

The world in brief, June 12th 2024



Hamas said it had submitted “remarks” in reply to a proposed ceasefire with **Israel**, suggesting that it was close to accepting the American-sponsored plan. Mediators **Qatar** and **Egypt** confirmed they had received the Palestinian group’s response. Earlier, Antony Blinken, America’s secretary of state, said that reports that Hamas had backed the deal were “a hopeful sign”. Mr Blinken is on his eighth trip to the Middle East since October 7th. Israel is unlikely to accept any arrangement that leaves Hamas in control of Gaza.

Hunter Biden, President Joe Biden’s son, was convicted of three felony counts of lying on federal forms to purchase a gun. In 2018 Hunter, who has admitted to [struggles with addiction](#), had falsely claimed that he did not have a drug problem. The charges carry a maximum of 25 years in prison; as a first-time offender, he may not receive jail time.

Britain’s **Conservative Party** launched its [election manifesto](#), promising to cut £17.2bn (\$21.9bn) a year in taxes by 2030. **Rishi Sunak**, the prime minister, said he would scrap the main rate of national insurance for self-employed people, and cut it for

employees by 2p. *The Economist's* [election forecast](#) suggests the opposition Labour Party is extremely likely to beat the Conservatives.

The leader of **France's** centre-right party called for an alliance with the National Rally, a far-right party led by **Marine Le Pen**, ahead of a [snap legislative election](#). Other members of Les Républicains rejected Éric Ciotti's comments, and called on him to resign. Ms Le Pen said that he had made a "courageous choice". Earlier, France's left-wing parties agreed to form an alliance.

India's prime minister, Narendra Modi, announced his new cabinet. He reappointed top ministers from his previous term, including those responsible for finance, home affairs and defence. Mr Modi's Bharatiya Janata Party won India's recent [election](#), but failed to retain its majority in parliament, meaning it must govern in coalition. Still, the appointments suggest Mr Modi holds a firm grip on power.

America's Department of Homeland Security added three firms to a growing list of **Chinese** companies banned from selling products in America because of ties to **forced labour**. Officials accused the firms—producers of aluminium, seafood and shoes respectively—of participating in government-sponsored programs that forced work from Uyghurs and other minorities from [Xinjiang](#). A total of 68 companies have been barred so far.

A jury in Florida ordered **Chiquita**, a multinational banana purveyor, to pay \$38.3m to 16 relatives of people killed by a [right-wing paramilitary group](#) in **Colombia**. Chiquita was found liable for bankrolling the United Self-Defence Forces of Colombia (AUC) from 1997 until 2004. Lawyers for victims' families argued that Chiquita benefited from the relationship with the AUC, which controlled banana-producing regions.

Figure of the day: Five, the number of Chinese companies that listed on domestic bourses last April, down from 35 in April 2023.
[Read the full story.](#)

In the run-up to America's presidential election, we've launched The US in brief—a daily update to help you keep on top of the political stories that matter. Sign up here to receive it as a newsletter, each weekday, in your inbox.

China's low inflation problem



China's inflation, like America's, is closely watched by investors. But they study it for the opposite reason: the rate is still **too low**, not too high. Figures released on Wednesday will probably show that producer prices, charged at the "factory gate", fell in May compared with a year earlier for the 20th month in a row. Consumer prices probably rose by only half a percent or so.

Low or negative inflation is a worrying sign of weak demand, which can feed on itself, deterring borrowing and investment. China's central bank has been cautious in its response to this deflationary danger. It may not want to cut interest rates decisively until America's Federal Reserve does, because a wider interest-rate gap with America could destabilise China's currency. But the Fed is in no hurry. As a consequence of these two waiting games, China's inflation may not bounce up until America's comes down.

The Fed stays patient



The waiting continues. It has been nearly a year since the Federal Reserve last raised interest rates. Before the start of 2024 many economists had predicted that it would start cutting them by now. Instead, at its latest meeting, which ends on Wednesday, the Fed is all but certain to hold rates in their current range, between 5.25% and 5.5%. At that level, monetary policy is restrictive, crimping consumer spending and business investment.

