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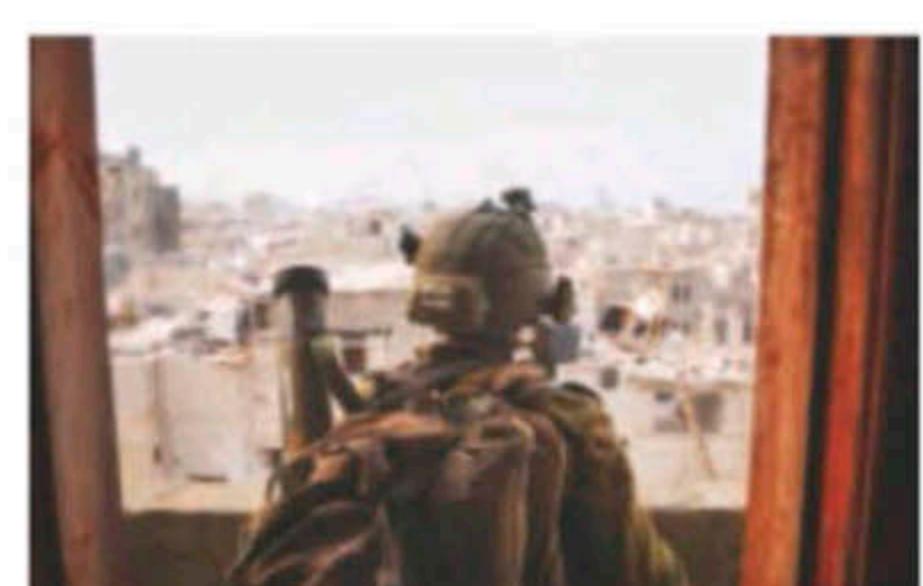
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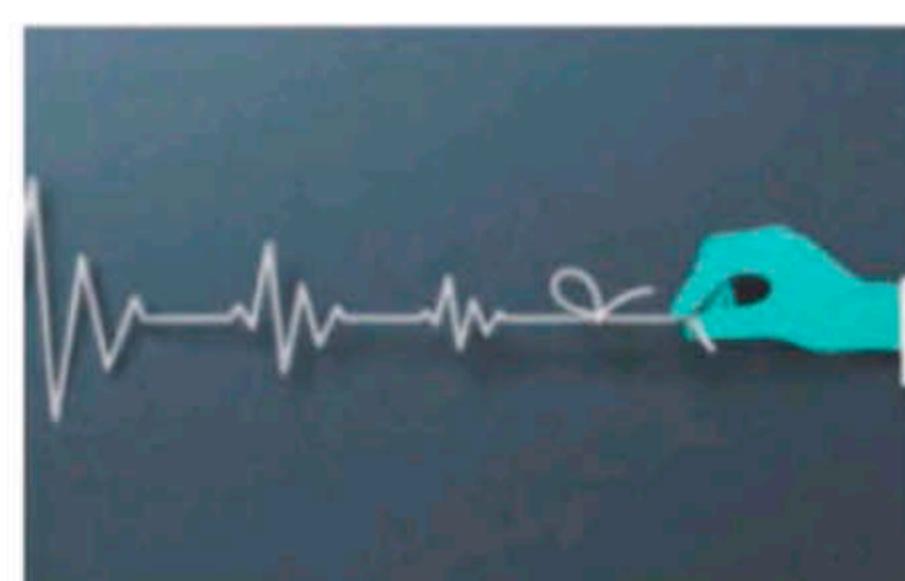
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to take part in 'a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress.'

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The world this week Politics



Japan's prime minister, Kishida Fumio, visited Washington for talks with Joe Biden and to address Congress. America and Japan are strengthening their military alliance, which includes closer co-operation between their command structures. Japan is also to join an American mission to the Moon, meaning a Japanese astronaut will be the first non-American to walk on the lunar surface. America, Japan and the Philippines then prepared for their first trilateral summit. The Philippines' coastguard has recently clashed with Chinese vessels in the South China Sea.

China's leader, Xi Jinping, met Ma Ying-jeou in Beijing. Mr Ma served as president of **Taiwan** from 2008 to 2016, establishing friendlier ties with China. The relationship grew colder after he left office. China is trying to court friendly Taiwanese politicians, while freezing out independence-minded officials, such as the incoming president, Lai Ching-te.

South Korea's liberal opposition parties won the most seats in parliamentary elections, trouncing the conservative party of President Yoon Suk-yeol. The liberals fell short of a super-majority, however.

In a tense phone call between Joe Biden and Binyamin Netanyahu the American president warned the Israeli prime minister that **Israel** must do more to protect civilians and negotiate a ceasefire with Hamas. America's policy, Mr Biden said, would be determined by Israel's "immediate action". Israel said it would open the Erez crossing and allow in

direct shipments from Ashdod, an Israeli port, opening major new conduits for aid into **Gaza**. The following days saw a big increase in the number of trucks entering Gaza with humanitarian aid. Mr Biden later offered "ironclad" support to Israel if Iran attacks it.

Israel withdrew its ground troops from **Khan Younis**, leaving just one brigade deployed in Gaza. The remaining troops will try to prevent Palestinians from leaving the south, now home to almost 90% of Gaza's 2.2m people, and returning to the north.

Ismail Haniyeh, the leader of **Hamas**, who is based in Qatar, said three of his sons were killed in Israeli strikes. Israel said that the three men were members of Hamas's military wing.

Jacob Zuma, a disgraced former president of **South Africa**, won a court case allowing him to run for office in a general election on May 29th. Mr Zuma had been barred by electoral officials because of a conviction for contempt of court and prison sentence of 15 months. His new party, known by its initials, MK, is polling above 10% of the national vote.

An overcrowded ferry capsized off **Mozambique**, killing at least 96 people who had been trying to flee an outbreak of cholera. Separately, at least 38 migrants, including children, died in a shipwreck off the coast of **Djibouti**.

Climate-change activists won their first-ever case in the European Court of Human Rights. The court ruled that Switzerland had failed to protect its citizens' rights in a case brought by a group of women in their 70s, who argued that old people were particularly vulnerable to intensifying heatwaves. The judges established a right to protection by the state "from the serious adverse effects of climate change on lives, health, well-

being and quality of life". Forty-six countries are covered by the ECHR's jurisdiction.

Dicing with danger

Russia and Ukraine blamed each other for drone strikes on the **Zaporizhia nuclear plant**, which is in Ukraine but controlled by Russian forces. It was the first time the facility had been attacked directly since November 2022. The International Atomic Energy Agency said such attacks increased the risk of a nuclear accident and called an emergency meeting.

Seven people were killed in a Russian drone strike on **Kharkiv**, Ukraine's second-most populous city. Russia has stepped up its attacks on the city in recent months, which Ukrainian officials think may be a prelude to a new Russian incursion. Kharkiv lies just 30km (19 miles) from Russia.

Britain, Belgium, Denmark, Germany, the Netherlands and Norway signed a pact to co-operate on protecting underwater pipelines and other infrastructure in the **North Sea**. The sabotage of the Nord Stream pipeline in 2022 and damage to a pipeline in the Baltic Sea in 2023 are still unexplained. Some suspect Russian involvement; others have fingered Ukrainian agents.

Iceland is to have a new prime minister. Bjarni Benediktsson, who leads the conservative Independence Party, was chosen by the ruling coalition to lead the government after Katrin Jakobsdottir, of the Left-Green Movement, resigned to run for the mostly ceremonial post of president.

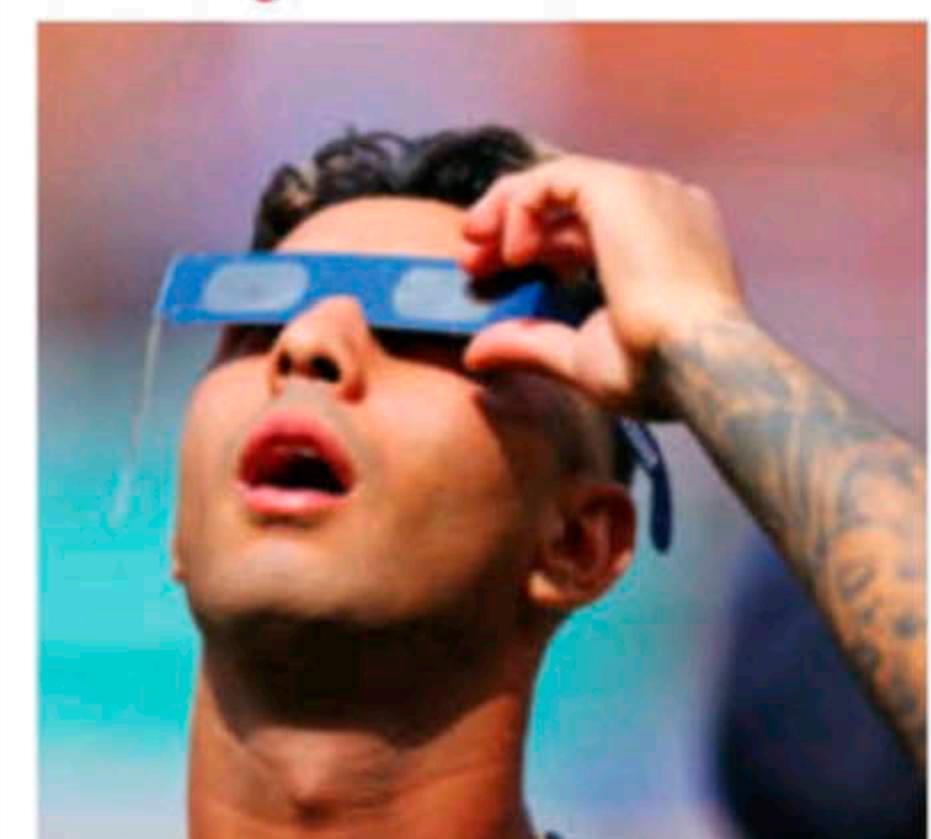
A scathing report into **transgender health care** for children was published in Britain. The Cass Review recommended moving away from a model of medical intervention for trans-identifying children to one based on therapy. It also criticised the "toxicity" of the debate on gender for inhibiting open discussion.

Mexico suspended diplomatic relations with **Ecuador**, after Ecuadorean police stormed the Mexican embassy in Quito to arrest a former Ecuadorean vice-president. Jorge Glas took refuge in the embassy last December after he faced an arrest warrant for corruption (he has already served prison time on similar charges). He says he's innocent. Mexico said it had granted him asylum.

The first **parents** in America to be held criminally responsible for a mass shooting carried out by their child were sentenced to between ten and 15 years in prison. Their 15-year-old boy shot dead four fellow pupils at his school in suburban Detroit in 2021. The parents were found guilty in separate trials earlier this year of involuntary manslaughter. Their son was sentenced to life in prison.

Arizona's Supreme Court banned **abortion** in the state, reviving a law from 1864 to justify its ruling. The order was put on hold for two weeks, but the decision has already had political reverberations. Arizona is one of the swing states on which the presidential election in November hinges.

Moonlight shadows



Tens of millions of people in Canada, the United States and Mexico turned out to watch a **solar eclipse**. Some of the regions where a total eclipse was viewable included parts of southern Ontario and Quebec, upstate New York, Indiana and Texas and Sinaloa and Durango. The event drew hordes of eclipse-tourists, who booked 92% of Airbnb listings within the zone of totality.

The world this week Business

The Biden administration said it would provide \$6.6bn in direct funding to **TSMC** to support its facilities in Arizona for manufacturing the world's most advanced semiconductors. TSMC, based in Taiwan and the world's largest contract chipmaker, will have three sites in Phoenix when it completes a new factory there. It is increasing its investment to \$65bn, the largest-ever foreign direct investment in a "green-field" project, meaning built from scratch, in America. TSMC supplies chips to Apple and Nvidia for use in smartphones and artificial intelligence.

Intel unveiled its Gaudi 3 chip for AI, which it claims is faster and more power-efficient than Nvidia's H100. It tested the chip on two open-source large language models: Llama, which is run by Meta, and Falcon, a project backed by Abu Dhabi. Intel also announced a plan to create, with other tech companies, an open platform for enterprise AI that will "accelerate deployment" of secure generative AI systems.

Disney is to crack down on users who share passwords to its streaming services. Bob Iger, Disney's chief executive, said the crackdown would be gradually rolled out to different countries starting in June. Netflix implemented a similar policy last year, and it has since reported a surge in subscribers.

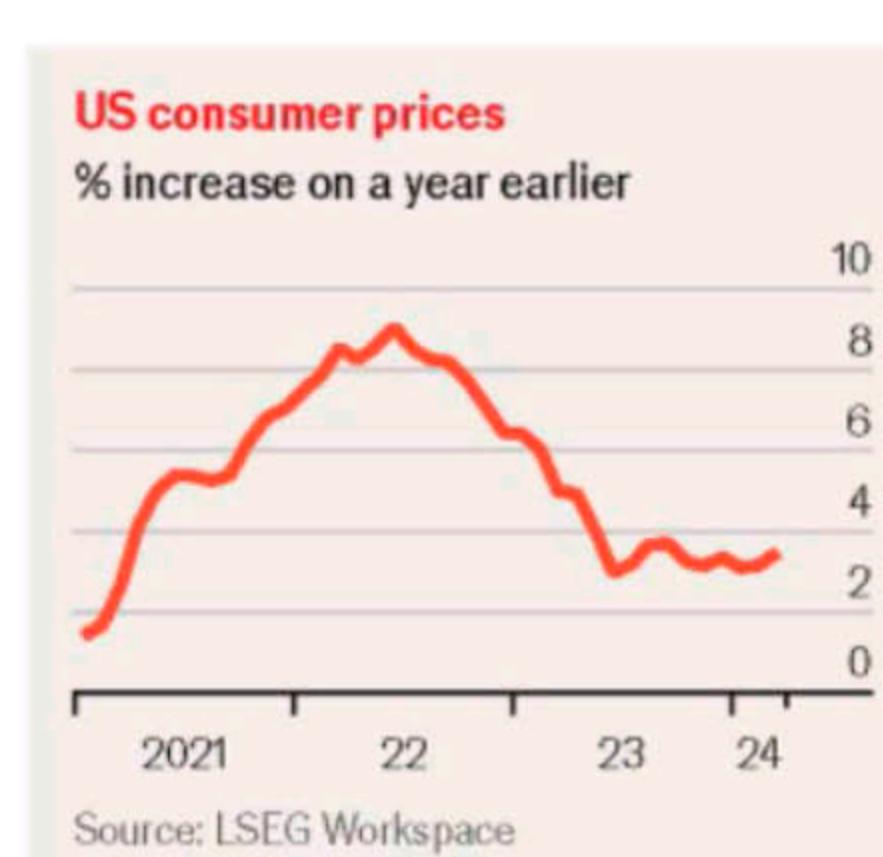
Boeing's safety record was in the spotlight again. An engineer at Boeing alleged that the company took shortcuts on quality and safety when it manufactured 787 and 777 jets, leaving them with potential structural flaws. Boeing described the claims as "inaccurate". And the Federal Aviation Administration investigated yet another incident involving a Boeing plane, this time an engine panel that fell off a 737-800 during take-off from Denver. Meanwhile, Alaska Air received \$160m in compensation from Boeing for the panel that fell off one of its aircraft in

January, leaving a gaping hole in the plane. The airline said it expects further payments.

