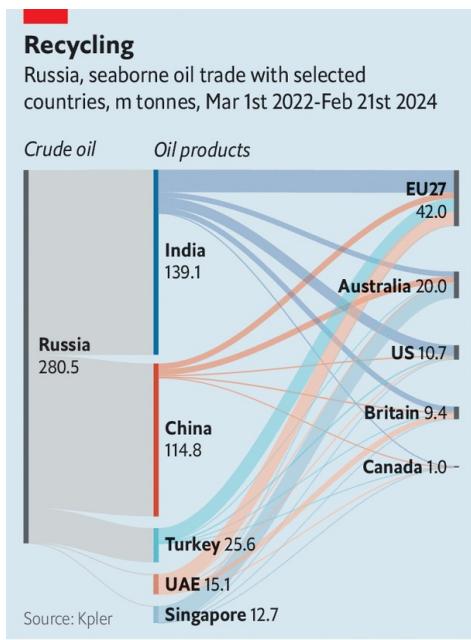
On top of these are financial sanctions. Western officials keep blacklists, which apply varying restrictions on how their citizens may deal with designated firms and people. Ships that carry Iranian oil are on America's list, as are Hamas's leaders and financiers for Latin American drug empires. Sometimes individuals' assets are frozen; sometimes entire banks are banned. Russia's central-bank reserves in Europe (half its total) have been frozen, 80% of its banks are subject to sanctions and seven are locked out of SWIFT, a messaging service used to make transactions.

Yet all these measures must contend with the growing prosperity and financial sophistication of "third countries"—ones that neither impose American and European sanctions, nor are under sanctions themselves. The 120 members of the "non-aligned movement", which include Brazil and

India, produced 38% of global GDP in 2022, up from 15% in 1990. They are home to five of the world's 20 most important financial hubs, measured by the number and variety of banks, and churn out lots that a modern army might need. Whereas financial crises in the 1980s and 1990s drove entire continents to borrow from the IMF, today these countries have robust financial systems. With international firms trying to avoid tensions between America and China, sitting on the fence is not only possible, but often profitable.

Brazil, India and Mexico all declined to participate in the West's economic war soon after Russia invaded Ukraine. Indonesia's foreign-affairs spokesman explained that his country would "not blindly follow the steps taken by another country". Yet neutrality is a delicate game. Although, for instance, America can do little about Russia importing more tech from China, it can make life difficult for some financial institutions that might help the trade. Among third countries, hostility to America's actions combines with reliance on the superpower's financial system to produce a strange patchwork: in places sanctions are insurmountable; in others they may as well be non-existent.

Commodity-import bans are the measure most obviously ignored by non-aligned countries. Although the purchase of Iran's oil is restricted by America, its exports are at an all-time high. Countries that are not party to the West's price cap on Russian oil—together home to half the world's population—are willing to pay more than \$60 a barrel. Brazil, China and India have all bought more of the stuff since the war in Ukraine began. Many of the country's biggest customers, including the UAE and Turkey, import its cheap fuel for domestic use at the same time as exporting their own more expensive non-embargoed oil. In 2022 China, India, Singapore, Turkey and the UAE together imported \$50bn more oil from Russia than in 2021. Meanwhile, the value of the EU's oil imports from these countries increased by \$20bn.



The Economist

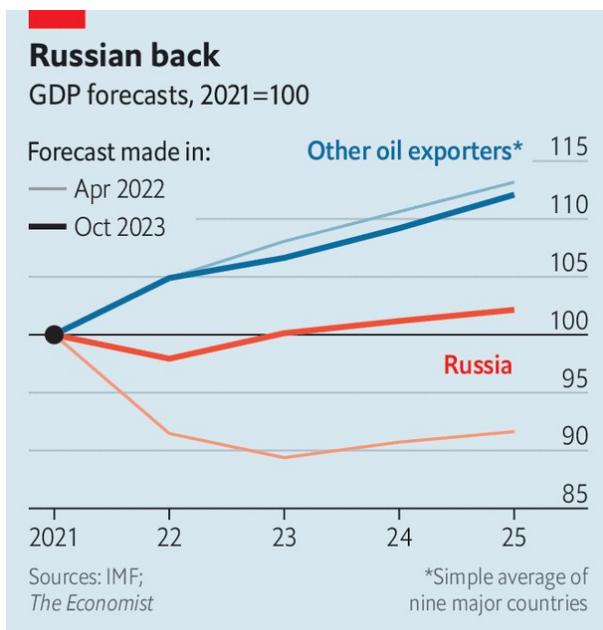
Legitimate trade helps hide goods that end up furnishing a bomb or tank. As a result, half the military equipment gathered by Russia last year contained some Western tech. Indeed, Russia imported more than \$1bn-worth of chips designed in the West—all of which should have been beyond its reach. European exports to Central Asia more than doubled from 2021 to 2023. The region’s fastest-growing industry is logistics, which expanded by 20% in 2023. It is not difficult to guess the final destination of many of these goods.

America’s recent tougher stance has made dodging trade sanctions harder. It helps that earlier rules are also starting to bite. Half the ships that belong to Western firms and once ferried Russia’s oil have turned to new work. And Mr Biden has now given officials authority to put “secondary sanctions”—which apply to outfits outside America and its adversary—on banks that help smuggle military tech to Russia. According to Bloomberg, a news service, two state-owned Chinese financial institutions have since stopped taking Russian payment for forbidden items.

Ghost ships

Yet lots of business has simply moved beyond the West’s reach. When America and Europe banned firms from insuring ships that carry Russian oil

if it sells above their price limit, India and Russia established their own insurers. Russia's shadow fleet now carries 75% of its oil shipments. At the same time, trade between Russia and the West via places such as Central Asia and Thailand is only growing as companies have more time to set up shop.



The Economist

When it comes to financial measures, third countries facilitate sanctions-dodging in two ways. The first is by expanding the options open to the West's enemies. Institutions in America and Europe are banned from handling transactions that involve anything on blacklists, on pain of incurring sanctions themselves. Yet, in most cases, once cash leaves the West, blacklists carry no threat. Dubai's financial industry has grown faster than any other over the past decade, with the exception of Shenzhen, and its expansion has been fuelled by grey money. Other important hubs include Hong Kong and São Paulo.

Many third countries participate in rouble- and yuan-based payment systems—efforts by Russia and China to build dollar alternatives. The UAE and Russia have teamed up to work on a rouble-based payment system that will be regulated from Dubai. And Indonesia is participating in trials for China's international digital currency. Although these efforts sound fearsome, the reality is less bad. Just as many of the world's transactions are settled in

dollars and euros as on the eve Russia's invasion of Ukraine. This is often seen as a victory for the West: the dollar, and therefore surely the West's arsenal of financial weaponry, remains dominant.

Yet there is a second, increasingly important way in which third countries thwart the West: they facilitate evasion while still using the dollar. Some foreign banks are much more relaxed about scrutiny than their American and European peers, and more of their business is now done without touching American shores. Whereas they used to rely on American branches for dollar funding, now they have \$13trn—equivalent to more than half of the dollar liabilities of America's banking system—borrowed from offshore sources.

Without co-operation from these institutions, it is difficult for Western banks to work out when something is off, meaning that sanctions fail to make use of the West's financial sprawl. Rules often contain carve-outs: funds are allowed to reach Iran for humanitarian aid, for instance, and Russia for agricultural transactions. Several people under sanction report that it is common practice to mislabel money. America has accused Kuveyt Turk—among the biggest banks in Turkey—of similar tricks, which it has denied. The EU reckons that Varengold Bank, a German institution, allowed millions of dollars to pass to Iran's Islamic Revolutionary Guard Corps through third countries, on the grounds it was food aid. Varengold denies wrongdoing and says that the cash was desperately needed to alleviate suffering.

Botched identification checks also help. More than 1,000 Russian firms have set up shop in Turkey since 2022, as well as 500 in the UAE, many of which Western officials think are fronts for others under sanctions. As lots are registered in “free zones”, meant to tempt business with a lack of red tape, it is hard to know for sure. Two years ago, a Singapore-based network of firms was punished for ferrying billions of dollars of payments for Iranian oil. It re-emerged in Dubai, using a mixture of Turkish, Singaporean and UAE-based firms to open American bank accounts.

Many third-country governments have a laissez-faire attitude to sanctions-breaking, or even tacitly approve of it. Indonesia and the UAE are on the greylist of the Financial Action Task Force, an international regulator, in part

because they are accused of knowing about the bad behaviour of local banks. When asked whether the UAE thinks that some of its 500 new firms could be evading sanctions, a European official shrugs: “They know, they just don’t care.”

The increasing commercial importance of these countries has both raised the costs and lowered the benefits of Western sanctions. American and European capital can now take advantage of investment opportunities abroad. Companies and individuals under sanction now have more places in which they can do business. What, then, can the West do?

Western leaders have so far shied away from the most drastic measures. Mr Biden has said that he will eject foreign banks from America’s financial system if they help provide Russia with weaponry. But he has declined to issue the same threat over anything else, and the willingness of his officials to enforce it remains to be seen. Similar moves in the past have targeted tiny banks and been enforced in conjunction with local authorities. Doing the same with big banks over which America has no legal power would mean lots of guesswork. European officials say that it often takes 30 steps along a financial chain to trace the owner of a foreign bank account—ten times more than a decade ago. And if America made greater use of such measures it would risk brutal fights with allies such as Turkey and Indonesia.

More American action might reduce evasion in places that use the dollar, but at the cost of encouraging countries to shift away from the currency. During, say, the 1990s, countries relied on America’s financial system because it reached everywhere in the world, imposed relatively few costs and there was no alternative. All three reasons become less convincing as financial warfare becomes more intense. They would become still less convincing should American officials begin to intervene more often beyond their jurisdiction. Not all that much capital needs to flee to alternative financial systems built by rival countries, such as China, for sanctions, which already target a tiny portion of the world’s transactions, to lose even more power. The West’s campaign to reassert its dominance over the global financial system could see it lose control, once and for all. ■

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Pick your poison

Europe faces a painful adjustment to higher defence spending

The choices: taxes, cuts elsewhere, more borrowing

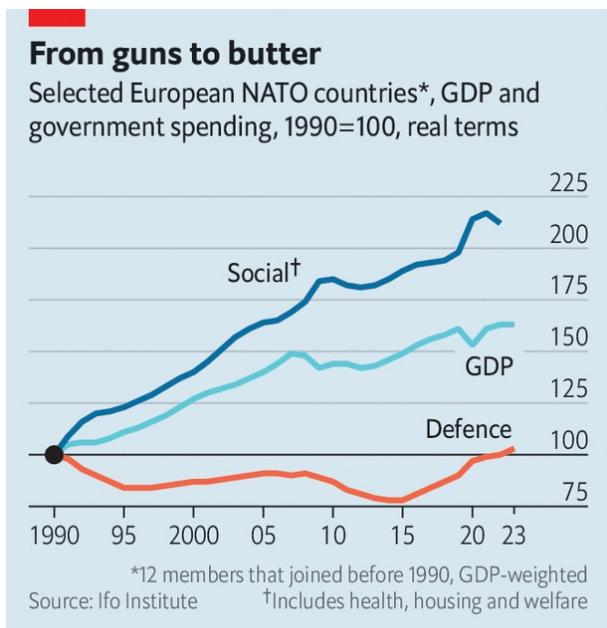
Feb 22nd 2024



Alamy

WITH VLADIMIR PUTIN issuing threats and Donald Trump musing about withdrawing support, everyone agrees that Europe needs to spend more on its armed forces. What is less widely recognised is how wrenching the shift will be for a continent that has grown used to outsourcing its defence to America. Over the past three decades, politicians have enthusiastically spent the peace dividend on everything bar pilots, sailors and soldiers (see chart).

Some European leaders are already making commitments. Germany has created a fund of €100bn (\$108bn) to bolster its armed forces and aims to meet the NATO target of spending at least 2% of GDP on defence immediately. In France Emmanuel Macron has promised to reach the target this year. Compared with their pre-pandemic average, the continent's NATO members (and Canada) have already increased defence spending by about 0.26 percentage points of GDP, together hitting a new average of 1.7% of GDP last year.



The Economist

Yet in most cases even 2% will not be enough. Decades of miserliness take a toll: many armed forces across Europe are in a sorry state. According to calculations by Marcel Schlepper and colleagues at the Ifo Institute, a think-tank, the EU's NATO countries have accumulated underinvestment in equipment of about €550bn (or 4% of the bloc's GDP) since 1991. Boris Pistorius, Germany's defence minister, has said that his country's spending might need to reach 3.5% of GDP in order for its armed forces to rebuild their fighting capabilities.