The central bank's judgment is that it can afford [to stall](#): inflation is not yet back to its 2% target and economic growth remains robust. Data on Wednesday are expected to show that consumer prices rose 3.4% from a year earlier, still too high for comfort. Meanwhile, although the unemployment rate has ticked up recently, it remains low by historical standards. Most investors now assume the Fed will only make its first cut in November. Patience, please.

Germany mulls the return of conscription



When Germany suspended [conscription](#) in 2011, it was seen as a modernising measure to turn the Bundeswehr into a leaner fighting force suited to far-flung expeditionary missions. Few imagined the draft might make a comeback. Yet that was before Vladimir Putin launched Europe's largest war since 1945.

On Wednesday Boris Pistorius, Germany's defence minister, will offer parliament his proposals for filling the Bundeswehr's manpower shortages (the armed forces need to find over 20,000 extra recruits in the coming years). Mr Pistorius, who says Germany must be "ready for war by 2029", favours Sweden's conscription model, under which all 18-year-olds fill out a questionnaire assessing their fitness and military aptitude, and a few thousand are summoned to serve. But Germany's chancellor, Olaf Scholz, thinks volunteers alone can plug the gap. To avoid upsetting his boss, Mr Pistorius may issue proposals that fall short of his own preferences—at least for now.

Rishi Sunak's gaffe-strewn election campaign



Since Rishi Sunak surprised everyone, including his own Conservative Party, by calling a general election for July 4th, little has gone to plan for Britain's prime minister. A nadir was reached on June 6th when Mr Sunak left D-Day commemorations in Normandy early. He apologised for deserting his post, but was still pilloried, even by members of the cabinet. The blunder will make it even harder for the Tories to catch the opposition Labour Party, which already had a [huge](#) lead in the polls.

Mr Sunak's campaign needs a reset. On Tuesday he launched his party's manifesto: it throws some red meat to his base with a plan to bring back national service and attempts to persuade wavering voters with tax cuts, including the abolition of stamp duty for first-time home buyers on houses below £425,000 (around \$540,000). On Wednesday, meanwhile, Mr Sunak will attempt to wrest back some initiative in a set-piece interview on ITV, a leading broadcaster. It will probably not be enough to invigorate his campaign.

An alternative to the Nobel prizes



In the 1960s a certain car-hire company used the slogan “We’re number 2. We try harder”. That could also be the motto of the Kavli Foundation, sponsor of three Norwegian prizes for astrophysics, nanoscience and neuroscience, the latest winners of which will be announced on Wednesday. The Kavli awards deliberately echo the (Swedish) Nobel prizes for physics, chemistry and physiology or medicine. And, like the Nobels, each is worth \$1m, though they are biennial rather than annual.

Previous prizes have been awarded for the CRISPR gene-editing technique, cosmic inflation (a theory of how space expanded in the early universe) and the first practical “invisibility cloak”. The new winners will receive their cheques and medals at a ceremony in September. Scientists of a certain age and eminence sometimes joke about their chances of making “the trip to Stockholm”. When they jest similarly about Oslo, Kavli’s trustees will really know their efforts have paid off.

Daily quiz



We will serve you a new question each day this week. On Friday your challenge is to give us all five answers and, as important, tell us the connecting theme. Email your responses (and include mention of your home city and country) by 1700 BST on Friday to QuizEspresso@economist.com. We'll pick randomly from those with the right answers and crown three winners on Saturday.

Wednesday: Which comic book (also TV and movie) hero battles the villain Ming the Merciless?

Tuesday: Which soul singer, who later became a minister, part-wrote and recorded the hit "Let's Stay Together"?

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The number of Chinese companies that listed on domestic bourses last April, down from 35 in April 2023.

Read the full article.

An aphorism can never be the whole truth; it is either a half-truth or a truth-and-a-half

Karl Kraus