Tesco, Britain's biggest supermarket chain, reported a big rise in pre-tax profit to £2.3bn (\$2.9bn) for the 12 months ending February 24th. It expects higher profits this year, as inflationary pressures have "lessened substantially". Meanwhile, **John Lewis**, a troubled department-store and supermarket chain, appointed Jason Tarry, a former senior executive at Tesco, as its new chair. Dame Sharon White held the position for five years, the shortest-ever tenure in the job.

A victory, of sorts

The EU's General Court ruled that **sanctions** imposed on Mikhail Fridman, a Russian investor, and Petr Aven, his business partner, between February 2022 and March 2023 must be annulled. The court found that the EU had not "sufficiently substantiated" its reasons for linking Messrs Fridman and Aven to Vladimir Putin's regime after Russia invaded Ukraine. Mr Fridman is one of Russia's most prominent businessmen. Both men are still subject to sanctions not covered by the judgment.



Two bits of economic data changed market calculations about the Federal Reserve's path towards interest-rate cuts. America's annual **inflation** rate rose again, to 3.5% in March from 3.2% in February. And American employers created 303,000 **jobs** in March, the highest number since last May, suggesting that the economy remains red-hot. Stockmarkets sagged and the yield on government bonds jumped in response to both sets of data. Investors have narrowed their bets on when and how the Fed will cut this year, though some of those bets, of up to seven cuts, were wildly optimistic.

Fitch reduced its outlook for **China's** sovereign credit-rating from stable to negative, but retained the country's A+ rating (Moody's took similar action in December). Fitch forecasts

that China's central- and local-government debt will rise to 61.3% of GDP this year. In 2019 it was 38.5% of GDP.

HSBC decided to sell its business in **Argentina**, and will book a \$1bn pre-tax charge in its first-quarter earnings related to the sale. The bank said it would also have to acknowledge \$4.9bn in losses on its books linked to the falling value of the peso when the deal closes, though this would neither affect its financial strength nor its tangible net asset value. HSBC has been gradually pulling back from markets outside Asia in order to focus on its business there.

Serenity and strife

"We'll have AI that is smarter than any one human probably around the end of next year," predicted **Elon Musk** in an interview. Mr Musk's prophecy is conditioned on the continuing supply of chips and electricity. Meanwhile, Mr Musk had more earthly matters to consider when he caused a huge political row in Brazil by calling for the resignation of a Supreme Court judge whom he suspects of ordering a block on certain right-wing accounts on his messaging service, X.



The next housing disaster

Global warming is coming for your house. Who will foot the bill?

THINK ABOUT the places vulnerable to climate change, and you might picture rice paddies in Bangladesh or low-lying islands in the Pacific. But another, more surprising answer ought to be your own house. About a tenth of the world's residential property by value is under threat from global warming—including many houses that are nowhere near the coast. From tornadoes battering midwestern American suburbs to tennis-ball-size hailstones smashing the roofs of Italian villas, the severe weather brought about by greenhouse-gas emissions is shaking the foundations of the world's most important asset class.

The potential costs stem from policies designed to reduce the emissions of houses as well as from climate-related damage. They are enormous. By one estimate, climate change and the fight against it could wipe out 9% of the value of the world's housing by 2050—which amounts to \$25trn, not much less than America's annual GDP. It is a huge bill hanging over people's lives and the global financial system. And it looks destined to trigger an almighty fight over who should pay up.

Homeowners are one candidate. But if you look at property markets today, they do not seem to be bearing the costs. House prices show little sign of adjusting to climate risk. In Miami, the subject of much worrying about rising sea levels, they have increased by four-fifths this decade, much more than the American average. Moreover, because the impact of climate change is still uncertain, many owners may not have known how much of a risk they were taking when they bought their homes.

Yet if taxpayers cough up instead, they will bail out well-heeled owners and blunt helpful incentives to adapt to the looming threat. Apportioning the costs will be hard for governments, not least because they know voters care so much about the value of their homes. The bill has three parts: paying for repairs, investing in protection and modifying houses to limit climate change.

Insurers usually bear the costs of repairs after a storm destroys a roof or a fire guts a property. As the climate worsens and natural disasters become more frequent, home insurance is therefore getting more expensive. In places, it could become so dear as to cause house prices to fall; some experts warn of a "climate-insurance bubble" affecting a third of American homes. Governments must either tolerate the losses that imposes on homeowners or underwrite the risks themselves, as already happens in parts of wildfire-prone California and hurricane-prone Florida. The combined exposure of state-backed "insurers of last resort" in these two states has exploded from \$160bn in 2017 to \$633bn. Local politicians want to pass on the risk to the federal government, which in effect runs flood insurance today.

Physical damage might be forestalled by investing in protection in properties themselves or in infrastructure. Keeping houses habitable may call for air conditioning. Few Indian homes have it, even though the country is suffering worsening heatwaves. In the Netherlands a system of dykes, ditches and

pumps keeps the country dry; Tokyo has barriers to hold back floodwaters. Funding this investment is the second challenge. Should homeowners who had no idea they were at risk have to pay for, say, concrete underpinning for a subsiding house? Or is it right to protect them from such unexpected, and unevenly distributed, costs? Densely populated coastal cities, which are most in need of protection from floods, are often the crown jewels of their countries' economies and societies—just think of London, New York or Shanghai.

The last question is how to pay for domestic modifications that prevent further climate change. Houses account for 18% of global energy-related emissions. Many are likely to need heat pumps, which work best with underfloor heating or bigger radiators, and thick insulation. Unfortunately, retrofitting homes is expensive. Asking homeowners to pay up can lead to a backlash; last year Germany's ruling coalition tried to ban gas boilers, only to change course when voters objected to the costs. Italy followed an alternative approach, by offering extraordinarily generous, and badly designed, handouts to households who renovate. It has spent a staggering €219bn (\$238bn, or 10% of its GDP) on its "superbonus" scheme.

The full impact of climate change is still some way off. But the sooner policymakers can resolve these questions, the better. The evidence shows that house prices react to these risks only after disaster has struck, when it is too late for preventive investments. Inertia is therefore likely to lead to nasty surprises. Housing is too important an asset to be mispriced across the economy—not least because it is so vital to the financial system.

Governments will have to do their bit. Until the 18th century much of the Netherlands followed the principle that only nearby communities would maintain dykes—and the system was plagued by underinvestment and needless flooding as a result. Governments alone can solve such collective-action problems by building infrastructure, and must do so especially around high-productivity cities. Owners will need inducements to spend big sums retrofitting their homes to pollute less, which benefits everyone.

Wie het water deert

At the same time, however, policymakers must be careful not to subsidise folly by offering large implicit guarantees and explicit state-backed insurance schemes. These not only pose an unacceptable risk to taxpayers, but they also weaken the incentive for people to invest in making their properties more resilient. And by suppressing insurance premiums, they do nothing to discourage people from moving to areas that are already known to be high-risk today. The omens are not good, even though the stakes are so high. For decades governments have failed to disincentivise building on floodplains.

The \$25trn bill will pose problems around the world. But doing nothing today will only make tomorrow more painful. For both governments and homeowners, the worst response to the housing conundrum would be to ignore it. ■



The sense of an ending

Assisted dying

Britain's next great social reform is approaching

BRITAIN HAS become a much more liberal country in recent decades. In 1981 only 12% of Britons thought that homosexuality was justifiable, according to the World Values Survey; in 2022 the figure was 66%. Over the same period the proportion of people who were accepting of divorce rose from 18% to 64%. Where the public has led, politicians have followed: same-sex marriages were legalised in 2013; no-fault divorces became possible in 2022. That pattern may well be about to repeat itself with assisted dying.

Over two-thirds of Britons support changing the law to let someone help in the suicide of a person with a terminal illness. Assisted dying has a good chance of getting on the statute book in the near future. Bills are already in progress on the Isle of Man, in Jersey and in Scotland. Sir Keir Starmer, the Labour leader, is sympathetic and has promised a free vote among MPs if his party wins the next general election (see Britain section).

If *The Economist* had a vote, it would be unequivocally in favour. The case for assisted dying is, at its core, one of individual freedom. Britons have the right to marry whom they want. They have the right to roam. Through an obscure medieval law, some even have the right to drive sheep across London Bridge. They should have the right to choose the manner and timing of their death. The more complex question is what form an assisted-dying regime should take. That is not just to ensure safeguards against abuses, though it must undoubtedly do that. It is also to make sure that the law is not drawn too tightly.

Britain is in many ways late to the issue (as are countries like Ireland and France; a bill was presented to the French cabinet this week). Belgium, the Netherlands, Oregon and Switzerland have had assisted-dying laws for decades. Seventeen jurisdictions have passed laws since we argued in favour of legalisation in 2015. Although opponents of assisted dying have deeply held beliefs, and raise legitimate concerns, the actual experience of these many jurisdictions strengthens the arguments in its favour.

Take concerns about coercion. Critics argue that no regime could ever fully protect the vulnerable from relatives looking to claim an inheritance, or indeed from a state seeking to cut health-care costs. Yet the evidence suggests that cases of coercion are extremely rare. The state should do its best to help people live well, whether through social support or palliative care, but if it cannot, those who truly wish to die should not be obliged to suffer. In places where an assisted death remains illegal, only those with money have the option to take matters into their own hands—on average one Briton a week travels to Switzerland to end their life there. The rights of hypothetically vulnerable patients are taking precedence over the rights of those who are actually in anguish.

Some critics say that assisted dying is a “slippery slope”. If this is the fundamental reason for your opposition, you are pretty much conceding the principle that there are indeed instances when it would be right to help someone die—it’s the scope that is the problem. In any case experience suggests that

no such slope exists. Although eligibility criteria for an assisted death have expanded in Belgium and the Netherlands, they have never done so in jurisdictions whose initial laws were restricted to terminally ill adults. Canada’s decision to postpone the extension of assisted-dying laws to the mentally ill until 2027 shows that it is possible to press “pause”. True, the numbers of people seeking assisted deaths is increasing: they now make up 4% of all deaths in Canada and 5% in the Netherlands. Yet if those higher figures are an expression of people’s desire to make use of a new freedom, as is overwhelmingly likely, they are a reason to pass laws, not to block them.

Whether out of conviction or caution, politicians tend to respond to such concerns by writing laws that are based on Oregon’s model, which requires a person to be terminally ill with less than six months to live to be eligible for an assisted death. This is the approach being followed in Ireland. France’s assisted-dying bill is also limited to the terminally ill, even though a citizens’ assembly convened by President Emmanuel Macron supported a broader law for those suffering unbearably from an incurable illness. The Oregon template is also likely to be the one MPs in Westminster will eventually end up debating, if previous bills are a guide. It is too restrictive.

Strict time constraints mean that people often die before they can receive the lethal medication. And many people suffer terribly with a disease that is not terminal. Canada’s model, which allows someone to determine for themselves whether their suffering is unbearable, is fairer. A person there must be suffering from a serious and incurable medical condition and must wait 90 days to reflect on their decision. Arguments that this broader scope devalues disabled lives

are well-meaning but paternalistic. Three-quarters of Canadians with disabilities support the existing law.

The thorniest issues arise when it is hard to determine whether people are of sound mind. Canada’s decision to postpone the extension of assisted-dying laws to people with mental-health disorders is sensible for this reason. Mental suffering is as real as physical suffering, yet society’s understanding of it is still inadequate. Doctors must be able to tell between a considered, rational wish to die and a suicidal impulse, a distinction many clinicians feel unable to make.

Dementia, which already afflicts one in 11 Britons over 65, is also a difficult area. It is possible for someone in the early stages of dementia to make a request in advance for an assisted death, but their wishes when the time comes should prevail. When in doubt, the best rule of thumb is not to proceed.

The right balance

There is no guarantee that politicians in Britain will vote in favour of assisted dying. But when they do debate the issue, they should not default to the narrowest definition of what is a basic human right. All adults of sound mind who are enduring unbearably suffering with no prospect of recovery should be able to choose the way they die. ■



America's election

Four-leaved voters

True swing voters are extraordinarily rare. We have found some

THE BIGGEST question in American politics today is why Joe Biden's support is so soft. Although there are plenty of theories—ranging from Mr Biden's age to petrol prices to the withdrawal from Afghanistan—it is hard to be confident about an answer. A standard poll of the type quoted in news reports may be based on a sample of 1,000 people. A poll that asks questions of voters in a swing state might have half that number. These yield useful information, no doubt, but if you want to look within those polls at what, say, Hispanic Protestants think of President Biden, the numbers are too small to draw conclusions. We found a way round this problem (see United States section). Over the past year, YouGov has posed questions to a total of 49,000 Americans of voting age. If you pool their answers, as we have this week, you can discover what is really going on.

Because most American voters are partisan and opinions about the two candidates are so calcified, very few people who voted for Joe Biden in 2020 will vote for Donald Trump in November, or vice versa. In a tight election, swing voters have double value because they subtract from one side and add to the other. Finding them, though, is like hunting for four-leaved clovers.