Spending requirements would be lower were it not for fragmentation among the EU's 27 armed forces, which all favour different kit, and different ways of buying it. Manufacturers will struggle to leap to attention. As Christian Mölling of the German Council on Foreign Relations, another think-tank, notes: "Europe's bonsai armies have nurtured bonsai industries."

How will countries meet their more ambitious commitments? Those currently failing to reach NATO's 2% target, which include Belgium and Spain, as well as France and Germany, tend already to have higher taxes. Therefore they will have to reprioritise, moving spending from, say, health and welfare into defence. According to the Ifo Institute's calculations, in order to spend 3% of GDP on defence, spending on everything else will

have to fall by 3% in Germany and Italy, and 2% in Britain and France. Voters may object to having their pensions cut to buy more tanks.

Another option is to borrow. Although few economists would normally support funding armed forces via debt, since it is just the sort of regular spending for which taxes are designed, the current shock may warrant bigger deficits. The euro zone's fiscal rulebook might even make a modest allowance for them. In theory, borrowing would not be a problem in low-debt countries such as Germany and Netherlands. But there are obstacles: Dutch coalition talks have just collapsed over spending differences; German reformers run up against a constitutional debt brake. And additional borrowing would not be wise in much of southern Europe, including Italy and Spain, which last year both spent more on interest payments than their armed forces.

That leaves a final option if spending is to rise: EU funding. Kaja Kallas, Estonia's prime minister, is arguing that the bloc should establish a debt-funded defence budget along the lines of its covid-19 recovery fund. The logic that underpinned the fund—of common EU spending in return for mutually beneficial reforms—would seemingly also apply now, perhaps with reforms this time concerning defence procurement. Yet there is a problem. For the moment, finance ministers in Europe's north and south remain to be convinced by a fund that would mostly benefit the east. The sad truth is that another shock might be required to prompt them into action. ■

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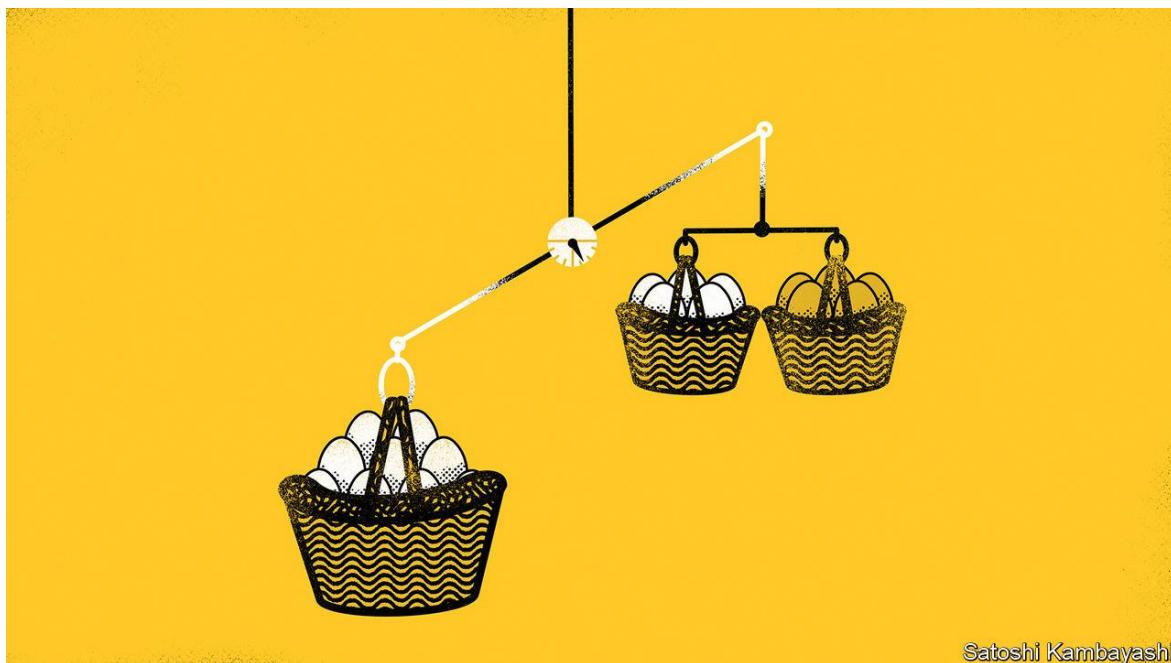
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Buttonwood

Should you put all your savings into stocks?

As markets roar, an old argument returns

Feb 19th 2024



LESS THAN two months of 2024 have passed, but the year has already been a pleasing one for stockmarket investors. The S&P 500 index of big American companies is up by 5%, having passed 5,000 for the first time ever, driven by a surge in enthusiasm for tech giants, such as Meta and Nvidia. On February 22nd Japan's Nikkei 225 passed its own record, set in 1989. The roaring start to the year has revived an old debate: should investors go all in on equities?

A few bits of research are being discussed in financial circles. One was published in October by Aizhan Anarkulova, Scott Cederburg and Michael O'Doherty, a trio of academics. They make the case for a portfolio of 100% equities, an approach that flies in the face of longstanding mainstream advice, which suggests a mixture of stocks and bonds is best for most investors. A portfolio solely made up of stocks (albeit half American and half global) is likely to beat a diversified approach, the authors argue—a finding based on data going back to 1890.

Why stop there? Although the idea might sound absurd, the notion of ordinary investors levering up to buy assets is considered normal in the housing market. Some advocate a similar approach in the stockmarket. Ian Ayres and Barry Nalebuff, both at Yale University, have previously noted that young people stand to gain the most from the long-run compounding effect of capital growth, but have the least to invest. Thus, the duo has argued, youngsters should borrow in order to buy stocks, before deleveraging and diversifying later in life.

Leading the other side of the argument is Cliff Asness, founder of AQR Capital Management, a quantitative hedge fund. He agrees that a portfolio of stocks has a higher expected return than one of stocks and bonds. But he argues that it might not have a higher return based on risk taken. For investors able to use leverage, Mr Asness argues it is better to choose a portfolio with the best balance of risk and reward, and then to borrow to invest in more of it. He has previously argued that this strategy can achieve a higher return than a portfolio entirely made up of equities, with the same volatility. Even for those who cannot easily borrow, a 100% equity allocation might not offer the best return based on how much risk investors want to take.

The problem when deciding between a 60%, 100% or even 200% equity allocation is that the history of financial markets is too short. Arguments on both sides rely—either explicitly or otherwise—on a judgment about how stocks and other assets perform over the very long run. And most of the research which finds that stocks outperform other options refers to their track record since the late 19th century (as is the case in the work by Ms Anarkulova and Messrs Cederburg and O'Doherty) or even the early 20th century.

Although that may sound like a long time, it is an unsatisfyingly thin amount of data for a young investor thinking about how to invest for the rest of their working life, a period of perhaps half a century. To address this problem, most investigations use rolling periods that overlap with one another in order to create hundreds or thousands of data points. But because they overlap, the data are not statistically independent, reducing their value if employed for forecasts.

Moreover, when researchers take an even longer-term view, the picture can look different. Analysis published in November by Edward McQuarrie of Santa Clara University looks at data on stocks and bonds dating back to the late 18th century. It finds that stocks did not consistently outperform bonds between 1792 and 1941. Indeed, there were decades when bonds outperformed stocks.

The notion of using data from such a distant era to inform investment decisions today might seem slightly ridiculous. After all, finance has changed immeasurably since 1941, not to mention since 1792. Yet by 2074 finance will almost certainly look wildly different from the recent era of rampant stockmarket outperformance. As well as measurable risk, investors must contend with unknowable uncertainty.

Advocates of diversification find life difficult when markets are in the middle of a rally, since a cautious approach can appear timid. However, financial history provides plenty of reasons to stand firm: recent evidence on relative returns is limited; glimpses of earlier periods suggest stocks do not always outperform. At the very least, advocates of a 100% equity allocation cannot rely on appeals to what happens in the long run, for it is simply not long enough.■

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In the nick of time

As the Nikkei 225 hits record highs, Japan's young start investing

Will more now favour domestic stocks?

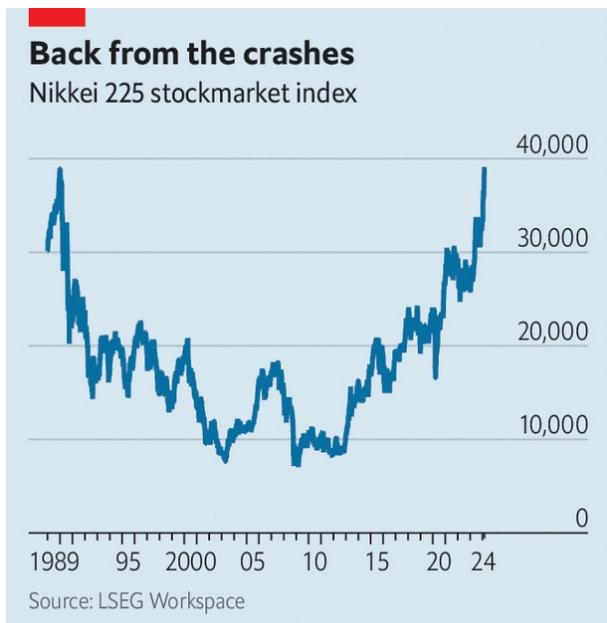
Feb 22nd 2024 | Tokyo



Alamy

SAITO MARI, a 28-year-old nurse, was frustrated. Her pay, at just ¥160,000 (\$1,100) a month, was meagre; after bills, rent, shopping and a few holidays, she had little left over. So in 2020 she decided to buy some stocks. “I used to think it was too risky,” says Ms Saito, who learned about investing via books and YouTube. “But it was amazing to see my assets grow.”

Although Ms Saito’s story would be unremarkable anywhere else, it is part of a sea change in [Japan](#). According to surveys by the Investment Trusts Association, 23% of people in [their twenties](#) invested in mutual funds last year, up from 6% in 2016. So did 29% of people in their thirties, up from 10%—a bigger rise than in any other age group. Those with exposure to the Nikkei 225, which on February 22nd passed a record high set in 1989, are reaping the rewards.



The Economist

Japan's officials, who want to boost [economic growth](#), have long desired such a shift. The public's previous aversion to retail investing dates back to the early 1990s, when a stockmarket bubble burst. In the ensuing decades, with inflation minimal or non-existent, low-risk saving came to be seen as virtuous. Some 54% of Japanese household assets are in cash or deposits, against 31% in Britain and 13% in America.

[Kishida Fumio](#), Japan's prime minister, outlined an "Asset Income Doubling Plan" in 2022. This aims to create a virtuous cycle: companies will grow by making use of funds from retail investors; individuals will enjoy the benefits of their growth. As part of the initiative, in January the government improved the terms of its NISA programme, modelled on Britain's ISA, which exempts retail investors from capital-gains taxes. The same month 900,000 new NISA accounts were opened with the country's five biggest investment platforms.

Mr Kishida's push has been given extra oomph by economic developments. Under Japan's zero-interest-rate policy, hoarding cash in a bank brings almost no return. This has been true for a while, but inflation now stands at around 3%—a three-decade high—meaning the value of cash not put to work is being eroded. Young generations, who do not share the trauma of the burst bubble, are more inclined to act.

The number of students at ABCash, a financial school in Tokyo targeting millennials, has doubled since 2022, reaching 40,000. Shinjo Sayaka joined after seeing an influencer mention it on Instagram. “It’s hard to talk about money with my family,” she reports. One problem for Mr Kishida is that many youngsters favour international markets over domestic ones. For instance, Ms Saito’s investments include Apple (an American tech giant), the S&P 500 (an index of big American firms) and BioNTech (a German vaccine-maker). Yet perhaps she and others will change their approach if the Nikkei continues to soar. ■

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Time to splurge

Gucci, Prada and Tiffany's bet big on property

High-end fashion has some new houses

Feb 22nd 2024 | New York



Getty Images

FROM THE corner of Fifth Avenue and 57th Street the facade of Tiffany's looks just as it did in 1961 when Audrey Hepburn, dressed in a long black dress and pearls, nibbled on a croissant outside it. Inside, however, things are rather different. After a four-year, \$500m renovation, shoppers are greeted by a more modern experience.