Mr Biden and Mr Trump are close to tied in national polls (Mr Trump is doing better than that in the swing states). Overall, compared with 2020, there has been a shift of two percentage points in Mr Trump's favour. This change has two sources.

The first is made up of people who voted for Mr Biden in 2020 and now say they are either undecided, supporting a third party or planning not to vote. This is a reminder that if Robert F. Kennedy junior makes it onto the ballot in swing states he could tip the election. Mr Kennedy, whom we profile this week, refuses to be drawn on whether Mr Biden or Mr Trump would be worse for America and says his internal polling shows him mainly attracting independent voters, rather than from one

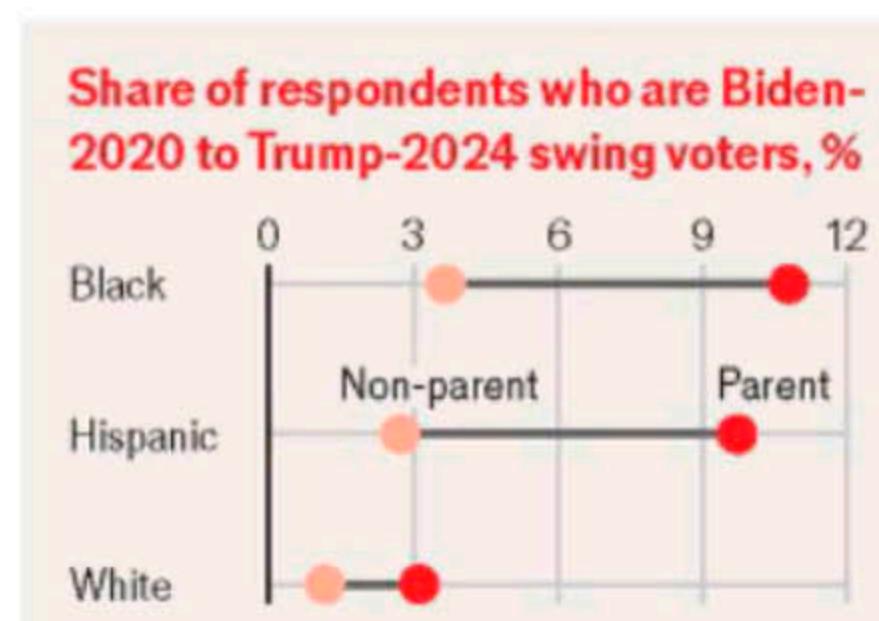
particular candidate. Other polls, however, suggest that higher third-party support has done more harm to Mr Biden.

The second source of weakness for Mr Biden is genuine swing voters, who have deserted him for Mr Trump. Among our 49,000, just 465 voted for Mr Trump last time and say they will now back Mr Biden. There are 632 Biden-to-Trump voters. Many people who recall the chaos of Mr Trump's presidency and its riotous conclusion, and have seen recent jobs data, will be wondering what on Earth these folk are thinking. Our mega-sample has some answers on that, too.

Swing voters do not view this year's election as Republicans would like them to: immigration is not the most important issue for them. Neither do they view it as Democrats wish.

Their most important issue is not the defence of democracy, climate policy, or abortion. It is inflation, which remains sticky (see Finance & economics section), followed by the economy. Politics is less central to the lives of swing voters than it is to news hounds and committed partisans. They may not know much about Mr Biden's position on natural gas or North Korea, but they do know that eggs are expensive and driving to work costs too much.

The other, perhaps more surprising, finding is who these swing voters are. Those most likely to have swung from Mr Biden to Mr Trump are non-white parents of school-age children. That may reflect abiding fury at over-long school lockdowns during the pandemic. It also reflects a notable trend: that race and voting are becoming unstuck. In the short term this is troubling, because it makes Mr Trump's return to the White House more likely. Looking further in the future, however, it promises to be a blessing. A multiracial democracy in which everyone votes according to their race is a nightmarish prospect. Politics should be a competition between ideas rather than identities. America is swinging in that direction. ■



The Cass Review

The cautious approach to transgender care

America could learn from England's thinking on how to treat gender-dysphoric children

CALM DISCUSSIONS of transgender medicine are rare. "There are few other areas of health care where professionals are so afraid to openly discuss their views," argues Hilary Cass, a British doctor. On April 9th she published a 388-page report, commissioned by England's National Health Service, assessing the evidence for and against treatments for children who identify as transgender (see Britain section). Its conclusions will reverberate on both sides of the Atlantic, where standards of care differ wildly.

The treatments at issue include puberty blockers, cross-sex hormones and (rarely) surgery. Puberty blockers are drugs that

delay the onset of puberty. Cross-sex hormones stimulate the development of opposite-sex characteristics: oestrogen causes males to grow larger breasts, testosterone gives females bigger muscles and deeper voices, among other things. "There is not a reliable evidence base" to show that the benefits of offering such treatments to children outweigh the harms, says the Cass Review. Many studies have been published, but they are often of "poor quality". Some draw conclusions from tiny samples. Some lack control groups, so that outcomes for patients receiving treatment are not compared with outcomes for those who do not. Far too little effort has been made to observe long- ►

term effects. Some clinics even resisted attempts to gather such data. "It is unusual for us to give a potentially life-changing treatment to young people and not know what happens to them in adulthood," Dr Cass told the BBC.

In the rich world, approaches to transgender care for children now fall into three broad categories: laissez-faire, draconian and cautious. The laissez-faire approach, common in blue states in America, argues that if children identify as the opposite gender and desperately want to adjust their bodies to align with that feeling, they should be allowed to do so. If denied such "gender-affirming care", their lives will be blighted and they may consider ending them, proponents say. Some activists add, in forceful language, that only transphobes could possibly object. The American Academy of Pediatrics, a national body, supports the provision of puberty blockers and cross-sex hormones to minors, while evaluating new evidence.

The draconian approach is that such treatments should simply be banned. This is common in red American states, where some politicians stir up antipathy towards transgender people to win votes. Some states combine bans on treatment with harsh penalties for doctors who offer it. Florida threatens them with five years in prison; Idaho, ten. Texas has tried to investigate whether parents who seek such care for their children are fit to be parents; though this is now tied up in court. In all, 22 American states have outlawed or restricted transgender care for adolescents, most of them recently.

The cautious approach, which informs policy in Denmark, Finland, Norway, Sweden and now England, stresses that more evidence is needed. No one is sure why the number of children who identify as transgender has exploded in the past decade. Before giving them drugs which can make them permanently sterile and unable to experience an orgasm, medics should explore other interventions. Many trans-identifying children are on the autism spectrum. Many suffer from depression, and should be offered counselling. Many eventually desist, sometimes realising that they are gay, not trans. Health providers should not rush into invasive treatments even if the child demands them. Thus, the NHS in England now offers puberty blockers only as part of a clinical trial. Cross-sex hormones should be provided only to children over 16, and with "extreme caution", says the Cass Review.

As *The Economist* has argued before, the cautious approach is the wisest. Transgender people should always be treated with respect and kindness, and adults should be free to make their own decisions about their bodies. But as Dr Cass concludes, it is essential to guard against "the creep of unproven approaches into clinical practice". This may be hard in an area that has become so politically contentious. It may also be harder in health systems where private doctors are paid for each intervention, and thus have an incentive to give patients what they ask for. Nonetheless, it is the responsibility of medical authorities to offer treatments based on solid evidence. ■

War in Gaza

The short-sighted Israeli army

Force alone cannot bring security

THE STORY of the Israel Defence Forces is the story of Israel itself. From the creation of the state in 1948, the IDF has repeatedly fought and won wars with Arab countries that were bent on destroying it. Israelis see their army as the best of themselves—tough, shrewd and innovative. Despite the IDF's terrible failure to predict or prevent the incursion from Gaza on October 7th 2023, many Israelis think their army has gone on to have a good war. A former Israeli general and national security adviser this week said that Operation Swords of Iron would come to be viewed as an exemplar of how to conduct urban combat.

As our reporting makes clear, the reality in Gaza is different. The campaign against Hamas is justified, but it has been marred by the IDF's over-reliance on technology and a lack of strategic thinking. Most of all, the army has suffered from the self-serving rivalries and cramped vision of Israel's political leaders. As so often, Palestinians have paid the price. In this, too, the story of the IDF is the story of Israel.

Two areas where the IDF has fallen short are its responsibilities as an occupying power and its duty to minimise civilian deaths. Some 1.7m people have been displaced; many lack adequate food, water or medicine. For months, a few hundred lorry-loads of food have been getting into Gaza, far below the 500 or so a day that is the minimum needed. Outraged, some countries have resorted to dangerous, costly air drops.

Israel insists that it has done all that humanitarian law demands, but persistent and seemingly arbitrary blockages of aid contradict that. So do Israel's own belated efforts in recent days, under great pressure from America, its main ally, to prevent a looming famine. IDF officers have blamed politicians for shortages, but at the very least they should have foreseen how these would come to define their operations.

The civilian death toll is also of grave concern. To many people, tens of thousands of deaths and injuries and the destruction of so much of Gaza could never be justified. Israeli officials retort that war is harsh and the ratio of civilian deaths to combatants is about 2:1, a figure that roughly matches independent studies and is similar to Iraq when an American-led coalition struck Islamic State in Mosul in 2016-17.

Comparisons are hard and figures are inexact, but even if that is true, many armies would find Israel's rules of engagement disproportionate and hence illegal. The IDF is reported to have set the threshold of civilian deaths in justifying decisions to strike a junior Hamas fighter at 20:1 and a senior leader at 100:1. For Saddam Hussein, Iraq's dictator, America set a threshold of 30:1. The IDF may also have been indiscriminate, which would be illegal too. A report from inside Israel claims that early in the war, when the army was determined to take vengeance for October 7th, it assembled target lists using artificial intelligence and that the pressure to



► move ahead was so great that humans gave the system only cursory oversight (see Middle East & Africa section). Israeli officials vehemently deny this, but it would not be the first time in war that, without a clear sense of what counts as victory, kill rates became the measure of progress.

Amid these excesses, the IDF risks falling short in its chief aim of destroying Hamas. After six months, the terrorist group's most senior leaders remain alive and over 100 hostages are still in captivity. The IDF talks of attacking four remaining Hamas battalions in Rafah, in the south of Gaza, but that is a formula for disaster. About 1.5m people are sheltering near Rafah and Israel has yet to produce a plan for protecting them. Israel appears to have no strategy for preventing Hamas or something like it from rising from the rubble. Without one, it will be subject to the devastating mathematics of insurgency, in which operations designed to reduce the number of terro-

rists attract more than enough recruits to replace them.

It is not too late to change course. Yet Israel's politicians—former IDF officers among them—want bombs and bullets to substitute for a political vision of the war's end. Without a plan for peace, Israel will end up as an occupier or repeatedly striking Gaza. Either way, it will pay a high price militarily, economically and diplomatically. The IDF depends on outside countries, especially America and Germany, to supply vital weapons. If Western voters rejected the idea of supporting an unending conflict, their politicians would eventually follow.

Our proposal for peace is built on a temporary ceasefire in exchange for a hostage release. That would lead to a regional deal involving Arab money and, possibly, security. Just now, neither Israel nor Hamas is interested. That makes sense for Hamas, which thrives on conflict and Palestinian suffering. For Israel and its citizen army it makes no sense at all. ■

The Higgs particle duality

What's in a name

For physics, the Higgs boson was a totem, a selling point and an inspiring parable. For Peter Higgs it was a bit of a pain

IF IT HAD been up to Peter Higgs, the world would have taken no heed of his death on April 8th—not, for that matter, of the 94 years of life which preceded it. He valued the respect of his colleagues and treasured his occasional “bright ideas” about the way the universe worked. The fact that one of those bright ideas ended up boiled down into an object bearing his name, which became the subject of a world-encompassing multi-billion-dollar “quest”, was a source of some exasperation. The Higgs boson’s discovery, he said, “ruined my life”.

Dr Higgs’s best-known bright idea was arcane but crucial. There are two types of fundamental particles, fermions and bosons. The symmetrical nature of the equations which describe bosons implies that they should be massless. By the 1950s, though, it seemed that some bosons did have mass; some fundamental symmetries were in practice “broken”. Untangling the maths of broken symmetries became a preoccupation of particle physicists. Dr Higgs’s contribution, made over a few weeks in the summer of 1964, was a mathematical description of a new boson that could give mass to bosons in need of it.

In 1983 a daring modification of a particle accelerator at CERN, the European physics lab near Geneva, produced direct evidence of three massive bosons—two ws and a z—predicted by the theory which unified electromagnetism and the weak nuclear force. This boson bonanza left some American physicists miffed. They told the government which funded them that America was losing an important race. The proposed comeback was the Superconducting Super Collider (SSC), a particle accelerator of extraordinary power that would be 87km in circumference.

The Higgs boson was a key part of the pitch. The particle’s existence was predicted by theory but, as had been the case with the ws and z, its discovery was impossible without a powerful enough machine. The SSC would be that machine. Journalists grasped that if there was a Higgs particle there must also be a Higgs; 24 years after writing his original paper,

Dr Higgs found himself doing his first interview. Leon Lederman, a champion of the SSC to whom press availability was a joy, not a chore, dubbed the Higgs “The God particle”, thereby increasing the hype and the sales of his thus-titled book.

In 1993 Congress cancelled the SSC. Its European rival, CERN’s LHC, carried on. Physicists there thought that the Higgs was a “known unknown” which their machine, though smaller, still stood a good chance of producing, and it was central to the way it was sold to politicians and the public.

The LHC delivered the goods in 2012, and the Nobel prize committee followed suit the next year. Dr Higgs grinned (sometimes) and bore the attention. It was not just that the particle carried his name. Their story was so beguiling: the humble theorist in his garret (actually a third-floor flat in Edinburgh’s New Town) who goes unheralded for decades but whose ideas eventually change the world—how’s that for the untrammelled power of the singular mind? But it was never really true. Dr Higgs, as he always made clear, was one of many scientists coming up with similar ideas at a time when using soundbite-friendly baubles to win funding for city-sized accelerators was still unthinkable.