Everything shines: the rocks, the metal and marble display cases, the ceilings. What, at first glance, look like arched windows are really 7m-high LED screens showing a diamond bird flitting over Central Park. Lifts at the rear take shoppers to ten floors: one for silver, one for gold, one for "masterpieces". A three-storey extension, with views over Fifth Avenue, now sits atop the building. These levels are appointment-only. "We call it the diamond on the roof," quipped Alexandre Arnault, son of Bernard, who owns LVMH, a French conglomerate that bought Tiffany's in 2021.

It is the most glittering example of a luxury trend: huge bets on retail properties. LVMH has bought on Bond Street in London and the Champs-

Elysées in Paris. There has been a flurry of deals on New York's Fifth Avenue. In December Prada purchased its current store, 724 Fifth, and nabbed 720 Fifth, the shop next door, for a total of \$835m. On January 22nd Kering, which owns Gucci, announced that it had bought the retail space in 715-717 Fifth for \$963m. LVMH is rumoured to be eyeing up 745 Fifth, the space next to Louis Vuitton.

These deals are being sorted at breakneck speeds and for record prices. From a handshake to completion, some come together in weeks. The Kering and Prada purchases were, unusually, both “sign and close” deals—entire cash payments were made on the day the contracts were signed. The Kering deal is America’s largest ever high-street retail-property deal.

Why the rush? Tiffany has owned 727 Fifth for decades, but most brands have been happy to lease. Will Silverman of Eastdil Secured, an investment bank that advised Jeff Sutton, the developer who sold to both Kering and Prada, points to growth in luxury sales and shifts in interest rates to explain the change of approach.

High-end goods began to fly off the shelves during the covid-19 pandemic, when people were flush with cash and had nowhere to go, and the frenzy has not abated since. Beautiful handbags that were once the privilege of the few are now bought by the many. Indeed, last year LVMH’s sales of fashion and leather goods were 40% higher than in 2021.

Luxury goods still tend to be sold in person, meaning that retailers are spending eye-watering sums to tempt people into their stores. And the arrival of the masses means they need more space for plush private rooms in which to make sales to their old clientele. “Manhattan might be getting taller,” notes Mr Silverman, “but it’s not getting any wider.” There is a finite amount of truly high-end space.

Alone this might be enough to tempt retailers to purchase rather than rent—and buying becomes the clear choice once interest rates are taken into account. Most property owners finance their buildings using a mixture of equity and mortgage debt. In America mortgage rates on commercial buildings are around 6-7%. The cost of equity is higher still. For an investor

to buy a space and cover his costs, he might need to charge annual rent worth perhaps 8% of the building's value.

Paying these rates would be foolish for a luxury firm. Since they make so much money, they can issue debt at a yield only slightly above that on German government debt. LVMH's most recent bonds were oversubscribed at 3.5%. Thus fancy retail spaces are a luxury it can easily afford. ■

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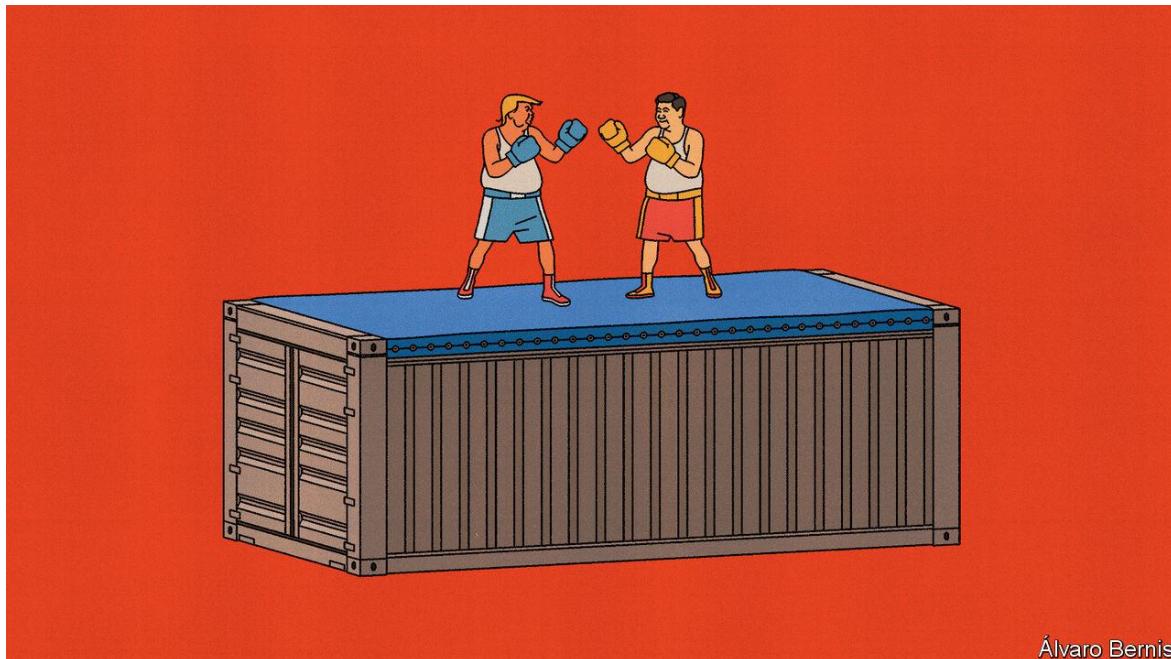
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Free exchange

Trump wants to whack Chinese firms. How badly could he hurt them?

History provides a guide

Feb 22nd 2024



A FEW MONTHS before America's presidential election in 1980, George H.W. Bush paid a visit to Beijing. He got a frosty reception. Days earlier, Bush's running mate, Ronald Reagan, had angered China by saying that he wanted an official relationship with Taiwan, which China claims as its territory. America should stay out of China's "internal affairs", said its foreign minister—just as China would not meddle in America's presidential race.

The prospect of a Reagan victory worried not only China's leaders but also its exporters. Under President Jimmy Carter, Reagan's opponent, America had done them the favour of establishing "normal" trading relations, meaning that they faced the same low tariffs America charged most other trading partners. There was, however, a catch. Normal relations had to be approved each year by the president and Congress. Would Reagan revoke them?

Chinese exporters, as well as the American companies that buy from them and invest in them, now face a similar threat from another loquacious and charismatic presidential contender: Donald Trump. If he wins in November, he has threatened to escalate the trade war he started in 2018 by imposing tariffs of 60% or more on Chinese goods. His allies have also advocated repealing normal trading relations with China, which became “permanent” in 2000. A new paper by George Alessandria of the University of Rochester and four co-authors suggests that the way exporters responded to the Reagan threat may hold lessons for new trade wars.

Entering a foreign market is costly for any firm. It must first establish a “beachhead”, as Richard Baldwin of IMD Business School in Lausanne has written, building distribution channels, advertising itself to potential buyers and bringing products into conformity with local regulations. Many of these upfront costs are fixed (they must be paid even if sales are small) and sunk (they cannot be recovered if the firm packs up and leaves).

This has two consequences. Exporting, even in an era of globalisation, is surprisingly rare. A study of French manufacturers in 1985 found that only 15% sold to foreign markets. The figure in a study of Colombian factories was 26%. Even in China in the mid-2000s, a time of hyper-globalisation, the prevalence of exporting varied from 59% (in furniture-making) to 12% (in paper and printing), according to Mr Alessandria and his colleagues. Another consequence is that exporting is persistent. Once a company has established a beachhead, it rarely evacuates from a country.

Firms must believe that the rewards will be large enough and last for long enough to justify upfront costs. The prospect of tariff hikes and trade wars makes such calculations harder. Even after Mr Carter lowered tariffs on China, the country’s exporters had to weigh the chances that they would go back up. The fear was acute in industries like toys where the pre-1980 tariffs were much higher than the “normal” tariffs that applied thereafter. Likewise, even after Mr Trump raised tariffs on China in 2018, exporters had to weigh the chances that they would go back down.

Exporting from China to America was and remains, in effect, a bet on American trade policy. The pattern of bets reflects firms’ beliefs about the tariffs they will face. Although economists cannot directly observe these

beliefs, they can observe the export decisions that reflect them. By examining how trade between America and China has evolved over time and differed from product to product, Mr Alessandria and his co-authors can therefore infer what firms must have believed about future American tariff policy.

They find that the tariff cuts in 1980 took time to become credible. For several years, exporters from China acted as if the chances of their reversal were 70% or more. The risks ebbed later in the decade after Reagan made his own visit to Beijing, Shanghai and Xi'an in 1984. (It was a "breathtaking experience", he said, although it took him two stabs to snare a quail's egg with his chopsticks.) By the time China joined the World Trade Organisation in 2001, the probability had fallen to about 5%.

The dynamics of the trade war in 2018 look similar "but in reverse", write Mr Alessandria and his co-authors. Despite Mr Trump's fiery rhetoric, Chinese exporters did not act in anticipation of his tariffs. When the war arrived, they expected it to culminate quickly. Judging by their actions in 2019 and 2020, they perceived that the probability the war would soon end was over 90%. When Mr Trump left office and the tariffs did not go with him, their hopes evaporated. The probability of an end to the war fell to 46% in 2021 and to 24% by 2024. The results have a paradoxical implication: entrenchment of tariffs under President Joe Biden did more harm to trade than their imposition under Mr Trump.

Bigger and worse

Would a second trade war be as damaging? The sheer recklessness of Mr Trump's latest threat is double-edged. On the one hand, a sweeping 60% tariff would be far more disruptive than the targeted 25% tariffs he imposed in 2018. But their vertiginous height may make them harder to sustain. If they annoy too many consumers, hurt too many American firms or exact too big a toll on the stockmarket, they may prove relatively short-lived. Chinese exporters did not take Mr Trump's trade threats seriously before 2018. Although they will not want to make the same mistake again, the most damaging of Mr Trump's policies are ones that outlive his time in office, becoming a permanent feature. And not everything Mr Trump says in his presidential campaigns comes to pass.

The same was true of Reagan. He never followed through on his desire to restore official relations with Taiwan. In Beijing, Bush tried hard to quell the anger his remarks had caused. “I certainly respect your views on wanting to stay out of the American election,” he said in response to China’s foreign minister. “I’d like to stay out of it myself sometimes, because it gets pretty hot in the cross-fire.” For China’s exporters and the American firms that buy from them, this year’s election will be just as uncomfortable. ■

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Science & technology

- Long covid is not the only chronic condition triggered by infection
- New treatments are emerging for type-1 diabetes
- Radio telescopes could spot asteroids with unprecedented detail
- The challenges of steering a hypersonic plane

PINS and needles

Long covid is not the only chronic condition triggered by infection

Finding similarities between post-infectious illnesses could lead to better treatments

Feb 21st 2024



Cristina Spanò

SOME INFECTIONS—HIV/AIDS, for example—are chronic. If you catch one you are stuck with it indefinitely, unless a treatment exists to clear away the guilty pathogen. Many, though, are acute. Unless they kill you, your immune system will do the clearing and you can carry on as before.

For an unlucky few, however, that is not the end of the story. Certain infections have a second act, brought about by some consequence of the pathogen's visit. Sometimes, the physiological chain is clear. One well-known example concerns a variant of *Streptococcus* that causes rheumatic heart disease when the body's immune response also attacks cardiac tissue. Often, though, the connections are more opaque—particularly with neurological symptoms. Indeed, it may not even be clear which pathogen is involved.

Many researchers suspect, for example, that what is variously labelled chronic-fatigue syndrome or myalgic encephalomyelitis (ME) is such a post-infectious neurological syndrome (PINS). However, a suggestion that Epstein-Barr virus is the trigger has never been nailed down. Much remains mysterious about the condition itself, and, with at least nine different proposed definitions, it may well be that the umbrella term encompasses different conditions with overlapping symptoms and varied causes.

Between the extremes of rheumatic heart disease and ME there are, however, a group of post-infectious illnesses where the original cause is clear, even though the physiology is obscure. The most recently recognised is long covid, which has shone a spotlight on the field. A session at this year's meeting of the American Association for the Advancement of Science (AAAS), in Denver, therefore took a closer look at PINS. In particular, participants discussed the similarities between PINS with different causative agents; how transient infections might, via the immune responses they provoke, cause long-term neurological problems; and whether what is going on is similar to the effects of some cancer therapies. This does not, unfortunately, bring immediate prospects of treatment. But it opens avenues of investigation.

One well-established PINS is post-treatment Lyme disease (PTLD), the province of John Aucott, of Johns Hopkins University. Lyme disease is a tick-borne bacterial infection that causes raised temperature, headaches, muscle and joint pain, and tiredness. For most of those affected, these pass after treatment with antibiotics. But in 10-20% of cases the pain and tiredness, together with difficulty concentrating and difficulty sleeping, become chronic.

Dr Aucott has been studying the matter for 15 years. In 2018 he showed that PTLD can cause a mild but measurable decline in verbal learning ability—something previously contested. He was therefore struck (“shocked”, he said), when reading an early paper on long covid, by how similar a chart of its principal symptoms was to one he had published on PTLD.

To understand how PTLD wreaks its havoc, Dr Aucott recruited functional MRI, a scanning technique. He stress-tested people's brains by making them

do cognitive tests while lying in the scanner, and compared the responses of those who had PTLD with others who did not.

He predicted that any differences would show up in the brain's grey matter, which, with its high concentration of neuron cell bodies, is where most brain activity occurs. Instead, he got a response in the white matter: the wiring, composed of long protuberances called axons, connecting cell bodies in different parts of the brain. Something odd is thus going on, though what, exactly, is not clear.

As to the cause of the neurological symptoms of PTLD, a clue may lie elsewhere, in a study Dr Aucott cited on synovial fluid, a lubricant and shock absorber found in many skeletal joints. A non-neurological symptom of PTLD is a type of arthritis caused (as with *Streptococcus*-related heart disease) by the immune system's attack on healthy tissue. Sampling this fluid in people with PTLD revealed molecules called peptidoglycans that form part of the cell wall of the Lyme-disease-causing bacterium. These are known to be antigens—substances that provoke the immune system. The interesting point is that these antigens long outlived the bacteria.

Picking up on the theme of immune response, Christopher Bartley of America's National Institute of Mental Health went on to describe a paradox. He showed that, although covid has some suggestive immune-related consequences, these are seen equally in those with and without neurological symptoms of long covid.

One thing which does seem clear is that SARS-COV-2, the covid-causing virus, does not get into the central nervous system. When post-mortem samples have been examined for viral genetic material, scarcely any is found in brains—and what little there is comes from blood vessels, not brain cells themselves. Any persistent covid-related brain damage, in other words, is not a consequence of direct infection.

One PINS that needles

It might, though, be “autoimmune”, like rheumatic heart disease. Certain other viruses, including herpes simplex, Japanese encephalitis and varicella zoster virus, are known to provoke autoimmune brain illness. And one early

study showed that up to 73% of antibodies produced against SARS-COV-2 are autoreactive, meaning that they stick to, and potentially harm, at least some human tissue.

Using more sophisticated techniques, Dr Bartley and his colleagues were able to identify a number of antibodies produced in response to covid by immune-system cells inside the brain, and which reacted strongly with brain tissue. But herein lies the paradox. Those who have long covid and those who seem to have recovered completely have similar profiles of these antibodies. Nor is there any difference, six months after infection, in levels of molecules that are signs of the sorts of brain damage that might be expected.

The possibility remains that any autoimmune brain damage is inflicted quickly, while the disease is still acute, meaning that a search for relevant molecules months after the event is a wild-goose chase. But, as Dr Bartley wryly observed, “we are still trying to figure this out.”

Be that as it may, Michelle Monje, a neuro-oncologist at Stanford School of Medicine, homed in on precisely how covid-induced neurological damage might occur—particularly focusing on glial cells, as brain cells other than neurons are known.

Such cells come in three varieties: [microglia](#), a group of immune-system cells which are also responsible for neurological “gardening”—pruning the connections between neurons to improve neural circuits; astrocytes, which regulate the flow of information across junctions between neurons; and oligodendrocytes, which wrap axons with a fatty substance called myelin that acts like an insulator and stops interference with the passage of signals. (It is myelin which gives white matter its colour.) All three of these have their activity disrupted by anticancer chemotherapy, resulting in a condition known colloquially as “chemo brain fog”. Dr Monje’s instant reaction when she read about long covid was that the way patients describe its symptoms is often reminiscent of this.

That got her interested. And, together with Akiko Iwasaki of Yale School of Medicine, she assembled a research collaboration to investigate, using a mouse strain engineered by Dr Iwasaki specifically for covid work. This

showed that microglia in the white matter were reacting to immune-cell-activating molecules called cytokines released in response to covid infection. Moreover, subsequent post-mortem examinations suggested the same thing was happening in people.

One of these cytokines, CCL11, caught their attention in particular. CCL11 has previously been associated with reduced generation of new nerve cells—and new nerve cells are important to memory formation. Its levels, they found, were elevated in the bloodstreams and brains of their mice, and a subsequent study on people with long covid showed it was elevated in their bloodstreams, too. On top of this, when they injected CCL11 into uninfected mice, it did, indeed, inhibit nerve-cell formation.

Correlation is not causation. But that is an interesting coincidence. As all three presenters made clear, research on both PINS in general and long covid in particular is very much a work in progress. But, to the extent that these disparate conditions do share mechanisms, they might share any eventual treatment, too. ■

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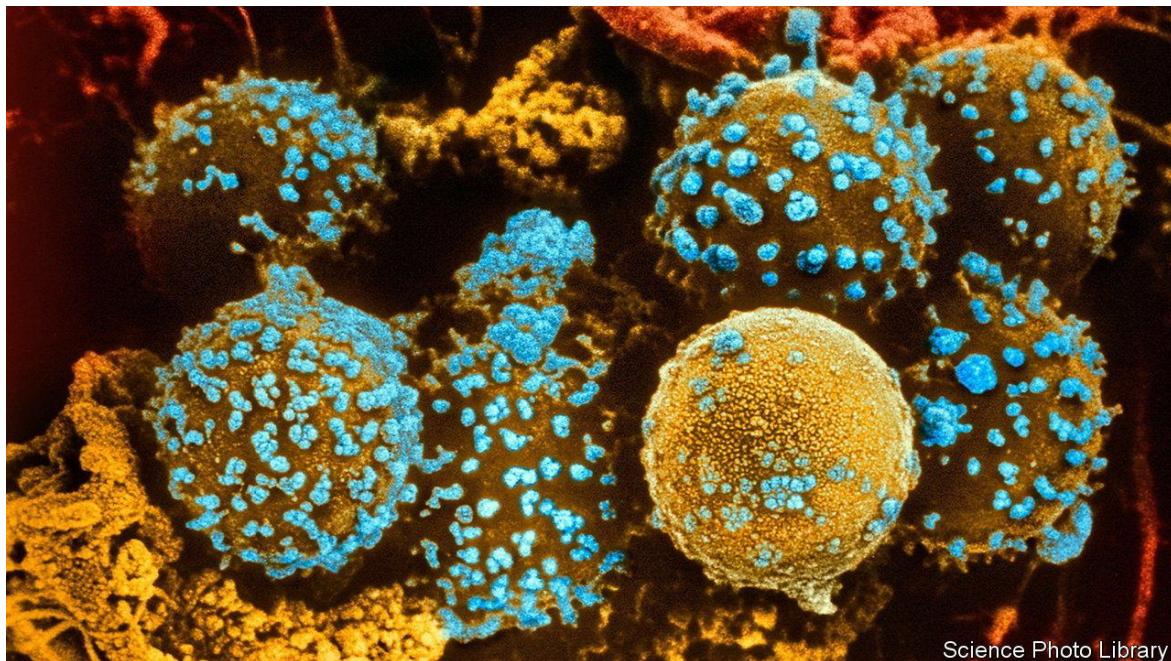
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Sweet science

New treatments are emerging for type-1 diabetes

The trick is to outsmart the immune system

Feb 20th 2024



Science Photo Library

“WHERE ARE the islets of Langerhans?” is a trick question that pops up from time to time in quizzes. The answer is to be found not in atlases of geography, but rather in those of anatomy, for the so-called islets are in fact clusters of cells scattered through the pancreas. There they synthesise and release a range of hormones, including insulin, which regulates glucose levels and thus metabolism.

The islets’ insulin producers are called beta cells. (Cell types alpha, gamma, delta and epsilon perform other tasks.) They are the only bodily sources of that hormone. So, if their number declines, trouble looms. And decline it does, in the condition known as type-1 diabetes. This happens when, in a phenomenon called autoimmunity, the body’s own immune system attacks its complement of beta cells, wiping out as many as 80%.

Without an alternative supply of insulin, someone with type-1 diabetes will die. (In type-2 diabetes, insulin continues to be produced but the body’s cells acquire resistance.) Supplementary insulin can be administered by injection

or via a device called an insulin pump. But a better way might be to replace the missing beta cells and somehow protect them from immune attack.

A few lucky patients do indeed have their beta cells replaced—by transplantation from human donors. And Vertex Pharmaceuticals, a firm in Boston, is testing beta cells grown from stem cells for the same purpose. But neither approach includes immune protection. This means both require the administration of immunosuppressive drugs to prevent the rejection that follows any transplant, let alone one where autoimmunity is at play. One of the sessions at this year's meeting of the American Association for the Advancement of Science in Denver therefore looked into how transplanted beta cells might be made hypoimmunogenic—in other words, invisible to a patient's immune system.

Sonja Schrepfer, who works for the University of California, San Francisco (UCSF), and also at Seattle-based Sana Biotechnology, proposes a twofold approach, to deal with the fact that the immune system has two arms. One, the adaptive arm, is the basis of tissue rejection. This adaptive arm can recognise the signature of “selfness” provided by an individual's HLA proteins. These molecules contain so-called hypervariable regions, which differ from individual to individual. If the immune system comes across non-self HLA proteins, it recognises the cells displaying them as interlopers and attacks, using shock troops called killer T-cells and antibodies.

The first part of Dr Schrepfer's approach is therefore to prevent the production of HLA proteins in laboratory-grown beta cells destined for transplant. This can be done by editing two genes involved in their production, theoretically rendering the cells in question invisible to the adaptive arm.

Lack of HLA proteins does, however, bring a cell to the attention of immunity's other arm, the innate system. Its troops are called NK (natural killer) cells and macrophages, and one of the red flags it reacts to is an absence of any sort of HLA. It can, however, be warded off by over-expression of a protein called CD47, something that Dr Schrepfer's team also achieved by genetic manipulation of their beta cells.

It seems to work. In an experiment whose results were announced just before the meeting, the team first induced diabetes in a laboratory monkey and then injected their modified beta cells into one of its muscles. The diabetes went away, and stayed away for more than six months. Now they have moved on to people. In a trial about to start at Uppsala University Hospital, in Sweden, human versions of the modified cells will be transplanted into the forearm of a single patient.

Disrupting beta cells' HLA expression is not the only possible approach to deflecting the adaptive immune system. Hasna Maachi of the Technical University of Munich, in Germany, described to the meeting how she and her mentor, Matthias Hebrok, are trying to develop an alternative. This introduces a third party, called a suppressor cell, to do the warding off.

Suppressor cells "talk" to the killer T-cells, and calm them down. Dr Hebrok's group is therefore working with Wendell Lim of UCSF, who is engineering suppressor cells specifically activated by a protein on the surface of beta cells, to devise some beta-cell protection. In this case there is no need to build in a level of protection against the innate immune system, since it will not notice anything wrong.

The Hebrok group is also, Dr Maachi explained, working on a way to turbocharge beta cells. This involves a protein called MAFA, which regulates expression of the insulin gene. Suppressed levels of MAFA are a symptom of type-1 diabetes, so boosting its presence seemed a promising approach. So far, the researchers have shown that raising MAFA levels in beta cells derived from stem cells seems to increase the amount of insulin produced.

Figures presented by Lori Sussel of the University of Colorado suggest that type-1 diabetes affects one in 500 Americans. The global average may be closer to one in 1,000. That is both a great deal of human suffering and a tempting market for whoever can come up with something which resembles a cure, rather than a treatment. Though there is a way to go yet, hypoimmunogenic beta cells might, just possibly, bring that closer. ■

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Echoes of the past

Radio telescopes could spot asteroids with unprecedented detail

They would need radar to do it

Feb 21st 2024



ASTRONOMY IS A passive science. Its practitioners usually earn their livings studying what they are given: light and other forms of radiation emitted by stars and nebulae, sometimes after it has bounced off other objects, such as planets. But there is an exception. A small but dedicated band of astronomers is not content with the views which nature offers. They choose, instead, to illuminate their targets artificially, by beaming microwaves at them and looking at the reflections. They are, in other words, observing by radar.