It might have been best had it stayed so. What scientists actually want from big science rarely boils down to a single thing; they want the means with which to explore widely. The public wants to know that new discoveries are being made. Casting scientific projects as quests for some pre-ordained grail (dread word), be it a single boson or a single human genome, may make the story simple, but it underplays the true ambition and delight of creating tools that make new types of science possible. And it makes the chance of disappointment greater. More than a decade after its discovery, it is hard to argue that finding the Higgs particle has changed the world, or for that matter physics, all that much. It is worth remembering, as Dr Higgs always knew, that what really matters is the process, not the prize. ■



Letters

Management consultants

Over the past two years *The Economist* has asked “Are management consultants useful?” (October 8th 2022) and have they got too big (“The lost art of self-management”, March 30th)? On the first point, ask the 10,000-plus clients in Britain we serve across the private and public sector and for the second take a look at our data.

Our industry in Britain, the second-biggest in the world, experienced double-digit growth last year and is forecast to achieve 9% this year and 11% next. Growth has not been “soggy” in this market in recent years and artificial intelligence is not leading consultants to irrelevance. Far from it: 94% of consultants we surveyed across Britain believe client services related to AI and emerging technology will provide the biggest opportunity for expansion in consulting.

This constant evolution of the industry is nothing new. Our responsibility, as ever, will be focused on helping our clients, with the appropriate use of technology, seizing maximum advantage and efficiencies while managing data and confidentiality.

TAMZEN ISACSSON
Chief executive
Management Consultancies
Association
London

Bill Fold, your Chief Growth Hacker, is working for the right firm if it delivers PDQ results (“Consulted”, March 30th). A bit of chatter with the Chief Client Crusader might reveal that the clients are part of the problem. They employ you looking for the minor miracle they have not stumbled upon. Consultants on the ground get little direction from either their clients or their senior partners. And if they chance upon the miracle, clients get precious little tough-love to follow through. After all, future revenue depends on the Groundhog Day phenomenon of continued billing.

As for “lack of strategic focus”, Peter Drucker would

have said there is only one focus: your customer. That is why you exist. What do they need? Certainly not consultants *in perpetuum*.

But instead of doom, the traditional self-serving business models have opened the door for relative newcomers: firms that use newer business models, do not burn out their staff and leave after solving problems for their clients.

Bill Fold, there is cash to grab with these newcomers. And satisfaction from helping your customers.

STEVE TARR
Fellow
Drucker School of
Management
Claremont, California

Hong Kong's new law

It is ironic that you slam Hong Kong for passing a new national-security law in fulfilment of its constitutional, legal and moral obligation to protect its country and city, when the British Parliament enacted a sweeping and far more stringent National Security Act last July to counter “hostile state threats” (“So much for autonomy”, March 23rd).

There is no overlap between our new law and the national-security law enacted by Beijing. Offences like treason, sedition, the theft of state secrets and espionage are not covered in Beijing’s law. They have actually been on our statute books for decades in localised versions of British laws. The British government under its National Security Act rejected a “public-interest defence” for people (especially in the media) vulnerable to prosecution for disclosing vaguely defined “protected information”. Yet our new law provides a defence for persons who are compelled to disclose “state secrets” without authority where there is a serious threat to public order, public safety or public health, among other circumstances.

Britain’s National Security Act introduced the new offences of “sabotage” and “foreign interference”. Similar

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new offences in our national-security law are closely modelled on the United Kingdom’s.

You also completely disregard that we have a robust rule of law in Hong Kong, and our courts have ruled against the government in many cases. No court observers have been able to find fault with our transparent court proceedings or the learned judgments handed down by our courts.

REGINA IP
Member of the Legislative
Council
Hong Kong

The kids are not alright

It is mostly correct to say that today’s youth are much less tolerant of prejudice than earlier generations (“The young and the relentless”, March 23rd). And it is true that “fighting, juvenile crime, drug use and teenage pregnancy are all retreating in America.” But your book review missed the mark in important ways.

In “The Anxious Generation”, Jonathan Haidt says that “the environment in which kids grow up today is hostile to human development.” His main point is that the use of smartphones among teenagers is rewiring and harming them. Their social skills, literacy, mental health and ability to focus are all being eroded. He submits that since most of the instant entertainment that teens consume is generated by other teens, they are often cut off from the sum of human wisdom, the influence of their elders and ideas about how to live a good life of meaning and purpose.

After more than 20 years of working with teenagers, I fully agree with Mr Haidt that something fundamental has shifted on adolescence. We underestimate the consequences of this social experiment at our peril. You concluded that “the generation that is now young will eventually grow up, get jobs, form relationships and have children.” Mr Haidt’s data suggest that an unprecedented

number of young people are looking for ways to prolong adolescence and opt out of independence and responsibility. Today’s adults owe them a better preparation for the future. This is not a case of the old “fretting” about the young. COLIN MCLEAN
Vancouver

I enjoyed your review. I am reminded of this quote: “Children today are tyrants...they contradict their parents, gobble their food and tyrannise their teachers.” Socrates.

MICHAEL CRICK
Bellevue, Washington

The wrong underpants

Your piece on the history of Marks & Spencer gave us the fact that a corpse was able to be identified in 1994 because it was wearing the retailer’s underwear (“This is not just an archive”, March 30th). This brought to mind the story of Operation Mincemeat in 1943, when the British created a fictitious identity for a cadaver that was set afloat off the coast of Spain in order to mislead the Germans about the allied invasion of Sicily.

The difficulty of finding clothing for the corpse during war rationing meant it had to be kitted out with underwear owned by H.A.L. Fisher, an Oxford academic and author of a remarkable history of Europe, who had died in 1940.

DAVID CUNNINGHAM GREEN
London

Xcellent suggestions

Regarding *The Economist’s* description of X (Letters, April 6th), perhaps the best way to move forward on this problem is to have “X, soon to be known as Insolvent”.

RUPERT HIGGINS
Poole, Dorset

Noting that The Artist Formerly Known As Prince eventually reverted to being called Prince, might we hope that the same happens to Twitter?

TOM HAYHOE
London

Briefing Housing and climate change



Risk of subsidence

MIAMI

Homeowners face a \$25trn bill from global warming

THE RESIDENTS of northern Italy had never seen anything like the thunderstorm that mauled their region last summer. Hailstones as big as 19cm across pummeled Milan, Parma, Turin and Venice. Windows were broken, solar panels smashed, tiles cracked and cars dented. The episode cost the insurance industry \$4.8bn, making it the most expensive natural disaster in the world from July to September (the figures exclude America, which collates such data separately).

Yet insurance executives, although smarting, were not surprised. Climate change is making such incidents much more common. In the decade from 2000 to 2009 only three thunderstorms cost the industry more than \$1bn at current prices. From 2010 to 2019 there were ten. Since 2020 there have already been six. Such storms now account for more than a quarter of the costs to the insurance industry from natural disasters, according to Swiss Re, a reinsurance firm. In Europe, not

known for extreme weather, losses have topped \$5bn a year for the past three years.

Climate change is doing vast damage to property all around the world, and not always in the places or the ways that people imagine. Hurricanes, wildfires and floods are becoming more common and more severe—but so are more mundane bane. In London, for instance, the drying of the clay on which most of the city stands during summer heatwaves is causing unexpected subsidence, landing homeowners with big bills. A similar problem afflicts Amsterdam, where many older buildings are built on wooden piles inserted into the boggy soil in lieu of conventional foundations. Extended dry spells in summer are lowering the water table, drying out the piles and exposing them to the air. This allows the piles to rot, prompting the buildings above to sag. Unlucky homeowners can be saddled with bills of €100,000 (\$108,000) or more for remedial work. And on top of the expensive repairs climate change is

foisting on homeowners comes the likelihood that governments will oblige them to install low-carbon heating and cooling, or improve their homes' energy efficiency, adding yet more to their costs.

Money pit

The upshot is an enormous bill for property-owners. Estimates are necessarily vague, given the uncertainties not just of the climate but also of government policy. But MSCI, which compiles financial indices, thinks that over the next 25 years the costs of climate change, in terms both of damage to property and of investments to reduce emissions, may amount to almost a tenth of the value of the housing in institutional investors' portfolios. If the same holds true of housing in general, the world is facing roughly a \$25trn hit.

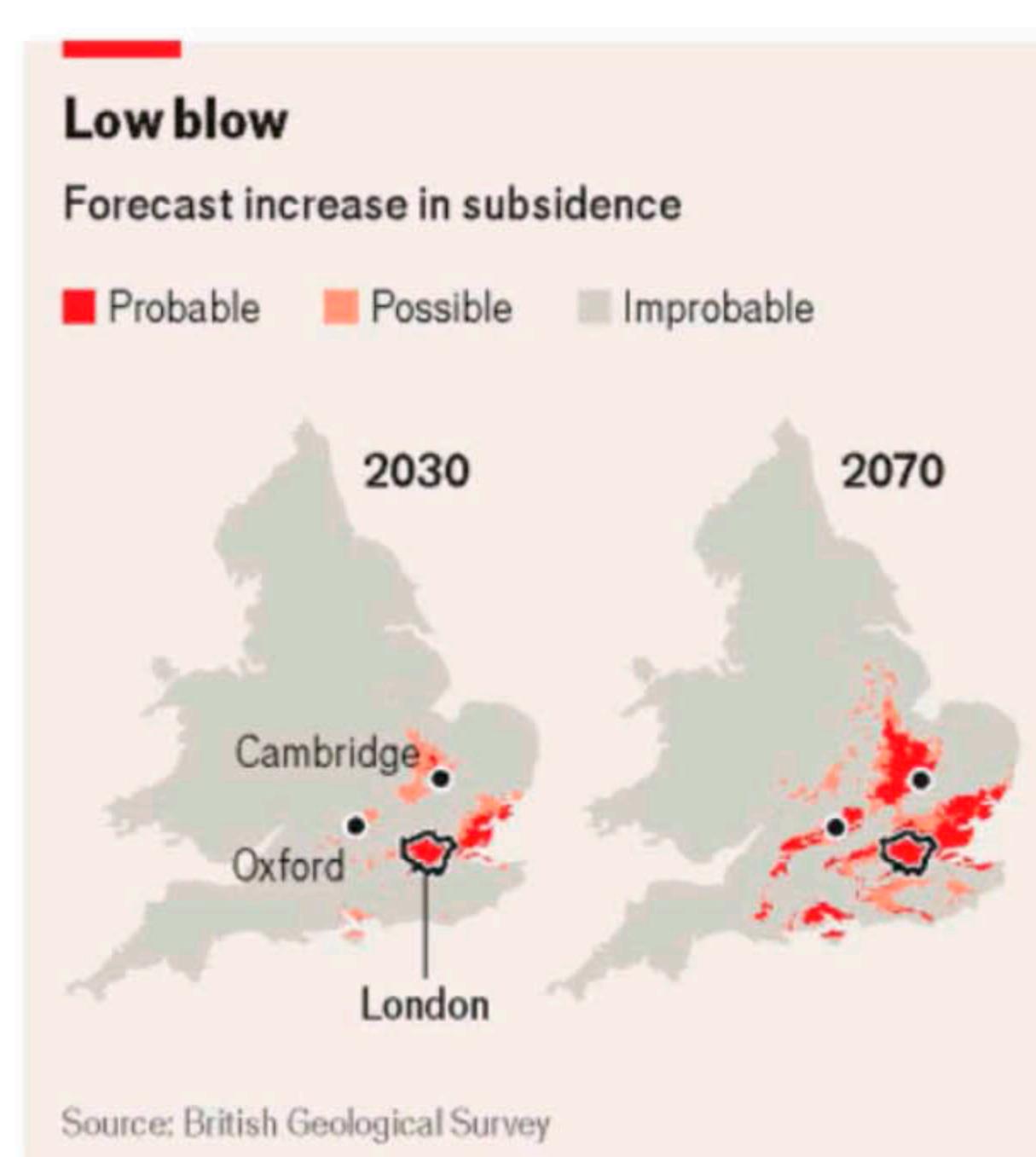
The impending bill is so huge, in fact, that it will have grim implications not just for personal prosperity, but also for the financial system. Property is the world's ➤

most important asset class, accounting for an estimated two-thirds of global wealth. Homes are at the heart of many of the world's most important financial markets, with mortgages serving as collateral in money markets and shoring up the balance-sheets of banks. If the size of the risk suddenly sinks in, and borrowers and lenders alike realise the collateral underpinning so many transactions is not worth as much as they thought, a wave of re-pricing will reverberate through financial markets. Government finances, too, will be affected, as homeowners clamour for expensive bail-outs. Climate change, in short, could prompt the next global property crash.

At present the risks of climate change are not properly reflected in house prices. A study in *Nature*, a journal, finds that if the expected losses from increased flooding alone were taken into account, the value of American homes would fall by \$121bn-237bn. Many buyers and sellers are simply unaware of the risks. When these are brought home, prices change. A study published in 2018 in the *Journal of Urban Economics* found a persistent 8% drop in the price of homes built on flood plains in New York following Hurricane Sandy, which caused widespread flooding in 2012. Properties just inside zones in California where sellers are required to disclose the risk of wildfires cost about 4% less than houses just outside such zones.

In many cases, the risks climate change poses to property are only slowly becoming apparent—as with London's geology. The distinctive yellowish bricks with which many houses in the city are built are made from the clay on which the houses stand. It is good to build with, but recently has proved not so good to build on. During the now-milder winters, there is higher rainfall, since warmer air can hold more moisture. As the clay absorbs the rain, it expands. Warmer summers then dry it out again, causing the ground to contract. That would not be a problem if the expansion and contraction were uniform, says Owen Brooker, a structural engineer. But they are not, owing to trees, which suck up moisture in their vicinity. The resulting variation in the accordion effect causes the ground to buckle and twist in places, and the houses above to list and crack.

Two-fifths of London's housing stock, 1.8m homes, will be susceptible to subsidence by 2030, according to the British Geological Survey. Other nearby cities, such as Oxford and Cambridge, are also at risk (see map). Remediation, often by installing concrete underpinning, typically costs around £10,000 (\$12,500) but can be much more. PwC, a consultancy, estimates that British home insurers will be paying out £1.9bn a year on subsidence claims by 2030. "To be honest the insurance companies would do themselves a good service



by making people aware," says Mr Brooker.