Since 1946, when American military engineers bounced a radar signal off the Moon, this approach has been used to examine planets, moons, and various asteroids and comets. Unfortunately, the field lost one of its two principal instruments in 2020, when [the transceiver dish at Arecibo](#), Puerto Rico, collapsed, leaving the Goldstone Solar System Radar in California to carry the burden.

Now, as the meeting of the American Association for the Advancement of Science in Denver heard, radar astronomers are lobbying for a powerful new tool they call the Next Generation Radar programme (ngRADAR). This would take the world's largest steerable radio-telescope dish, at Green Bank, West Virginia, (pictured) and turn it into a transmitter, shining a microwave spotlight into space. Unlike Goldstone and Arecibo, however, the Green Bank telescope would not gather the reflections of the beam it sent out. This would be done with sets of smaller radio telescopes elsewhere. To start with, the plan is to recruit the Very Long Baseline Array. This has ten dishes, each on different sites on American territory, scattered from Hawaii in the west to the Virgin Islands in the east. Eventually, if all goes well, the Very Large Array in New Mexico, which has 27 dishes (and one spare), and its successor, the Next Generation Very Large Array, could be included, too.

Increasing the receiver-collecting area by employing arrays of detectors in this way would allow weaker signals to be analysed. And ngRADAR would also operate at a shorter wavelength than previous systems, making finer details visible. The upshot, as Patrick Taylor, of America's National Radio Astronomy Observatory, explained, would be a system that could see an object five metres across when it was as far away as the Moon. This would allow astronomers to study the shapes, surface features and composition of passing asteroids in perhaps better detail than can be managed by sending spacecraft to visit them. That is a twofold win, for space missions are both scarce and expensive.

A taste of what the radar study of asteroids has already achieved was provided by Marina Brozovic of the Jet Propulsion Laboratory in Pasadena, California. Dr Brozovic uses the Goldstone dish for her research. In 2012 Goldstone scanned an asteroid called Toutatis when it was 7m kilometres from Earth. Pictures reconstructed from these data had a resolution of 3.75 metres, which approaches the 2.25-metre resolution of the best optical images taken by *Chang'e* 2, a Chinese spacecraft that flew past Toutatis the same year.

Goldstone was also involved in DART, the Double Asteroid Redirection Test carried out in 2022. This involved thumping a small asteroid called Dimorphos, which was in orbit around a larger one, Didymos, with a 600kg probe and watching, by means including radar, how its orbit changed. This

test suggested that, with enough notice, a space rock on a collision course with Earth might be nudged into an orbit where it would miss.

Edgard Rivera-Valentín of Johns Hopkins Applied Physics Laboratory, in Maryland, meanwhile, broadened the discussion to describe some of radar astronomy's successes in examining objects other than asteroids. Dr Rivera-Valentín worked with the Arecibo telescope until its collapse. Before that, he explained, it mapped the surface of Venus, studied subsurface features such as lava flows on the Moon and Mars, and detected ice in polar craters on Mercury, where craters' walls keep it in perpetual shadow (remarkably, this predated similar discoveries on the Moon).

But it is asteroids that are of most practical concern to today's radar astronomers, and the primary task of ngRADAR, if it is approved, will be tracking and understanding those nearest Earth, especially any that might one day hit humanity's home planet. The searchlight narrowness of the beam means it will be of little use for discovery. But, as with enemy aircraft during the second world war, once a target is located a searchlight's narrow beam can track it remorselessly. This will permit orbits to be established with precision.

If doing that suggested a risk in a few years' or decades' time, a diversionary mission based on DART's findings might be put together. If the worst came to the worst, though, and a rock were found that was likely to hit Earth in short order, such tracking would at least be able to predict where it would enter the atmosphere, and thus allow civil-defence measures to be invoked in time. ■

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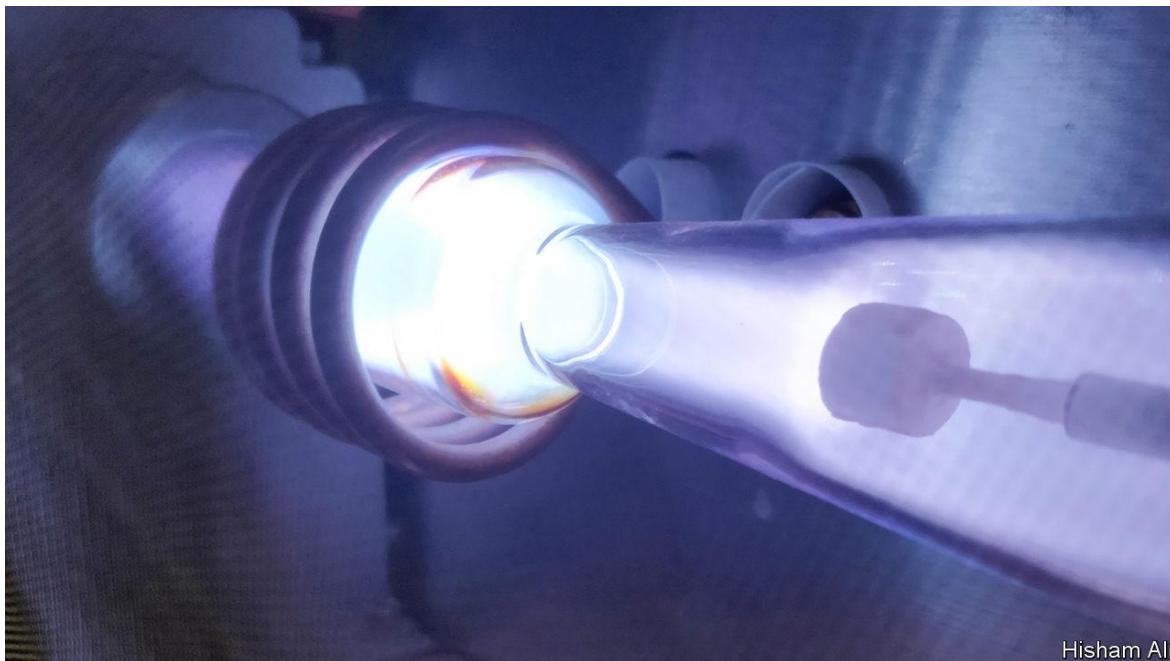
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Spoiler alert

The challenges of steering a hypersonic plane

At five times the speed of sound, a craft flies through plasma, not air

Feb 21st 2024



Hisham Ali

MACH 5 IS the new Mach 1. Just as aviators of old sought to break the sound barrier and travel supersonically, the search is now on for reliable and controllable ways to travel “hypersonically”, generally defined as more than five times the speed of sound. While re-entering spacecraft and intercontinental ballistic missiles have rushed through the atmosphere at this speed for decades, they are not very steerable. The dream is of vehicles that can be manoeuvred in a manner more like conventional aircraft. At first, these machines would be military missiles. But some dreamers suggest hypersonic passenger flight might eventually be possible.

Steering hypersonically using conventional control surfaces, like wings and ailerons, is out of the question. The forces and heat involved would destroy them. Smaller versions called trim tabs can help a bit. But what is really needed is a different approach. And, as he told delegates at last week’s meeting of the American Association for the Advancement of Science in Denver, Hisham Ali of the University of Colorado, Boulder, is one of those

proposing just that. He thinks the answer is to be found in a field called magnetohydrodynamics.

Aerodynamics manipulates gases. Magnetohydrodynamics manipulates plasmas. These are gas-like fluids whose atoms have been ionised by losing some or all of their electrons—as happens to the air, by frictional heating, when an object travels hypersonically through the atmosphere. Since a plasma's particles are electrically charged (the electrons negatively and the ions positively), their flow pattern over a hypersonic vehicle could be altered using a set of electromagnets within. Changing the plasma flow would also change the craft's trajectory, at a rate controllable via the electromagnets. Additionally, the plasma's passage could be harnessed to produce electricity inside the craft, perhaps powering the magnets.

To test these and other ideas, Dr Ali and his team are building the plasma equivalent of a wind tunnel. This machine will supplement a tabletop version he completed in 2023 (pictured), after ten years working in the field. His original motivation was the problem of how to get spacecraft sent to other worlds to slow down fast enough to land or enter planetary orbit.

Such exploration is still among his interests, but military applications are important, too. Here, a crucial difference is between what are known as blunt bodies (re-entering spacecraft with big, forward-facing heat shields) and slender bodies (missiles with pointed fronts). Pointed fronts add to manoeuvrability, but are more easily damaged. He therefore has a plan to use magnetohydrodynamics to guide that plasma away from vulnerable areas. Whether any of this will ever lead to a world in which day trips from London to Sydney are possible remains to be seen. But even a hypersonic journey begins with a single step.■

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Culture

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The war score

How Ukraine's fortunes have ebbed

Two new books chronicle Ukrainians' miraculous early resistance. Today's reality is more sombre

Feb 22nd 2024



Reuters

Our Enemies Will Vanish. By Yaroslav Trofimov. *Penguin Press; 400 pages; \$32. Michael Joseph; £25*

The Showman. By Simon Shuster. *William Morrow; 384 pages; \$32.99. William Collins; £22*

WHAT HAS gone wrong? Two years ago, as Russian tanks crossed the border, Ukrainian men and women flew back to defend their homeland. Now the country is struggling to [recruit enough troops](#). America used to give Ukraine money and weapons. Today, despite the obvious peril, [Republicans](#) in the House of Representatives are blocking the supplies it needs. On February 17th Ukrainian forces handed Russia its biggest victory in months by abandoning the eastern town of [Avdiivka](#), where Russia was able to fire ten shells for every Ukrainian round.

Two new books shed light on Ukraine's dark turn. One is a brilliant and stirring account of the early months after the invasion, the other a probing biography of President [Volodymyr Zelensky](#). Although both were written while the war was running in Ukraine's favour, to read them today is to understand what has changed.

Yaroslav Trofimov, who has covered the war for the *Wall Street Journal*, is Ukrainian by birth. By layering detail upon telling detail from his notebooks, he builds up a vivid picture of how the men and women of Ukraine repulsed the Russian blitzkrieg with cleverness and courage. Helicopter pilots fly daredevil missions to supply the Azov brigades holed up in Mariupol in the south. When their missile-loading crane breaks, crews improvise by hauling 620-pound Uragan rockets using only their leather belts. Three Ukrainian soldiers deceive Russian military intelligence by talking non-stop on their radios, as if they are part of a much larger force.

Simon Shuster, who has covered the war for *Time*, is Russian by birth. His theme is how a comic actor with an eye to stardom became a wartime president of iron resolve. Nothing would have been easier than to write a hagiography. Instead, Mr Shuster describes how Mr Zelensky's journey from burlesque to bunker has taken a toll on the man and his family. He worries that, having amassed extraordinary powers under martial law, Ukraine's president may not want to give them up whenever—and however—the war finally ends.

Both these books live in their reporting, and a message emerges about why the war has unfolded as it has. Ukraine survived Russia's first assault two years ago because it was underestimated. The Kremlin's battle plan was to storm Kyiv, the capital, and capture and kill Mr Zelensky or push him to flee abroad. In his place, [Vladimir Putin](#), Russia's president, planned to install his crony, Viktor Medvedchuk, at the head of a puppet government.

In his hubris Mr Putin had not reckoned with the bravery and initiative of countless Ukrainians. Although some, especially in the south, embraced the Russian promise of safety and money, many more joined the resistance. Teams of volunteers and special forces rushed to Hostomel airport, where Russia was flying in thousands of elite troops tasked with storming Kyiv. Had these units landed, Kyiv could well have fallen. Quarry-owners in

Voznesensk brought granite to form roadblocks against advancing Russian armour. In Okhtyrka, outside Kharkiv, volunteers ambushed a column of tanks. They were so unpractised that before they could fire their rocket-propelled grenades they first had to read the instruction manuals.

Another reason Ukraine survived is that it thrives on self-organising networks of local people, rather than being centralised in the Russian style. The ambush in Okhtyrka took place because the mayor decided to resist. Across the Donbas, veterans of the conflict that began in 2014 sorted into armed units. Ukrainian tank crews were adopted by local people, who brought them food and helped with repairs.

The division of labour reached right to the top. At the start of the war Mr Zelensky focused on communication. Contrary to Russian propaganda, he did not flee and was not killed. Instead, he rallied his people. He also devoted himself to winning the backing of leaders in the West; many had expected Kyiv to fall.

Mr Zelensky was content to leave the fighting to the commander-in-chief of Ukraine's armed forces, [Valery Zaluzhny](#). Unlike his president, the general had expected a massive Russian assault. He understood that Kyiv must be defended at all costs and that Ukrainians needed to spill Russian blood in the rest of the country even if it meant losing territory. He was so worried about Russian spies that he did not share the details of his plans with the presidential administration.

By some miracle Ukraine's defence worked. Because Russia had too few men to take the country town by town, the decapitation of Mr Zelensky had to be fast. But Ukrainian forces bogged down Russian armour in the spring mud. An inspired Western public rallied to Ukraine's cause, dragging their leaders behind them.

Today Ukraine's problems stem from the fact that the dynamic behind its early success has gone into reverse. Ukraine is still underestimated, but by parts of the West rather than Russia. This is about more than fatigue. Some argue that Ukraine cannot win and should sue for peace; Donald Trump, the [leading Republican candidate](#) for president, boasts he can broker it within 24 hours. Others say that the West has too small a stake in Ukraine's fight to

waste money on it. That is wrong-headed. If Mr Putin is not stopped in Ukraine he will threaten the rest of Europe. Ukraine's fight is the West's fight, too.

Ukraine's brilliant self-organising networks no longer count for as much as they did. The battlefield is static, ranged along front lines fortified by trenches and minefields. Fixed warfare suits the side with more men and munitions. Given the West's lack of urgency, Russia has the advantage. And Mr Zelensky has gradually asserted control over the war strategy. His team started to see the wildly popular General Zaluzhny as a dangerous political rival. Earlier this month, he sacked him. As politics returns, Ukraine risks becoming prey to all the old infighting and divisions.

This is a troubling picture. However, as these two books make clear, it is not hopeless. By invading, Mr Putin destroyed Ukrainians' lingering sense that their country might belong with Russia. When so many brave Ukrainians chose to stand up and resist him, Mr Putin lost his war immediately. Mr Trofimov quotes Kharkiv's defenders explaining that in 2014 many Ukrainians would have greeted Russian troops with flags and flowers. "That mindset has reversed completely," says Ihor Terekhov, Kharkiv's mayor. "The attitude to Russia is very negative now. There will probably be several generations before that changes." Across the country it is the same.

That should give Mr Putin pause. Ukraine defines itself against Russia. So long as it remains hostile to Mr Putin's imperial project, he cannot control it without deploying millions of men as an occupying force. Even then, Russia would struggle to cope with a guerrilla war. That leaves him in the position of being able to degrade Ukraine without being able to conquer it.

The question for the world is what sort of country will emerge. Will Ukraine be broken, or will it fulfil its dream of becoming a thriving Western democracy? Two years into this war, the answer is as elusive as peace itself.



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Flower power

The history of the opium trade helps explain the modern world

“Smoke and Ashes” is a gripping, true tale of profits, power and powerlessness wrought by drugs

Feb 22nd 2024



Smoke and Ashes. By Amitav Ghosh. *Farrar, Straus and Giroux; 416 pages; \$32. John Murray; £22*

THE OPIUM POPPY looks delicate and innocuous. But for Amitav Ghosh, an Indian writer, it is “one of the most powerful beings that humans have encountered in their time on Earth”. Mr Ghosh’s elegant history of the plant’s influence is both a tribute to what he calls “the historical agency of botanical matter” and a reckoning with the imperial past.

The book’s origins lie in his trilogy of “Ibis” novels, set in the thick of the opium trade in the 1830s. The research Mr Ghosh carried out while writing them prompted him to probe how the drug trade shaped free-market capitalism and globalisation.

Opium has been prized as a sedative for 5,000 years. Mr Ghosh's account begins with Catherine of Braganza marrying King Charles II in 1662. Her dowry included a casket of Chinese tea and some small islands off India's west coast. The fashion for tea simmered quickly in Britain, with the East India Company (EIC) controlling its import. The EIC funnelled goods to China from India. An appetite for one of these, cotton, was already strong. But the EIC began coercing Indian farmers to grow a different crop that, used recreationally, would turn countless people into addicts.

Europeans did not invent the opium trade. Rather, they expanded modest local practices into a rapacious global enterprise. Mr Ghosh argues that the Dutch created the first "imperial narco-state" in the 17th century. The model was "perfected by the British", who promoted the convenient myth that "non-white people were by nature prone to addiction and depravity". When China banned the import of opium in 1729, the British turned to smugglers who called themselves "private traders".

Most of the characters he depicts are venal. One exception is Lin Zexu, a Chinese civil servant. In 1839 he complained in an undelivered letter to Queen Victoria that opium traders were "perfectly careless about the injuries they inflict" in their "inordinate thirst after gain".

Americans felt that thirst, too. "Send ships immediately to China," John Adams urged Congress in 1783, as "this trade is as open to us as to any nation." Soon families in New England grew rich from it, pouring some of their gains into philanthropy—which enriched many institutions, including Ivy League universities. The largesse resembles that of the Sackler family, whose company, Purdue Pharma, has done much to fuel the present century's epidemic of opioids (a class of painkillers that can be derived from or simulate opium).

The trade's legacy endures in other ways. "Cities that are now pillars of the modern globalised economy—Mumbai, Singapore, Hong Kong and Shanghai—were initially sustained by opium," writes Mr Ghosh. Colonial policies continue to shape regional disparities in India. In what is now Bihar, the EIC ruthlessly exploited peasant farmers, whereas in Malwa, another opium-producing area, it was unable to exert as much power. The regions' health, education and crime statistics reflect their historical differences.

As Mr Ghosh marvels at opium's ability "to spin off new and more potent versions of itself", including its synthetic analogue, fentanyl, his emphasis on the drug's degree of agency can feel exaggerated. (He also has a weakness for the phrase "and so on".) But he tells his intricate story with verve. Anger bubbles up, as he points the finger at multinational companies whose success is tied to the opium trade.

The author sees a "ray of hope" in how anti-opium activists built an international alliance in the early 20th century. Today activists and courts are taking opioid merchants to task, demanding tens of billions of dollars in damages. But the darker message of "Smoke and Ashes" is that when a drug epidemic abates, forgetfulness follows. Addiction often returns. ■

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Aural history

Podcasts got their name 20 years ago this month

A once-fringe medium has gone mainstream, but many wonder what the future holds

Feb 22nd 2024 | NEW YORK



Getty Images

IN FEBRUARY 2004 Ben Hammersley, a British journalist, noticed a new kind of digital media: “downloadable radio” produced by geeky amateurs or public broadcasters. Mr Hammersley suggested a few names for it. Fortunately “audioblogging” and “GuerillaMedia” did not catch on. But a third did: podcasting, a portmanteau of “[iPod](#)” and “broadcasting”.

At a tech conference the next year, Steve Jobs, Apple’s boss, asked how many people in the audience had heard of podcasting, which he described as “‘Wayne’s World’ for radio”. Not a single person raised their hand. But today, 20 years after they got their name, podcasts are mainstream. Around 43% of American internet users and 30% of Britons listen to at least one a month (including [some from The Economist](#)). You can open Apple, Spotify and, increasingly, YouTube to find some 4m shows by everyone from ex-convicts to duchesses. Podcasting has turned anyone with a microphone into a talking head who can talk straight into people’s earbuds.

Like butt-dialling and doom-scrolling, the podcasting boom was facilitated by the smartphone. The iPhone was released in 2007; the first standalone podcast apps came out between 2010 and 2012. In 2014 “[Serial](#)”, a binge-worthy investigation into the botched murder trial of a teenager in Maryland, arrived; it was the first show to gain attention in mainstream American culture. (The first season has been downloaded more than 300m times.) The number of monthly podcast listeners in America doubled in the five years after 2014.

Since “Serial”, podcasting has been in a “hyper-charged, hyper-capitalist, hyper-speculative period”, says Nicholas Quah, a podcast critic. Tech companies swooped in, such as Spotify, which was hungry for new customers and [audio content](#) it could have royalty-free. (Spotify has invested \$1bn in podcasting since 2018.)

But last year—cue the “record scratch” sound effect—the music stopped. Economic headwinds were one factor. But advertisers and investors also realised that they know relatively little about how many people actually listen to podcasts: “downloads”, the standard industry metric for engagement, do not always equate to listening. Spotify eliminated 200 podcasting jobs; others followed suit. Many well-regarded shows were cancelled, including “Stolen”, which won the Pulitzer prize for audio journalism in 2023. Podcasters learned that “excellence won’t save you”, says Neil Verma, a media-studies scholar.

Although producers are struggling to turn a profit, podcasting is in the ascendant. Advertising spending and listening time are predicted to rise. But the medium “is growing in a direction that is hard for a lot of the podcast originalists to accept”, says Ariel Shapiro, who writes *Hot Pod*, an industry newsletter.

What does the future hold? Some think the future of podcasting lies in video. Many podcasts, including a talk show hosted by [Joe Rogan](#) (pictured), the most popular podcast globally, now employ video to increase their audience. “We will be watching podcasts, we will be skipping chapters of podcasts, and you will be commenting on them at the end,” predicts Will Page, Spotify’s former chief economist.

Betting that some people want visual entertainment while listening, Spotify started supporting video podcasts in 2020. Already the black microphone icon has become omnipresent on YouTube and TikTok, functioning as a visual signal for podcast-like straight talk. Video will help podcasts' further spread; rarely does audio alone go viral.

Whatever [happens to the industry](#), its impact on audio storytelling will endure. Podcasts offer something traditional formats often work hard to leave out, but which, as trust in media has fallen, audiences crave: transparency. Instead of formal interviews, listeners get sprawling conversations. Instead of radio features measured in minutes, listeners are led through whole investigations over hours. “In exposing the vulnerabilities of the reportorial process, the news product becomes more credible and trustworthy,” writes David Dowling in “Podcast Journalism”, a forthcoming book. Podcasts often set out to explain things—and they always end up explaining themselves. ■

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The lives of others

Is everything you assumed about the Middle Ages wrong?

There was more to the period than violence, superstition and ignorance, argues a new book

Feb 21st 2024



Getty Images

Medieval Horizons. By Ian Mortimer. *Bodley Head; 256 pages; £22*

“IN PUBLIC, YOUR bottom should emit no secret winds past your thighs. It disgraces you if other people notice any of your smelly filth.” This useful bit of advice for young courtiers in the early 13th century appears in “The Book of the Civilised Man”, a poem by Daniel of Beccles. It is the first English guide to manners.

Ian Mortimer, a historian, argues that this and other popular works of advice that began appearing around the same time represent something important: a growing sense of social self-awareness, self-evaluation and self-control. Why then? Probably because of the revival of [glass mirrors](#) in the 12th century, which had disappeared from Europe after the fall of Rome. The mirror made it possible for men and women to see themselves as others did.

It confirmed their individuality and inspired a greater sense of autonomy and potential. By 1500 mirrors were cheap, and their impact had spread through society.

Mr Mortimer sets out to show that the [medieval period](#), from 1000 to 1600, is profoundly misunderstood. It was not a backward and unchanging time marked by violence, ignorance and superstition. Instead, huge steps in social and economic progress were made, and the foundations of the modern world were laid.

The misapprehension came about because people's notion of progress is so bound up with scientific and technological developments that came later, particularly with the [industrial](#) and digital revolutions. The author recounts one claim he has heard: that a contemporary schoolchild (armed with her iPhone) knows more about the world than did the greatest scientist of the 16th century.

Never mind that astronomers such as [Copernicus](#) and Galileo knew much more about the stars than most children do today. Could a modern architect (without his computer) build a stone spire like Lincoln Cathedral's, which is 160 metres (525 feet) tall and was completed by 1311? Between 1000 and 1300 the height of the London skyline quintupled, whereas between 1300 and the completion of the 72-storey Shard in 2010, it only doubled. Inventions, including gunpowder, the magnetic compass and the printing press, all found their way from China to transform war, navigation and literacy.

This led to many "expanding horizons" for Europeans. Travel was one. In the 11th century no European had any idea what lay to the east of Jerusalem or south of the Sahara. By 1600 there had been several circumnavigations of the globe.

Law and order was another frontier. Thanks to the arrival of paper from China in the 12th century and the advent of the [printing press](#) in the 1430s, document-creation and record-keeping, which are fundamental to administration, surged. Between 1000 and 1600 the number of words written and printed in England went from about 1m a year to around 100bn. In England, a centralised legal and criminal-justice system evolved rapidly

from the 12th century. Violent deaths declined from around 23 per 100,000 in the 1300s to seven per 100,000 in the late 16th century.