Analysts call the direct impacts of climate change, such as this "shrink-swell" effect, physical risks. Some, like shrink-swell, are chronic. Others are acute, such as hurricanes, floods and wildfires. In either case, not only can a house be completely destroyed, but the ongoing risk of further such calamities can make it hazardous to rebuild in the same place. Even the simplest of changes in the weather can make houses uninhabitable: only a small minority of Indian homes have air conditioning, so if the temperature rises much, many become unbearably hot.

Physical risks are growing everywhere (see chart 1 on next page). The problem is not limited to dry, thundery summers in Europe. According to the National Centres for Environmental Information, a government agency, America suffered 28 natural disasters that did more than \$1bn of damage last year, exceeding the previous record of 22 in 2020. Meanwhile Typhoon Doksuri, which hit the Philippines and

then southern China last year, was the most costly typhoon in history.

The risks are not spread evenly, however. Research conducted by the Bank of England in 2022 found that just 10% of postcode districts, each roughly the size of a small town, would account for 45% of the mortgages that would be impaired if average global temperatures reached 3.3°C above pre-industrial levels, largely because of the increased risk of flooding in those places. For similar reasons, a back-of-the-envelope calculation suggests that roughly 40% of the value of property in Amsterdam could be wiped out by physical risks compared with just 7% for Tokyo.

Data are scarce for the impact on poorer countries, but many of the world's most populated cities are coastal. A study published in 2017 by Christian Aid, a charity, suggests that in terms of population Kolkata and Mumbai in India and Dhaka in Bangladesh are the most exposed to rising sea levels. In terms of the value of property at risk, the most vulnerable are Miami, Guangzhou and New York.

Tokyo rose

But the risks are not fixed. They can be reduced, most obviously through private and public efforts to improve preparedness. Part of the reason that the risks to Tokyo are low is that it dramatically improved drainage and flood defences after Typhoon Kit hit in 1966, flooding 42,000 buildings. When Typhoon Lan brought similar amounts of rain in 2017, only 35 buildings were swamped.

In theory, house and insurance prices should provide a clear market signal about the risks of climate-related harm to any given property. But even in places obviously in harm's way, such as Miami, the signal is often distorted. For one thing, it was only



It wouldn't happen in Tokyo



duce the carbon footprint of their properties. Such policies can lead to substantial costs. Germany's coalition government, for example, had planned to ban new gas boilers from the beginning of this year, which would have landed lots of homeowners with costs of €15,000 or more, even after subsidies. (The policy caused such an uproar that the changes were watered down and delayed last year.)

If governments stick to their emissions targets, costly mandates will return. Buildings account for 18% of the world's energy-related emissions, largely through heating in winter and cooling in summer. The International Energy Agency, a watchdog, estimates that annual investment of \$574bn will be needed for energy efficiency and clean technologies in building by 2030, more than double the \$250bn invested in 2023. Environmental policies can also raise electricity bills, increasing homeowners' costs in a different way.

Quantifying transition risks is tricky. It is hard to know how much residential property there is in the world, says Bryan Reid of MSCI, let alone how green policies may affect its value. His firm's modelling suggests that, if governments imposed policies intended to limit the rise in temperatures above the long-term average to 1.5°C, the costs would amount to 3.4% of the value of housing held in investment portfolios. That is lower than the 6% toll that MSCI's modelling suggests physical risks will take, but still substantial.

The more serious governments become about curbing emissions, the greater the transition risks (although in the long run, such policies should reduce physical risks). At the climate summit in Dubai last year Emmanuel Macron, France's president, called for the European Central Bank to introduce two separate interest rates, one for "brown lending" for investments in fossil fuels and one for "green lending". Banks that have committed to reducing the emissions associated with their lending will need to ensure that their portfolio of mortgages aligns with their targets. Draughty, natural-gas-guzzling homes could face a higher cost of finance than greener ones and consequently sell for a discount.

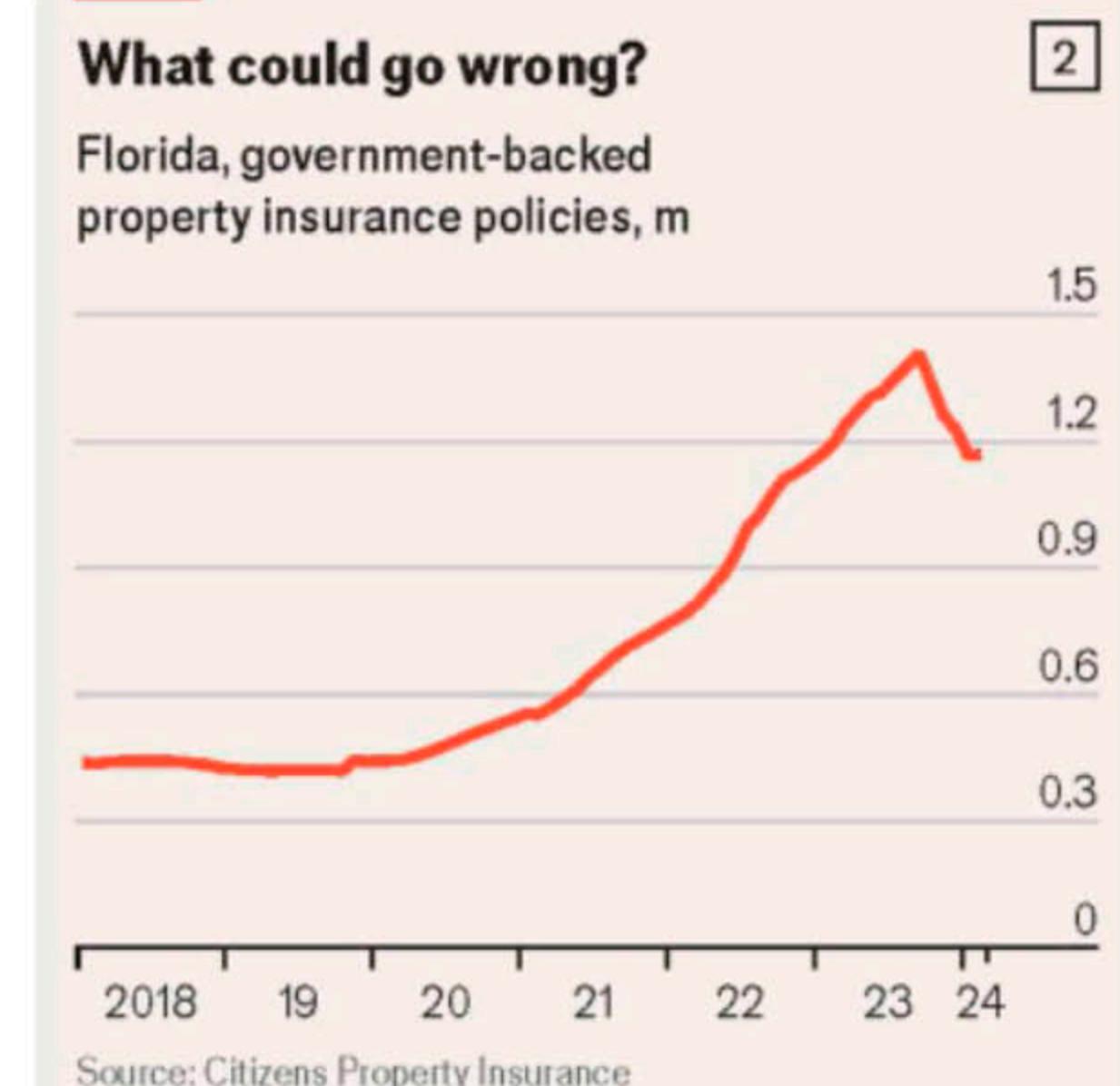
In the long run there is a good chance that both physical and transition risks will land with governments. Carolyn Sousky, of the Environmental Defense Fund, a pressure group, imagines a scenario in which multiple natural disasters strike different parts of America at the same time. That could lead to a sudden increase in insurance prices across much of the country and a slide in property values. Homeowners unwilling to pay a fortune to keep living in a disaster zone might simply hand the keys to their houses back to their mortgage-providers, which could in turn face losses owing to the fall in prices.

America's state-backed mortgage giants, Fannie Mae and Freddie Mac, require borrowers to have home insurance. If their customers cannot afford it, the pair could suffer a wave of defaults. "We're acutely aware of it," says Dan Coates, the acting chief of staff at the Federal Housing Finance Agency, which oversees Fannie and Freddie. "There are plenty of stopgaps in place to keep that cascade of bad events from having the consequences that we all worry about," he adds, pointing to federal disaster-relief payments and a potential repeat of the forbearance that Fannie and Freddie offered homeowners during the covid-19 pandemic. But such measures would in effect transfer risks from homeowners to the federal government.

Mortgaging the future

In democracies where most voters own their homes, politicians have an incentive to shield homeowners from the bill from climate change for as long as possible. Germany's coalition government, which has struggled to recover from the row over gas boilers, is considered a cautionary tale. Procrastination is also a reflection of the global logic of climate change: even if a government introduces stringent measures to cut emissions in its own country, that does not necessarily reduce global emissions and therefore physical risks. No amount of investment in energy efficiency in German homes, for instance, would have prevented the floods in 2021 that caused more than \$40bn of damage.

Yet the longer governments protect homeowners from the risks the larger they become. Vulnerable places like Miami grow even as climate change intensifies, with new arrivals assuming that taxpayers will defray the ballooning future costs. At some point, that assumption will become untenable, with unpredictable consequences. Climate change is often cast as something happening to other people, in faraway places and in desperate circumstances. But for much of the rich world, the costs are starting to come home. ■



▶ in March that Florida's legislature approved a bill requiring those selling a property to disclose if it had previously flooded. Worse, there is good reason to think that home insurance in Florida is underpriced. Most Floridians would gasp at such a notion: according to Insurify, an insurance company, the average annual premium for a typical single-family home in the state is likely to hit \$11,759 this year. Yet even with such swinging rates, several private home insurers have gone bust or withdrawn from Florida in recent years.

The state government, however, shields homeowners from the market through a state-owned insurer of last resort, which provides policies to homes that private insurers will not cover. Citizens Property Insurance Corporation has become Florida's largest home insurer (see chart 2). Its exposure is now \$423bn, much more than the state's public debt—and all on houses that, by definition, other insurers deem too risky to cover. This suggests that Citizens has been providing a big subsidy to homeowners from taxpayers. Flood insurance underwritten by the federal government suffers from similar flaws. First Street Foundation, which aims to track the threats to American property from climate change, calculates that home values in West Palm Beach, a glitzy city up the coast from Miami, would fall by 40% if owners had to pay the true cost of insuring against hurricanes and floods. That would wipe out many homeowners' equity and leave lots of mortgages without adequate collateral.

Yet Miami's property market is booming. A forest of apartment buildings is rising around the city. Over the past five years house prices have leapt by 79%, according to the Case-Shiller index. If the market is sending any signal about the risks of climate change to property, it is to relax.

To make matters even worse, physical risks are not the only peril climate change presents to property-owners. There is also "transition risk", which refers to the possibility that governments may oblige homeowners to renovate in ways that re-

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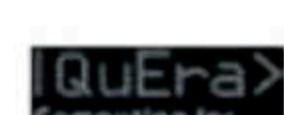


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The parent trap

America is evenly divided and partisan. Yet there are still a few swing voters. Who are they?

DURING HIS two previous presidential campaigns, Donald Trump never led general-election polling averages for a single day. In 2016 he pulled within a percentage point of Hillary Clinton in July and September, but trailed in the opinion polls by four on election day. Four years later Joe Biden enjoyed a large, stable advantage over Mr Trump throughout the race, and ended it with an eight-point edge, according to pollsters. In both contests such surveys sharply underestimated the support Mr Trump received on election day, particularly in swing states.

Today, the first former president seeking to return to office since 1912 is in the strongest position in polls of his electoral career. Mr Trump first inched ahead of Mr Biden, the incumbent, in national surveys last September, and has held a narrow lead for most of 2024. Our national poll tracker has them tied now, but state-level polls give Mr Trump clear leads in four of the six states that could plausibly decide the election (Arizona, Georgia, Michigan, Nevada,

Pennsylvania and Wisconsin).

Even more surprising than the scale of Mr Trump's apparent electoral renaissance is its source. Delve inside these samples of voters and you will see that white voters' preferences have changed little since 2020, whereas racial-minority groups—long the bedrock of Democratic support—have lurched away from Mr Biden. Mr Trump has also cut into his successor's advantage among young voters, another core Democratic constituency, and in some surveys actually leads among people aged 18-29.

However, standard surveys do not ob-

tain enough data to drill down within these groups and identify the exact types of voters who, on current trends, are poised to return Mr Trump to office. At least one source of information, thankfully, does not suffer from such limitations. Every week YouGov, an online pollster, conducts a survey of 1,500 people for *The Economist*, asking a wide range of questions about religion, race, voting intentions and political views, among other things. Since last April the firm has obtained a total of 49,000 responses from registered voters to its question on general-election voting intentions in 2024. Among them are 632 who say they backed Mr Biden in 2020 and now support Mr Trump, more than the standard size of an entire state-level poll.

Using this rich dataset, we have built a statistical model of voting intentions. Based on the relationships between poll respondents' stated candidate preference and a wide range of demographic characteristics—ranging from age and sex to specific states and religious affiliations—it estimates the probability that an American with any particular combination of these attributes plans to vote for Mr Trump or Mr Biden this year, as well as how such a person recalls having voted in 2020. Some patterns are well known: white evangelical Christians tend to back Republicans, whereas black voters are still heavily Democratic overall. Others, however, are less familiar, and many have changed since ►

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► 2020. You can plug in any demographic profile and explore the model's findings at: economist.com/us-voter.

Most Americans are reliable partisans. They are far easier to identify with a few pieces of information than swing voters are. Although race is often cited as the central cleavage in America, the single best predictor of voting intention is religion. A model that knows nothing save for respondents' religious affiliations (including atheist, agnostic, "something else" and "nothing in particular") can correctly identify which of the two leading candidates they prefer 62% of the time, compared with 59% for race. Of Mormons and evangelical voters, 73% say they support Mr Trump. This compares with 53% of Catholics, Orthodox Christians and non-evangelical Protestants, 37% of Jews, 22% of agnostics and just 13% of avowed atheists (see chart 1). Regardless of affiliation, the more importance someone places on religion, the more likely they are to be a Trump voter.

Race does play a large role in shaping political choices as well, but its impact varies by age and sex. According to YouGov's data, among white voters Mr Trump surprisingly attracts more support from women aged 18-24 (41%) than from the youngest men (35%). His vote shares rise with age, at a faster rate for men than for women, up to people in their late 50s: he wins 59% of white women aged 55-59, and 70% of white men. Mr Trump actually fares relatively poorly among the baby-boomers, who came of age during the turbulent 1960s and 70s. He does best of all with the oldest white voters, winning 66% of female octogenarians and 75% of male ones.

For black people, by contrast, the age-partisanship pattern is the opposite. The youngest black voters are decidedly Trump-curious: 21% of such women and a remarkable 33% of men aged 18-24 say they plan to support him. But with each successive age cohort, backing for Mr Trump and the size of the gender gap both shrink. Among black voters aged 70 or older, who have personal memories of America before the Civil Rights Act, Mr Trump wins just 10% of men and 6% of women.

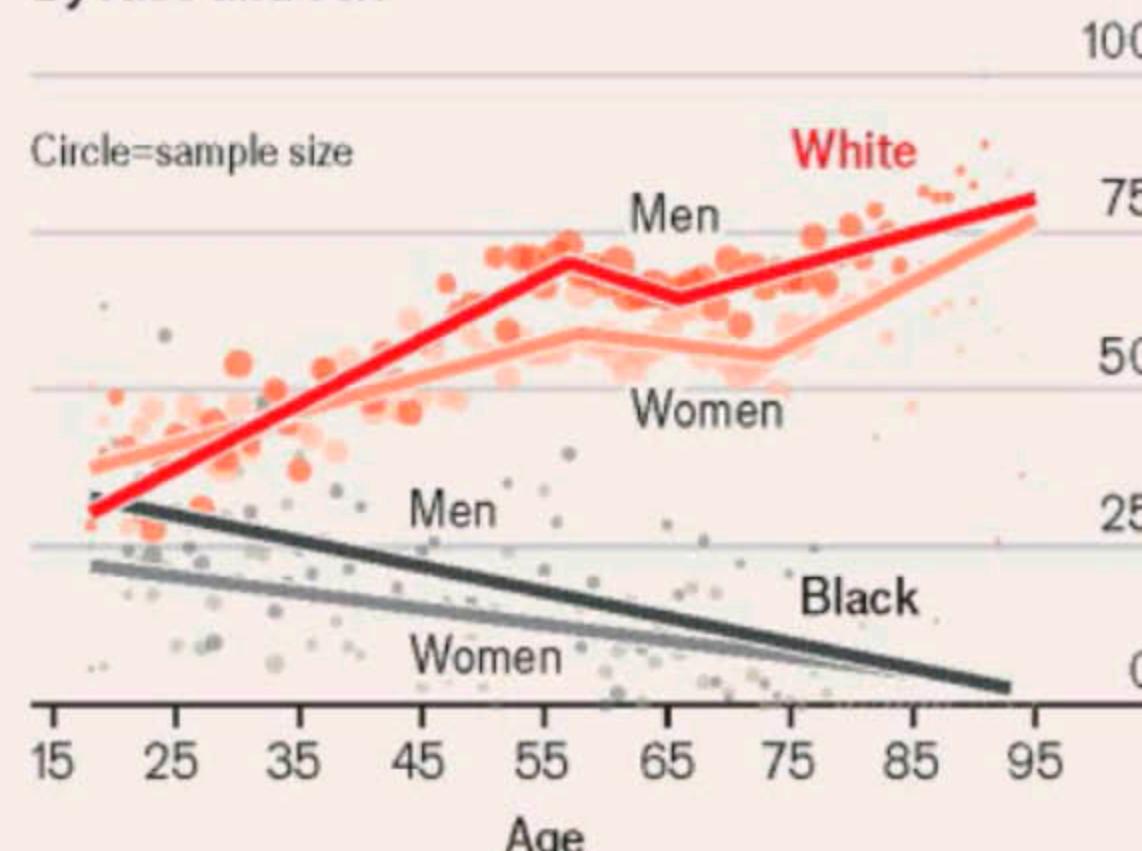
Perhaps the most misleading variable is income. A simple plot of household income against support for Mr Trump shows that the former president does best among middle-class voters whose families earn around \$50,000, and worse among both poorer and richer ones. However, income is also closely correlated with other demographic categories: poor voters are disproportionately non-white, whereas rich ones tend to be white with college degrees, and both of those groups lean Democratic.

Only when you look within race-education pairings—black people with graduate degrees, or Hispanics who did not attend college—do the historical affinities be-

Godliness is next to Trumpiness

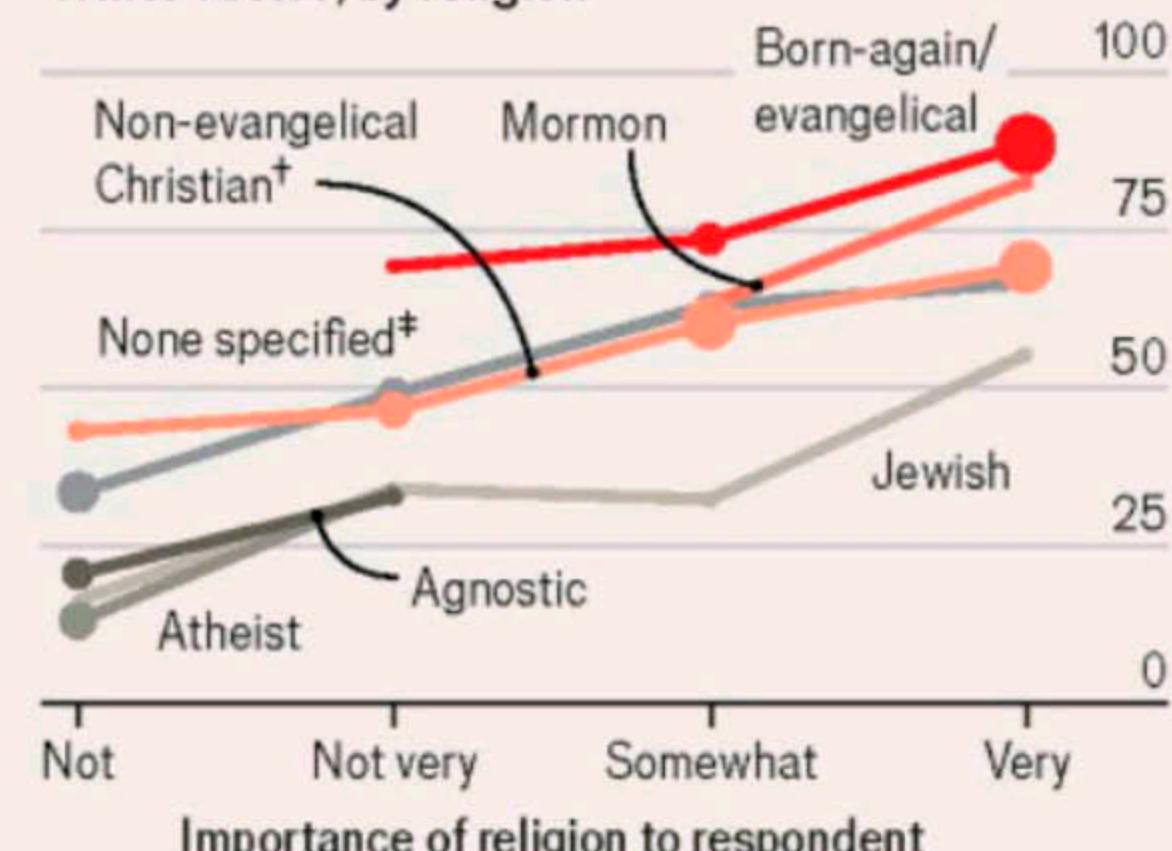
US presidential election, voting intention for Donald Trump*, April 1st 2023-April 2nd 2024, %

By race and sex



Source: YouGov/The Economist

White voters, by religion



*Biden-Trump head-to-head vote †Protestant, Catholic or Orthodox

[‡]Responding "something else" or "nothing in particular"

tween Democrats and the working class, and between Republicans and the wealthy, reveal themselves. In general, the richest members of each of these groups are also the Trumpiest. In contrast, among people of the same education level and race, those whose households include a member of a labour union are around ten percentage points more likely to back Mr Biden—a slightly larger impact than moving up one tier of education (see chart 3).

Movers and flippers

Taken together, the demographic characteristics in YouGov's surveys do a good job of distinguishing Mr Biden's voters from Mr Trump's. Our full model, which also includes variables like home ownership, marital status, sexual orientation and residing in a city versus a rural area, can intuit the voting intentions of three-quarters of respondents based on other data about them. If you input your own profile, there is roughly a 75% chance that you support the candidate whom the model deems the likelier choice. But identifying the narrow sliver of voters who will account for changes from the results of 2020—those who are either switching between voting and not voting, or plan to flip from one candidate

to the other—is far harder.

The two percentage points of vote share that Mr Trump has gained since 2020 come from three sources. The largest group is people who supported Mr Biden last time, but are now undecided, backing minor candidates or not planning to vote, who outnumber those making the same shift from Mr Trump's camp. These voters account for 0.9 points of Mr Trump's two-point improvement. Undecided former Biden voters are slightly younger, more likely to be black or female and less likely to have attended college than repeat Biden voters.

Mr Trump also enjoys an edge among people entering or returning to the major-party electorate. The share who say they did not vote for either him or Mr Biden in 2020 but have now settled on Mr Trump is 3.7%, slightly above the 3.3% who are choosing Mr Biden. This group adds another 0.3 of a point to Mr Trump's tally.

The final group, swing voters, is the smallest but also the most impactful. Because people who flip between the two major-party candidates both subtract a vote from one side and add one to the other, they matter twice as much as do those who switch between a candidate and not voting at all. Such voters are rare—just 3% of respondents fall into this category—but Mr Trump is winning two-thirds of them. With 2% of participants shifting from Mr Biden to Mr Trump versus just 1% doing the opposite, swing voters contribute a full percentage point to Mr Trump's two-way vote share.

In today's polarised political climate, with the same nominees running in both 2020 and 2024, who could possibly change their mind? One political cliché supported by YouGov's data is that swing voters are far more focused on "kitchen-table" issues than on the culture-war subjects that animate reliable partisans. Among repeat Biden voters, the topics most often cited as most important are climate and the environment; civil rights, abortion and guns



→ Robert F. Kennedy junior

The candidate most likely to draw votes from Biden and Trump is an environmentalist and vaccine sceptic who believes the CIA was involved in assassinating his uncle. Read about him at economist.com/RFKjr

► are also among the leaders. Democrats are placing a lot of hope on the importance of abortion to raise turnout, particularly after Arizona's supreme court ruled that a ban on the practice for 1864 is enforceable, but our numbers suggest it is not a priority for swing voters. On the Republican side, immigration ranks second on the corresponding list for repeat Trump voters, as well as conventional Republican topics like taxes and national security.

By contrast, Biden-Trump swing voters are most likely to list inflation as their top issue, followed by "jobs and the economy". Health care ranks third for them and first for Trump-Biden voters, suggesting that Mr Biden might be well-advised to make defending the health-care reform passed when he was Barack Obama's vice-president a core campaign issue.

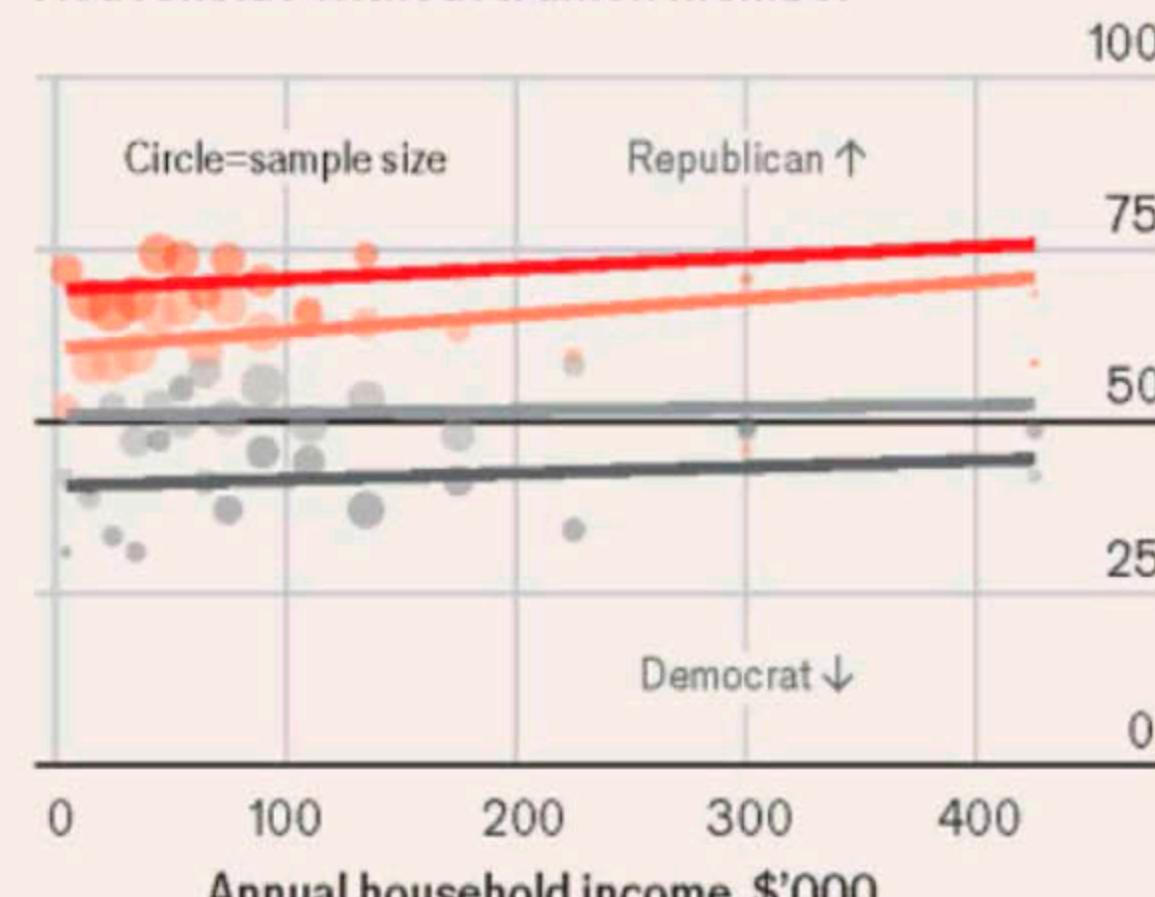
Mr Biden has also lost ground among conservative-leaning African-Americans. By 2020 Mr Trump had already alienated virtually the entire left-of-centre electorate: among self-described liberals who recall supporting a major-party candidate that year, Mr Biden won at least 90% within each racial group. In contrast, although Mr Trump won 94% of the two-party vote among white conservatives and 79% of Hispanic ones, he actually lost black voters who identify as conservative, receiving just 35% of their support. This year, Mr Trump is on the brink of winning this group outright, with a 46% share among decided voters. A similar trend applies to the 23% of black respondents registered to vote who say that they disapprove of Mr Biden's job performance. Of this group, 9% have already decided to flip to Mr Trump after backing Mr Biden last time, and a further 27% say that they voted for Mr Biden in 2020 but are now undecided, supporting a third-party candidate or do not plan to vote.