Another “horizon” was speed and the sense of urgency that went with it. By 1600 a letter bearing important news could be carried 200 miles in a single day, thanks to people starting to use relays of horses at staging posts. Over the course of the 14th century mechanical clocks were developed, allowing time to be standardised and appointments to be kept.

The period was also marked by growing personal freedom, with the banning of slavery within England by the English church in 1102 and the rapid decline of serfdom after the [Black Death](#) of 1348-49, when nearly half the labour force died. Political power expanded to include a growing land and property-owning yeoman class. Whoever thinks the Middle Ages were all darkness has a middling understanding of history’s truths. ■

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Escape to “Dalifornia”

Growing numbers of Chinese are escaping urban life for rural peace

“The Mountains Are High” examines what is driving people out of Chinese cities to the mountains

Feb 22nd 2024



Alamy

The Mountains Are High. By Alec Ash. *Scribe; 272 pages; £16.99*

IN JANUARY 2020 Alec Ash, an English writer living in Beijing, arrived in the small mountain town of Dali in southwestern China. He and his fiancée had split up just two months before their wedding, and he wanted to escape. So he chose a mountain refuge to which a growing number of Chinese were fleeing, seeking a different kind of Chinese dream. The ancient town became known as “Dalifornia”.

Some of the new arrivals were writers and political dissidents, but many were refugees from modernity. The reason most of them left cities, writes Mr Ash, “is not communist control so much as capitalist excess”. [China’s boom](#) has improved people’s lives. But now some citizens are stepping back

from the “gospel of development” and asking, “What was it all for? I’m richer, but am I happy?”

The numbers are still small, but the trickle represents a rejection of what upwardly mobile Chinese held dear for four decades: “It had taken just two generations for a Chinese family to pass from pre-industrial agrarianism to post-material urban malaise.” For years farmers migrated to cities and tried to shift their *hukou* (household registration) to get better health care and education. Now urbanites are doing the reverse.

Some are hippies. Others are Chinese yuppies fed up with the social expectations of earning more and pushing their children to achieve, part of a trend known as *fugu* (a return to old ways). All are taking advantage of Dali’s remoteness. The book’s title invokes an old saying, “The mountains are high and the emperor far away.”

The author sets out to reinvent himself, too. What could have been a laboured tale of a foreigner in rural China is mercifully kept as a sideshow. Mr Ash (who used to be a contributor to *The Economist*) emerges from the year a changed man. China, less so. “The paradox of Dali was that we were trying to find freedom in an unfree state,” he writes. The parties continue, but so does the Communist Party. Those who can get from Dalifornia to California still do.■

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Good optics

Refik Anadol's use of AI has made him the artist of the moment

His work seems to be everywhere, blurring the boundaries between art and engineering

Feb 20th 2024 | LONDON and LOS ANGELES



Courtesy Refik Anadol Studios

HE IS IN high demand. Last year Refik Anadol projected luminous images of coral on to a wall at the World Economic Forum in Davos and covered the exterior screen of [the Sphere](#), a new concert venue in Las Vegas, with animated, tumbling blue blocks. In October the Museum of Modern Art (MoMA) in New York acquired “Unsupervised—Machine Hallucinations”, in which a machine-learning model generates artworks based on those in the museum’s collection. On February 16th “Echoes of the Earth”, his largest-ever show in Britain, opened at the Serpentine North Gallery in London.

Mr Anadol, a 38-year-old Turk who lives in Los Angeles, is riding widespread public interest in [artificial intelligence](#) to become the most visible digital artist of his generation. His work reflects the innovation and anxieties of the current moment. As Mr Anadol sees it, AI is a powerful

[creative tool](#). In a world where so much of life happens in a digital realm, he argues, data has become a new “pigment”.

He is steeped in both art and science, having completed several arts degrees and a residency at Google focused on machine learning. Mr Anadol trains AI models on massive troves of data, often publicly available, to create raucously colourful animations that he calls “dreams” or “hallucinations”. They swirl on superbright screens (creating what he calls “data paintings”) and wiggle on walls (“data sculptures”); sometimes the pieces illuminate buildings, as at the Sphere.

One artwork, displayed at the Venice Architecture Biennale, drew on 70 terabytes of brain scans, allowing AI models to imagine the organ’s development. Another piece used an archive of the Los Angeles Philharmonic’s performances to imitate dreaming. A third assimilated more than 138,000 images and pieces of metadata from MoMA’s collection (pertaining to provenance, for instance), along with local weather and data about noise levels. The results are churning clouds and waves, as well as abstractions evocative of Mark Rothko, a celebrated painter.

To undertake work on this scale Mr Anadol employs around 30 people, including architects, designers and engineers, half of whom work in his studio in Los Angeles. Public projects with institutions and companies have boosted his profile, but some private collectors have bought pieces, too. Mr Anadol also mints [non-fungible tokens](#), digital artefacts that sometimes come with physical works.

The animations have proved popular: around 2.4m people came to see an exhibition of his work at MoMA in 2022. Mr Anadol’s style is accessible and often beguiling. [Understanding how machine learning](#) works may help you fathom the process behind the “data paintings”, but it is not essential. (In some installations, a control panel pops up to explain the model, giving the illusion of glancing under the bonnet but mostly evoking the futurism of “The Matrix”.) You can be swept along by the crashing tides of colour, or watch a rose turn into a lily, without wondering whether you are “getting it”.

Naturally Mr Anadol has critics as well as admirers. Some compare his animations to glorified screensavers and lava lamps, more spectacular than

substantial. (Some do look as if they belong at a hotel in Las Vegas or at Burning Man.) Like anything generated by an AI model, Mr Anadol's animations raise questions about originality and whether such creations simply recycle the work of others.

Some worry that he glorifies AI while ignoring its risks, by presenting a rosy (or deep purple or yellow) view of the tech's potential. Casey Reas, one of Mr Anadol's former teachers, says many in the art world are prejudiced against digital art, as they once were against photography, but concedes that "sometimes Refik's work can appear to have a utopian view of technology". The artist has appeared twice at TED and is fluent in the breathless [Silicon Valley idiolect](#) of "breakthroughs" and "inclusivity".



Wearing all black, in an all-black room in his studio, illuminated only by high-definition screens, Mr Anadol acknowledges that AI is changing everything—and not always for the better. But he is indeed excited about what the technology can do in the right hands. "I don't see the problem there," he says. "I see possibilities."

His latest project, on display at the Serpentine, is "Living Archive: Large Nature Model", which trained AI models on photographs, sounds and other kinds of scientific information collected at 16 rainforests across the globe. In

addition to his usual sponsors, Google and Nvidia, institutions including the Natural History Museum in London and the Smithsonian have also furnished Mr Anadol with images and data.

Photo synthesis

Mr Anadol prompts the model to create his trademark abstractions, as well as hyper-realistic creatures. Eagles morph into owls, which turn into toucans; the overarching point is the connectivity of the natural world. AI offers “a new brush, a thinking brush”, he says.

He hopes that his work will educate people and help them “discover new worlds”. A viewer might prompt a model with the name of a plant, and it will generate a new one right in front of them. The artist’s ultimate goal is a place called Dataland: a fully immersive experience, including sounds and smells.

Hans Ulrich Obrist, the Serpentine’s artistic director, says that Mr Anadol “makes the invisible visible”; he captures the power of technology as he turns AI from an abstraction in the cloud into art before the eyes. Whether that art looks like a dream or a beautiful banality is up to viewers. But like it or not, people will be seeing a lot more of Mr Anadol’s work. ■

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Economic & financial indicators

- [Economic data, commodities and markets](#)

Indicators

Economic data, commodities and markets

Feb 22nd 2024

Economic data 1 of 2

	Gross domestic product (% change on year ago; base quarter* = 2013t)	Consumer prices (% change on year ago; base quarter* = 2023t)	Unemployment rate
United States	3.1 Q4	3.3 2.5	3.1 Jan 4.1 3.7 Jan
China	5.2 Q4	-4.1 5.2	-0.8 Jan 0.3 5.1 Dec [†]
Japan	1.0 Q4	-0.4 1.8	2.6 Dec 3.3 2.4 Dec
Britain	0.2 Q4	-1.4 0.2	4.0 Jan 6.8 3.8 Nov ^{††}
Canada	0.5 Q3	-1.1 1.1	2.9 Jan 3.9 5.7 Jan
Euro area	0.1 Q4	0.2 0.6	2.8 Jan 5.4 6.4 Dec
Austria	-1.8 Q3	2.1† 0.7	4.3 Jan 7.7 5.6 Dec
Belgium	0.1 Q4	1.5 1.3	1.9 Jan 2.3 5.7 Dec
France	0.7 Q4	-0.1 0.9	3.6 Jan 5.7 7.0 Dec
Germany	-0.2 Q4	-1.1 0.2	3.1 Jan 6.0 3.1 Dec
Greece	1.6 Q3	0.1 2.2	3.2 Jan 4.2 9.2 Dec
Italy	0.5 Q4	0.7 0.7	0.9 Jan 5.9 7.2 Dec
Netherlands	-0.5 Q4	1.3 0.1	3.1 Jan 4.1 3.6 Jan
Spain	2.0 Q4	2.5 2.3	3.5 Jan 3.4 11.7 Dec
Czech Republic	-1.0 Q3	0.8 -0.4	2.3 Jan 10.7 2.7 Dec
Denmark	-0.5 Q3	-2.6 0.9	1.2 Jan 3.3 2.9 Dec
Norway	-0.5 Q4	5.2 0.5	4.7 Jan 5.4 3.7 Nov ^{††}
Poland	1.0 Q4	0.1 0.5	3.9 Jan 14.1 5.4 Jan
Russia	-5.5 Q3	na 30	7.0 Jan 5.9 30.0 Dec [‡]
Sweden	-0.5 Q4	0.4 -0.3	4.4 Dec 6.0 8.5 Jan [‡]
Switzerland	0.3 Q3	1.1 0.8	1.3 Jan 2.1 2.2 Jan
Turkey	5.9 Q3	1.1 4.5	64.9 Jan 53.9 8.9 Dec [§]
Australia	2.1 Q3	0.9 1.9	4.1 Q4 5.6 4.1 Jan
Hong Kong	4.3 Q4	2.0 3.4	2.4 Dec 2.1 2.9 Dec ^{††}
India	7.6 Q3	8.6 6.9	5.1 Jan 5.7 6.0 Jan
Indonesia	5.0 Q4	na 5.0	2.6 Jan 3.7 5.3 Q3 [¶]
Mexico	3.6 Q4	na 3.8	1.8 Dec 7.5 3.3 Dec
Pakistan	nil 2022*	na na	20.0 Dec 30.0 Jan 2021
Philippines	5.6 Q4	8.7 5.4	2.8 Dec 6.0 4.2 Jan
Singapore	2.2 Q4	4.8 1.2	3.7 Dec 4.8 2.0 Q4
South Korea	2.2 Q4	2.5 1.3	2.8 Jan 3.6 3.7 Jan [§]
Taiwan	5.1 Q4	8.8 1.4	1.8 Jan 2.5 3.4 Dec
Thailand	1.5 Q3	3.1 2.5	-1.1 Jan 1.2 0.8 Dec [‡]
Argentina	-0.8 Q3	11.3 -1.0	25.1 Jan 133.5 5.7 Q3 [¶]
Brazil	2.0 Q3	0.6 2.9	4.5 Jan 4.6 7.4 Dec ^{††}
Chile	0.6 Q3	1.3 na	3.2 Jan 7.6 8.5 Dec ^{††}
Colombia	0.2 Q4	0.1 0.1	8.3 Jan 17.0 10.0 Dec
Mexico	7.4 Q4	0.4 3.4	4.9 Dec 5.5 2.0 Dec
Peru	-1.0 Q3	-1.1 -0.4	3.0 Jan 6.3 8.5 Jan
Egypt	2.7 Q3	na 3.8	29.8 Jan 33.9 7.1 Q3 [¶]
Israel	3.4 Q3	2.7 1.5	2.6 Jan 4.2 3.1 Dec
Saudi Arabia	-0.9 2023	na -0.9	1.8 Jan 2.3 5.1 Q3
South Africa	0.7 Q3	-1.0 0.6	5.2 Jan 6.1 32.1 Q3 [¶]

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. ‡Not seasonally adjusted. ¶New series. **Year ending June. ††Lates: 3 months; ‡‡3-month moving average. Note: Euro area consumer prices are harmonised.