The most intriguing pattern in YouGov's data, however, is probably an equally powerful factor that has nothing to do with ideology. Compared with committed partisans, swing voters are vastly more likely to have children aged under 18: 47% of

Of car dealers and adjunct professors

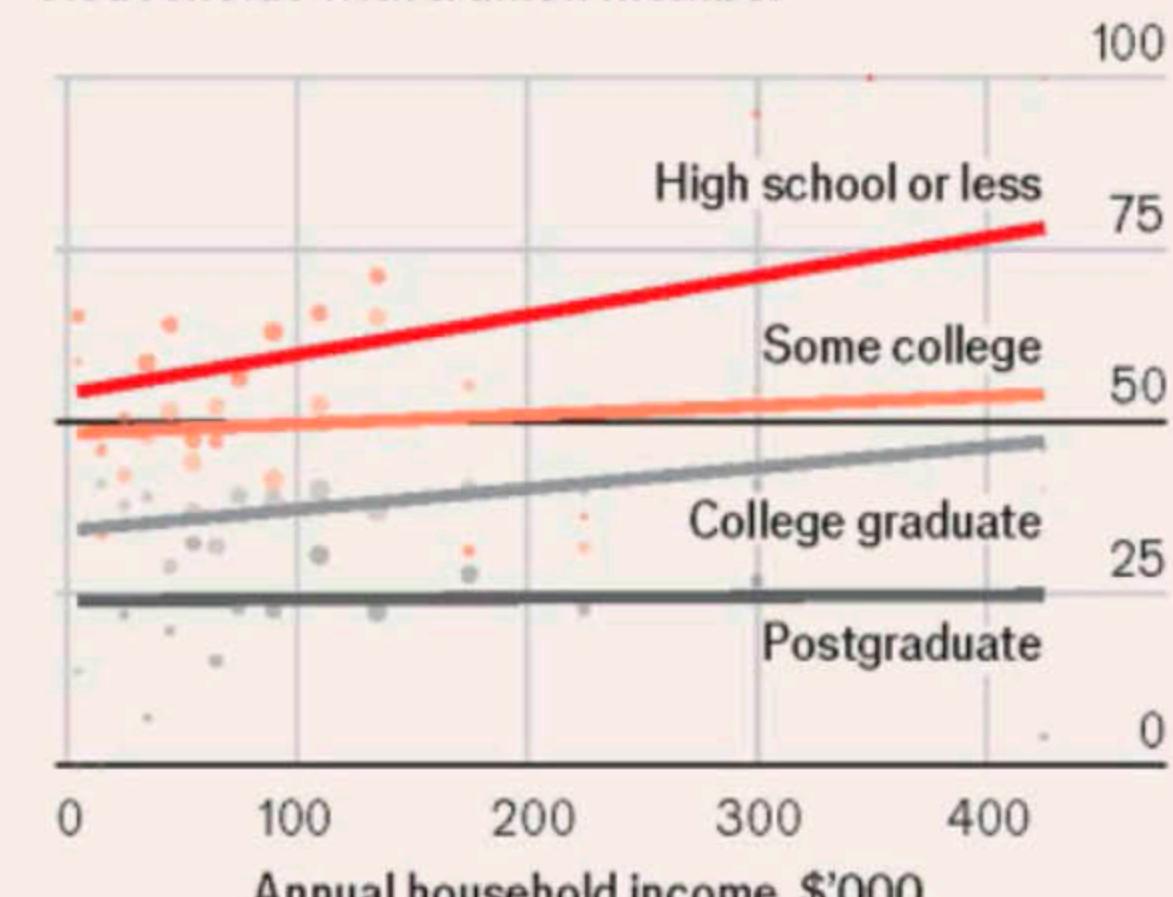
US, voting intention for Donald Trump* among whites, April 1st 2023-April 2nd 2024, %

Households without a union member



Source: YouGov/The Economist

Households with a union member



*Biden-Trump head-to-head vote

those flipping from Mr Biden to Mr Trump and 40% of those switching the other way are currently raising children, compared with 22% of repeat Biden voters and 19% of consistent Trump ones. And once the effects of race and parenthood are combined, the disparities are striking.

Family matters

Among people who backed one of the two leading candidates in 2020 and plan to do so this year, 10% of non-white respondents with school-age children are flipping from Mr Biden to Mr Trump; another 3% are switching from Mr Trump to Mr Biden. The corresponding figures for the rest of the electorate are 2% and 1%. These switchers do not seem to have any demographic factor in common besides their race and children. In a statistical model accounting for 15 other variables—including sex, education, income, religion and location—being a non-white parent is the second-best predictor (after being young) of being a Biden 2020-Trump 2024 swing voter.

Of the 183 non-white parents in YouGov's surveys who say they are switching from Mr Biden to Mr Trump, just 3% list education as the election's most important issue, compared with 48% citing inflation

or the economy. This suggests that they are feeling squeezed more than voters who do not have children. It may also suggest that there is something about raising children.

There is no shortage of possible culprits, from concern about school curriculums to a parental reaction against progressive ideas on gender. But one thing that affected non-white parents of schoolchildren disproportionately was public policy during the covid-19 pandemic. Lockdowns were unusually difficult for parents raising children, who had to watch their kids while schools were closed. And although lockdowns began during Mr Trump's presidency, they persisted well into Mr Biden's term, after the advent of covid vaccines made them harder to justify. Teachers' unions, allied with the Democratic Party, embraced school closures despite evidence from other countries or concerns about learning loss. Moreover, the expansion of federal transfer payments during the pandemic, which were particularly generous for parents, also began under Mr Trump and ended under Mr Biden.

Non-white students were much likelier than white ones to have had fully remote education during the pandemic. And non-white parents were unusually prone to have jobs that required showing up in person. Most white working-class parents who were upset about lockdowns were already solidly Republican by 2020, limiting the number of voters from this group available to defect from Mr Biden. In contrast, the president won large majorities of non-white voters that year, so angering them was far more electorally costly. Mr Biden faces a parent trap in November. ■

Parents just don't understand

US presidential election, change in voting intention, 2020-24, percentage points

Benefits Trump

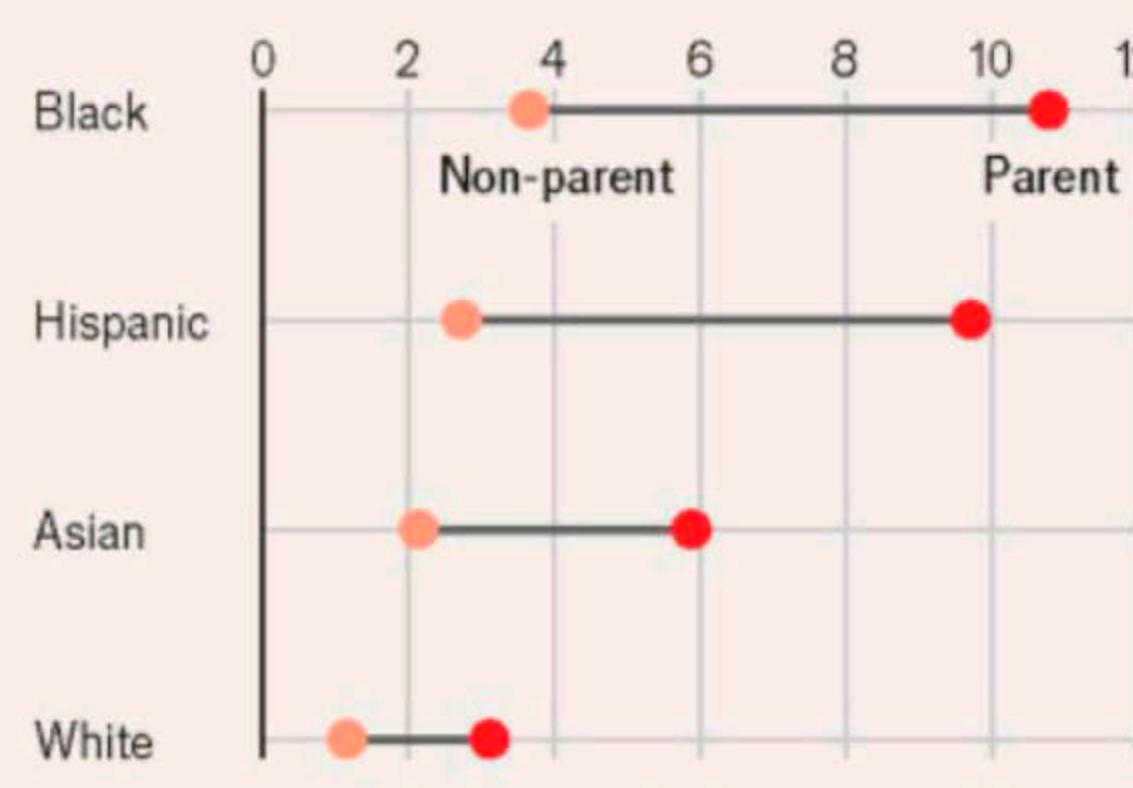
Biden in 2020 → Other in 2024*	Other → Trump	Biden → Trump
3.2	2.2	2.2

Benefits Biden

Trump in 2020 → Other*	Other → Biden	Trump → Biden	Difference
2.4	1.9	1.2	2.1

Source: YouGov/The Economist

Share of respondents who are Biden-2020 to Trump-2024 swing voters, %



Build a voter

Curious how female Asian college graduates in suburban Arizona are likely to vote? To explore the rich dataset underpinning this article for yourself, go to economist.com/us-voter

Ukraine funding

Help is on the way, maybe

WASHINGTON, DC

Mike Johnson struggles with his own *rasputitsa*

S PARE SOME pity for Mike Johnson, the stuck speaker of the House of Representatives. A relatively obscure congressman thrust into leadership six months ago when the ungovernable Republican majority threw out the former speaker, Kevin McCarthy, Mr Johnson may be defenestrated too if he does something that he seems to think that he must: provide additional military aid to Ukraine, over the objections of the isolationist wing of his party.

While the European Union and its member countries have contributed considerably to Ukraine's budget and humanitarian needs, America has been Ukraine's largest provider of military aid, amounting to \$44bn since Russia's invasion in February 2022. But further help has been stuck for months. In October 2023 President Joe Biden proposed that Congress appropriate \$60bn for Ukraine as part of a security bill that would have spent a further \$45bn on securing America's southern border and on arming allies like Israel and Taiwan.

Six months of congressional *Sturm und Drang* ensued, but nothing has come to the president's desk. One Republican senator, James Lankford of Oklahoma, spent months negotiating a harder-line compromise on the southern border to accompany the aid package, only for his own party to torpedo it in a matter of three days after its unveiling in February because Donald Trump, the party's presumptive presiden-

tial nominee, rejected it for giving Mr Biden an election-year win. The Senate then passed a \$95bn aid bill without any border provisions, which Mr Johnson then rejected and refused to bring up for a vote.

When foreign policy is subordinated to domestic politics, as has happened with Ukraine and Israel, incoherence often follows. You can see this in the short history of Mr Johnson's own pronouncements. Before he was appointed speaker, Mr Johnson was a Trump-following Ukraine-sceptic, voting against a small \$300m military-aid bill in September 2023. In October, after getting the top job, he sounded more supportive, saying that Vladimir Putin must not win. In December he said that this necessary aid must be paired with sweeping reforms to Mr Biden's border policy, which would be his "hill to die on". In February, when Mr Biden announced plans to secure the border through executive action after the failure of the bipartisan Senate deal, Mr Johnson denounced them as "election-year gimmicks"—despite having previously called for him to do exactly that. In March he said that he would unveil a new plan for Ukraine aid after Easter.

The eggs have stopped rolling, but Mr Johnson is yet to release his plan, the details of which are not being shared widely. Many of the rumoured components are designed to mollify the isolationists in his party: aid to Ukraine would be labelled as a forgivable loan rather than direct aid (following a suggestion of Mr Trump's); some of the funding would be recouped by seizing Russian assets that are currently frozen (though many more of these are in the EU than the US); and Mr Biden would have to endure a poke in the eye by overturning his recently announced moratorium on new export projects for liquefied natural gas.

Democrats might grumpily accept even the environmental rollback; the real hindrance to Mr Johnson will be his own party. Marjorie Taylor Greene, a Republican congresswoman from Georgia, has filed a "motion to vacate" Mr Johnson from his leadership, were he to secure Ukraine funding by relying on Democratic support. Ms Greene is probably the most Putin-friendly member of the party—bizarrely saying in a radio interview this week that Ukraine was attacking Christianity while Russia was "protecting it"—but the Republican majority is razor-thin, meaning that a few defectors could cast off Mr Johnson.