The Economist

Economic data 2 of 2

	Current-account balance (% of GDP 2023†)	Budget balance (% of GDP 2023†)	Interest rates	Currency units
	10-yr govt bonds change on latest;%	change on year ago, bp	per \$ Feb 21st	% change on year ago
United States	-3.0	-0.3	4.3	43.0
China	1.7	-0.8	2.4 4%	-37.0 7.19 -4.4
Japan	3.9	-5.0	0.7	22.7 150 -103
Britain	-2.9	-3.9	4.1	55.0 0.79 3.9
Canada	-0.1	-1.3	3.5	30.0 1.55 -0.1
Euro area	-3.4	-3.3	2.3	12.6 0.93 1.1
Austria	1.6	-2.2	2.8	24.7 0.93 1.1
Belgium	-1.1	-4.3	2.9	-15.0 0.93 1.1
France	-1.1	-4.9	2.8	-8.0 0.93 1.1
Germany	5.6	-2.2	2.3	7.8 0.93 1.1
Greece	-5.7	-2.1	3.4	-37.0 0.93 1.1
Italy	0.5	-5.4	3.9	-48.0 0.93 1.1
Netherlands	9.4	-2.1	2.6	-12.0 0.93 1.1
Spain	2.0	-10.0	3.2	-1.0 0.93 1.1
Croatia	-0.6	-3.9	3.7	-1.9 32.4 -5.2
Denmark	10.5	-2.2	2.5	10.6 6.90 1.0
Norway	17.2	10.6	3.7	52.6 10.5 -2.2
Poland	1.7	-4.7	5.4	-84.0 4.00 11.0
Russia	2.5	-1.9	12.1	12.7 92.5 18.9
Sweden	5.4	-0.3	2.4	-4.0 10.4 -0.7
Switzerland	10.9	-0.7	0.9	-50.0 0.88 5.1
Turkey	-4.4	-5.0	23.8	1,299 31.0 39.1
Australia	0.5	-0.7	4.3	54.0 1.53 -4.5
Hong Kong	7.2	-1.7	3.8	12.6 7.82 1.3
India	-0.5	-5.9	7.1	-26.0 63.0 -0.2
Indonesia	0.4	-2.5	6.6	-12.0 15.635 -2.8
Malaysia	1.5	-5.1	3.8	-7.6 4.79 -7.5
Pakistan	0.2	-8.0	14.5 ††	-33.0 29.0 -5.9
Philippines	-4.1	-7.1	6.3	-8.0 56.0 -1.6
Singapore	18.7	-0.7	3.1	-11.0 1.34 0.5
South Korea	2.1	-2.7	3.5	1.0 1.335 -2.9
Taiwan	13.2	-0.1	1.2	2.0 31.5 -3.6
Thailand	0.8	-2.7	2.8	6.0 35.9 -3.6
Argentina	3.5	-4.0	na	16.8 82.8 7.0
Brazil	1.2	-7.8	10.8	25.8 4.83 1.6
Chile	-3.4	-3.4	5.6	21.0 96.0 17.6
Colombia	-3.4	-4.2	9.6	-26.8 3.935 26.1
Mexico	-1.5	-3.9	9.2	24.0 17.1 7.7
Peru	-0.8	-2.7	6.7	-11.6 3.80 1.0
Egypt	-1.1	-6.3	na	na 30.9 -1.0
Israel	5.8	-4.1	4.2	74.0 3.68 -1.2
Saudi Arabia	2.7	-2.1	na	na 3.75 nil
South Africa	-2.0	-5.2	10.1	7.0 18.9 -3.5

Source: Haver Analytics. †5-year yield. ††Dollar-denominated bonds.

The Economist

Markets

		% change on:		
		Index Feb 21st	one week	Dec 30th
In local currency				
United States S&P 500	4,961.8	0.4	29.8	
United States Nascomp	13,553.8	0.3	36.8	
China Shanghai Comp.	7,951.6	3.0	-4.5	
China Shenzhen Comp.	1,629.0	3.3	-17.5	
Japan Nikkei 225	38,262.2	1.5	46.6	
Japan Toxx	2,527.3	1.7	38.9	
Britain FTSE 100	7,662.5	1.2	2.8	
Canada S&P TSX	21,172.4	1.4	9.2	
Euro area STOXX 50	4,775.3	1.4	25.9	
France CAC 40	7,812.1	1.8	26.7	
Germany DAX	7,181.8	0.6	22.9	
Italy FTSE MIB	32,018.4	2.2	35.5	
Netherlands AEX	8,468	0.4	22.9	
Spain IBEX 35	10,107.2	1.9	22.8	
Poland WIG	81,412.3	2.5	41.7	
Russia RTS, 5 terms	1,068.1	-4.8	10.0	
Switzerland SMI	11,428.7	1.9	6.5	
Turkey BIST	9,312.1	2.6	69.0	
Australia All Ord.	7,960.0	0.9	8.8	
Hong Kong Hang Seng	16,503.1	3.9	-16.6	
China SSE	72,923.1	1.1	19.4	
Indonesia IDX	7,349.0	1.9	7.3	
Malaysia KLCI	1,552.4	1.3	3.8	
Pakistan KSE	61,539.2	-1.0	52.3	
Singapore STI	3,217.1	2.5	-1.1	
South Korea KOSPI	2,635.3	1.3	18.6	
Taiwan TWI	18,076.3	3.2	32.1	
Thailand SET	1,393.6	0.6	-16.5	
Argentina MERV	1,039,512.0	-6.0	414.4	
Brazil Ibovespa	130,931.6	3.4	18.5	
Mexico IPC	57,070.0	-0.4	17.7	
Egypt EGX 30	29,302.1	1.4	100.7	
Israel TA-125	1,963.1	2.3	7.7	
Saudi Arabia Tadawul	12,634.3	1.6	19.8	
South Africa JSE AS	73,029.6	nil	nil	
World, dev'd MSCI	3,272.2	0.2	25.7	
Emerging markets MSCI	1,020.6	2.2	6.7	

		US corporate bonds, spread over Treasuries		
		Index Feb 21st	Index Dec 29th	
Base points				
Investment grade	109	109	154	
High-yield	373	373	502	

Sources: Refinitiv Datastream; Standard & Poor's Global Fixed Income Research. *Total return index.

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Commodities

The Economist commodity-price index

	2020=100	% change on			
		Feb 13th	Feb 20th*	month	year
Dollar Index					
All Items	127.7	127.5	0.5	0.5	-7.8
Food	133.4	131.2	0.5	0.5	-10.7
Industrials					
All	123.0	124.4	0.6	0.6	-5.1
Non-food agriculturals	132.2	133.6	3.1	3.1	0.2
Metals	120.6	122.1	-0.1	-0.1	-6.5
Sterling Index					
All items	130.2	129.4	0.6	0.6	-11.6
Euro Index					
All items	136.2	134.6	0.6	0.6	-9.0
Gold					
\$ per oz	1,994.8	2,026.7	nil	nil	10.4
Brent					
\$ per barrel	83.0	82.3	2.6	2.6	-0.9

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.

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Obituary

- Alexei Navalny didn't just defy Putin—he showed up his depravity

Better Russia, where are you?

Alexei Navalny didn't just defy Putin—he showed up his depravity

On February 16th Russian authorities announced the death of the opposition leader

Feb 22nd 2024



Getty Images

HE WAS JUST an ordinary fellow. Nothing remarkable about him. He was Everyman, every Russian; one of the hundreds of thousands whose voices were usually stifled. His speeches weren't full of literary quotes or references to history. Instead he liked to sit down with people and talk about what worried them: health care, schools, the price of bread. He was no philosopher, just a jobbing lawyer, turned obsessive blogger, turned leading opponent of Vladimir Putin and his regime of crooks and thieves. He resisted everything they stood for: cronyism, greed, moral rot. For that he knew he would be endlessly harassed, imprisoned and silenced. Killed, possibly. But Alexei Navalny was not afraid of death. He often talked as if he had died already, and got over it.

He almost had. In August 2020, on a campaign flight in Siberia, his clothes were smeared with Novichok, a nerve agent developed for the Russian army.

The regional hospital was unsafe for him, so he was flown to Berlin. When, after five months, he recovered and flew home, he was immediately arrested and sent to jail on ludicrous charges. But he got his revenge on “Vladimir the Poisoner of Underpants”. Two days after his arrest his team released a two-hour film of Putin’s secret palace on the Black Sea, with its helipads, gold loo-brushes and pole-dancing stage. No need for a speech about it. The film said it all.

The palace had been filmed by a drone launched from an inflatable boat, like something in a thriller movie. Hollywood’s dramas regularly seemed to reflect his own. Everything he knew about politics, for example, came from watching “The Wire” and “The West Wing”. His own career was one big reality show, in which fighting the authorities was fun. And it was science fiction, his great love, with unpredictable thugs in a weird, menacing universe. In detention sometimes he fancied himself in the cabin of a spaceship voyaging to some new world. His android guards might try to obstruct him, or asteroids might blast the ship entirely, but he could still jump nimbly through.

Through to where? To a future Russia free, democratic, unthreatening, capitalist without the crap. And, yes, happy. He had supported Boris Yeltsin’s mass privatisations, but his brief dream of liberalism when the Soviet regime fell was soon hijacked by gangsters. Persuading ordinary Russians to want it again—to realise that they had never actually known it—was hard. He persevered because he was proud of Russia and what he believed it could be: normal, like other European countries, not run by kleptocrats, yet different and special for its culture, its history and its weight in the world. That balance needed fighting for.

He had not always been such a fighter. The failings and malevolence of the Soviet system had dawned on him only slowly. As a child he queued endlessly for milk and dreamed of chewing gum. Summers were spent with his grandparents near Chernobyl; after the nuclear accident, local people were ordered to dig up potatoes from the radioactive dust to prove all was well. Some of his relatives died. Later he liked a punk band called Civil Defence; their rebellious lead singer was sent by the KGB to a psychiatric clinic. Still he held back until, in 2000, Putin became president. The cynicism and contempt he saw in this man pushed him into politics.

Yabloko, the oldest liberal party, seemed a natural fit, until he found he was too nationalist for it. At one time he even made xenophobic videos he later regretted. But he also began to work at the regional grassroots, mobilising voiceless citizens, chipping at corruption and injustice in a hundred little ways. He bought shares in some of Russia's largest state-run companies, then went to their AGMs and grilled the thieving management. Through a clutch of anti-corruption websites he encouraged people to demand road repairs ("Russian Pothole"), monitor public procurement ("Russian Kickbacks") and report election violations.

He set up 40 offices across the country's 11 time zones, uniting them by blogging. NavalnyLive streamed his doings on YouTube. On social media he sent out calls to people of all persuasions—Martians even—to come out and protest. From the rigged election of 2011 onwards, in ever-bigger numbers, they did. The regime mocked him as an internet hamster; so he was. He ran for mayor of Moscow in 2013, picking up 27% of the vote despite facing trumped-up embezzlement charges. In 2017 the Kremlin barred him from running for the presidency, but through his YouTube presence he controlled the political narrative. The internet hamster would bite the throats of those bastards.

After his homecoming-arrest in 2021 there was a swift rigged trial in a police station. He was found guilty, of course, but allowed to address the "court". He relived the climax of one of Russia's most popular films, "Brat 2" (Brother 2), when the charismatic hero shouted at a racketeer, "Tell me, where does power lie? I believe that power lies in the truth." Those words rang out now as if he was addressing a fired-up multitude. In his mind, he was.

Fear was something he had no time for. When Ukraine was invaded in 2022 he urged Russians, from his cell, to empower themselves and call out this imperialist act, based on lies. Ukrainians were Slav brothers; he himself was the son of a Ukrainian father and a Russian mother. They should be left alone. Crimea's annexation in 2014 had also shown Russia moving sharply backwards from any semblance of a European nation-state. But there he wanted Crimea's people to decide, freely, which side they were on.

Putin's goons invented more cases against him, tacking on another 19 years to his sentence for "extremism". They sent him to a modern-day gulag, then a worse one, above the Arctic Circle. But even the solitary cells of such frigid prisons could not silence him. He made light of them, and urged Russians to vote against Putin in the coming elections.

His decision to return had always been right. No question. He would not give up on his ideas or his country, and his supporters should not give up either. "The Putinist state cannot last," he wrote in January. "One day we'll look over, and he will be gone." ■

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