Some think that Mr Johnson might simply have to accept that he cannot both arm Ukraine and keep his job. "Then he'll go down in history as being a profile in courage who does the right thing. We need Winston Churchills right now, not [Neville] Chamberlains," says Don Bacon, a Republican congressman representing Nebraska. Mr Bacon has been a staunch supporter of Ukraine funding, crafting a so-

called discharge petition which could circumvent the speaker and bring a bill directly to the floor for a vote if a majority of House members were to sign on. The discharge petition, which has been closely watched by anxious European diplomats in Washington, is an unconventional parliamentary tool. It is still a long shot, but its existence gives Mr Johnson at least some leverage with his own hardliners.

Critics like Ms Greene are unlikely to be placated. But the cost of congressional dithering is in this case quite real. Last week Sergei Shoigu, Russia's defence minister, announced that his army had captured 400 square kilometres of territory from the Ukrainians, who have been forced to conserve ammunition (Ukraine is over 600,000 square kilometers, but the trend is not good). Volodymyr Zelensky, Ukraine's president, has said that "if the Congress doesn't help Ukraine, Ukraine will lose the war." ■

Huntington Beach

Surf City goes MAGA

HUNTINGTON BEACH

How one California beach town became Gavin Newsom's nemesis

A N IDYLLIC CITY in swanky Orange County, California, is not where you would expect to encounter a self-professed champion of the proletariat. Huntington Beach was first known for oil (the high school's mascot is still the Oilers), then for surfing. Yet that is how Gracey Van Der Mark, its Republican mayor, sees herself and her city. A framed copy of a recent *Los* ▶▶



A choice



An echo

► *Angeles Times* column suggesting (half facetiously) that Donald Trump should pick her for his vice-president hangs on her office wall. She says other cities are afraid of Gavin Newsom, the state's Democratic governor, "because he's acting like a tyrant".

Mr Newsom's alleged tyranny stems from his administration's insistence that cities should build more housing, which the state badly needs and which many cities with wealthy residents and scores of beach-front bungalows resent. That is not his only crime, in the eyes of Ms Van Der Mark. Huntington Beach is fighting the state on several fronts, from housing regulations to voting rules to the flying of the gay-pride flag. The city's ill-advised battles against Mr Newsom are emblematic of the friction between California's many Republican pockets and the liberal state government; and of the evolution of California's Republican Party during the Trump era.

Some 41% of Huntington Beach residents are registered Republicans, making them the city's largest political tribe. But lately the city's flavour of Republicanism has changed. In 2022 Ms Van Der Mark and several MAGA compatriots ran for the city council as a slate. All were elected, and now serve alongside three Democrats—though local elections there are technically non-partisan. Rhonda Bolton, a Democrat on the council, says the body's politics have become a poisonous sludge that bears a passing resemblance to America's House of Representatives.

This is not the first time Huntington Beach and the state, whose government sits in Sacramento, have been at loggerheads over housing. In 2019 the state sued the city for allegedly blocking new development. The trouble this time stems from the city's failure to approve plans to build housing to meet projected demand, a process that every local government in the state must complete. The state and city sued each other over the matter. The city's case, arguing that the state cannot force localities to build, was tossed out. The state's suit is still pending.

The city council put several contentious measures on the primary ballot in March, including one that would introduce voter-ID rules. California's attorney-general and secretary of state, who is in charge of voting processes, warned the city that such a measure contravenes state law. The measure passed anyway. Another legal battle probably awaits.

Ms Van Der Mark argues that Huntington Beach can set its own housing and voting rules because it is a charter city. A "home rule" provision in California's constitution holds that such cities, which have adopted a kind of local constitution, can "make and enforce all ordinances and regulations in respect to municipal affairs". But the state's constitution does not define

"municipal affairs", leaving the courts to decide what is appropriate. More than a fifth of all cities in California have a charter. But Huntington Beach has become the biggest cheerleader for home rule. "Sacramento is using us as an example for every other city," says Ms Van Der Mark. On this, at least, the city and state agree.

California Republicans were often more moderate than their eastern peers. As governor, Ronald Reagan favoured some environmental protections. Arnold Schwarzenegger travelled the globe warning about climate change. Yet Mr Trump's

influence has proved too powerful for such moderation to persist.

Ms Bolton says she believes most Huntington Beach residents are more moderate than the council, and will not stand for such chicanery for long. But the election cycle is against her. In November voters will get the chance to oust her and the other Democrats. Ms Van Der Mark is not up for re-election until 2026. She was tickled by the column suggesting that she is Mr Trump's loyal soldier in Orange County, but insists she will not run for higher office unless she "is needed somewhere". ■

Election arcana

Jersey unsure

PLAINSBORO, NEW JERSEY

New Jersey electoral process just got upended

THE DAY after Bob Menendez, New Jersey's senior senator, was indicted for corruption, Andy Kim, a congressman, announced he would take on his powerful fellow Democrat in the upcoming Senate race. But the bigger obstacle to his bid was not Mr Menendez, whose support among Democrats quickly disappeared. It was an archaic primary process called the county line. New Jersey is the only state in America which brackets endorsements made by county party chairs and gives endorsees prime real estate on the ballot.

Party leaders give preferential placement to their candidates. Those not on the county line are tucked away in obscure rows and columns. Julia Sass Rubin of Rutgers University looked at 20 years of New Jersey races and found that the county line steered voters and helped preferred candidates by an average difference of 38%. Another study found county-line benefits ranged from four to 28 percentage points.

Mr Kim, who publicly opposed county lines before he got into the Senate race, had not intended to take on the antiquated system. But then Tammy Murphy, the wife of New Jersey's governor, announced her candidacy. She immediately won endorsements from party leaders. Her connections all but guaranteed her county-line placement. Mr Kim filed a federal lawsuit asserting the system was unconstitutional.

Mr Kim says a number of politicos told him that they couldn't speak out because they were worried their county chair would remove them from the line. He also blames apathy. The "well, that's just Jersey" sentiment was entrenched.

The same broken system protected Mr Menendez for years. "It was nerve-racking," says Mr Kim, "in the middle of a statewide US Senate campaign to file a lawsuit that's going to affect the party leaders of my own party."

But then Mr Kim won some county endorsements and edged ahead of Mrs Murphy in polls. Last month she dropped out of the race. Mr Menendez said he would not run in the Democratic primary. And a federal judge ruled in Mr Kim's favour. The demise of the county-lines system could affect the Senate race and next year's governor's race. "I don't think it can be understated how big this is for New Jersey politics going forward," says Ashley Koning of the Eagleton Institute of Politics.



Mr Kim goes to Washington

Higher education

Conservatives on campus

GAINESVILLE

Florida leads a push against progressivism in the academy

IN 1951 A 25-year-old Yale graduate published a 240-page polemic inveighing against his alma mater's left-leaning bias. The book launched the career of William F. Buckley, the most influential conservative intellectual of the post-war era. Although Buckley managed to reshape the Republican Party, his war against academia proved less successful. Conservatives still haven't given up on changing the academy. The most robust reform momentum now is building at public university systems. In Florida, in particular, a trio of Yale alumni have ambitious plans to change the future of higher education.

Ron DeSantis, the governor of Florida, who graduated from Yale in 2001, likes to say that his state is "where woke goes to die". In universities he put in place a tenure-review process, which critics say weakened academic freedom, and he has used his appointment powers to influence institutions. At New College of Florida, a public liberal-arts college that had been a bastion of progressivism, he appointed new trustees who fired the president and replaced him with a former Republican lawmaker. Scores of faculty and students left.

New College, which had fewer than 700 students in the autumn of 2022, has drawn national attention. Yet much more consequential reforms are under way at the University of Florida (UF), the state's flagship university and home to some 60,000 students. It ranks as one of the top public universities in America. It also offers an increasingly attractive bargain: undergraduate tuition and fees are only \$6,380 this academic year for in-state students.

Ben Sasse, a former Republican senator who became UF's president in February 2023, says that producing graduates who can thrive in a disruptive jobs market is at the heart of his mission. He still believes a fundamental part of this ought to be learning about the liberal arts. But, says Mr Sasse, who earned a doctorate in history at Yale, humanities faculties at most universities are not "sure what their purpose is right now". A core curriculum is "incredibly important for an educated citizenry, but you have to be making a case that you're speaking to things that are big and broad and meaningful and enduring." He argues that this isn't a right-wing project but a classically liberal one. And at the heart of it is UF's new Hamilton Centre.

Authorised by the Florida legislature in

2022, the centre is a \$30m wager on the appeal of Western civilisation. Mr Sasse has said that he intends Hamilton to become UF's 17th college (joining existing ones such as those for business, engineering, law, medicine and pharmacy). Next year it will begin offering two majors: philosophy, politics, economics and law; and great books and ideas.

Will Inboden, Hamilton's director, wants UF to have America's top programme in Western civilisation. The centre already employs a dozen faculty members in a cramped space on UF's sprawling campus, dominated by the Florida Gators' football stadium. It is hiring dozens more and eventually will move to its own building. Mr Inboden says part of the strategy is to seek out faculty in fields neglected by modern humanities departments, such as military and diplomatic history. He also favours public-facing academics.

Sunshine statement

Mr Inboden and Mr Sasse, who attended graduate school at Yale together, both served in the administration of George W. Bush. But Mr Inboden argues that the Hamilton Centre is a "pre-political" project. "Students are pretty leery of being indoctrinated," he says. "The answer to progressive indoctrination on campuses is not conservative counter-indoctrination."

Jill Ingram, Hamilton's director of un-

dergraduate students, echoes the desire to avoid a reputation of being a politicised entity. "We're interested in giving students the tools and the practice to think for themselves, but also to bring back an appreciation for the texts and the ideas that were involved in the founding of America."

The centre has received a mixed reception on campus. One student recalls telling an adviser that she planned to apply for a fellowship through the centre: "She was, like, 'Don't apply for that. It's a bunch of right-wing storm troopers.'" Yet many who take classes from Hamilton faculty aren't even aware the centre exists as its own entity. Students associated with it come from a variety of political backgrounds.

Florida is not alone. Other states with new schools focusing on civic thought include Arizona, North Carolina, Tennessee and Texas. A Republican state legislature funded Arizona State University's School of Civic and Economic Thought and Leadership. When a Democrat, Katie Hobbs, became governor in 2023, it seemed its days might be numbered: Ms Hobbs labelled the school "libertarian" and proposed reallocating the funding. After some debate, however, Democrats backed down.

Places like the Hamilton Centre will face two related challenges. Finding faculty for a growing number of institutions could become harder in the years ahead. Harder still will be to avoid becoming conservative ghettos within their universities.

Ray Rodrigues, the chancellor of the State University System of Florida, says the goal is to offer better general-education courses to all. He and his colleagues also aspire to create scholars who will influence new generations: "If, at the end of the day, what we're doing is merely trading conservative scholars from one institution to another, then we have failed." ■



Hamiltonians at rest

The Americas



Climate and geopolitics

The great green rivalry

MONTEVIDEÓ

Chinese clean technology is booming in Latin America. Uncle Sam is worried

FROM THE snazzy seats of the E14 bus in Montevideo, Uruguay's capital, it is hard to tell that the smooth electric machine is Chinese. Only an eagle-eyed commuter would spot the tiny window sticker bearing the name of BYD, a Chinese manufacturer. Enquiries as to passengers' concerns about the bus's Chinese origins elicit bafflement. They are a vast improvement on the deafening gas-guzzlers they replaced. The operator has just ordered 200 more. Thousands of similar buses glide through other Latin cities. But politicians in the United States fret that Latin America's growing reliance on Chinese green technology, from electric buses to solar panels, is a problem and even a threat.

Tensions are rising because the stakes are high. The fast adoption of green technologies such as electric vehicles (EVs), solar panels and batteries is a vital pillar of efforts to halt climate change. These technologies are also an economic smash hit. In 2022 announced foreign direct investment in renewable energy globally totalled

over \$350bn, dramatically more than annual investments in any other sector not only that year but in decades. That has made green technology the latest front in the United States' rivalry with China.

Latin America plays an outsize role in this. A world-leading 60% of electricity in the region comes from renewable sources. It boasts a wealth of the critical minerals needed to make green technologies, and is rich enough to be a serious market for them. China so dominates global production of solar panels, batteries and wind turbines that leaders in the United States fear they are losing the green-technology race, both globally and in their backyard. Other developing countries that are trying to go green while balancing Sino-US tensions should be paying attention.

China is focused on what it calls the

"new three": EVs, lithium-ion batteries and solar panels. In 2021 its exports of these products to Latin America already totalled \$5bn. They have since almost doubled (see chart 1 on next page). Brazil dominates overall, but exports to the wider region are growing even faster. "China's importance to our market is immense," says Rodrigo Sauaia of the Brazilian Association of Photovoltaic Energy, an industry body.

Some 99% of the solar panels imported to Latin America last year were made in China. That is even more than would be suggested by China's dominant position in solar, where it has 80% of global manufacturing capacity; in wind, that figure is more than 60%. There are more Chinese buses on the streets of Santiago, the capital of Chile, than in any other city outside China. Last year about 70% of EVs imported to Latin America were Chinese. And over 90% of the lithium-ion batteries imported to South America were, too.

China's direct investment in green technology and construction on the continent is surging. Its energy investments suddenly switched to renewables in 2015, according to data crunched by Margaret Myers of the Inter-American Dialogue, a think-tank in Washington (see chart 2 on next page). It has ramped up its interest in electricity distribution and transmission. Utility deals worth \$17bn accounted for about 75% of Chinese mergers and acquisitions in the past five years in Latin America. ►

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25 Haiti's new government

► State Grid, a state-owned Chinese utility, has bought two of Chile's largest electricity distributors and serves about half of the country's market. After a series of acquisitions in Peru, state-owned Chinese companies are set to control the distribution of all electricity in Lima, the capital.

Other green sectors are attracting investment, too. In 2022 Chinese firms invested \$2.2bn in the EV industry, 35% of total Chinese FDI in Latin America that year. The bulk of this was in EV- and battery-manufacturing in Brazil, Mexico and Argentina. In Brazil BYD has taken over a former Ford factory in the east. (The symbolism is not lost on bigwigs in Washington.) It will be BYD's biggest hub outside Asia, initially producing 150,000 vehicles a year, with the potential to increase that to 300,000. In Mexico BYD is planning a factory of a similar size.

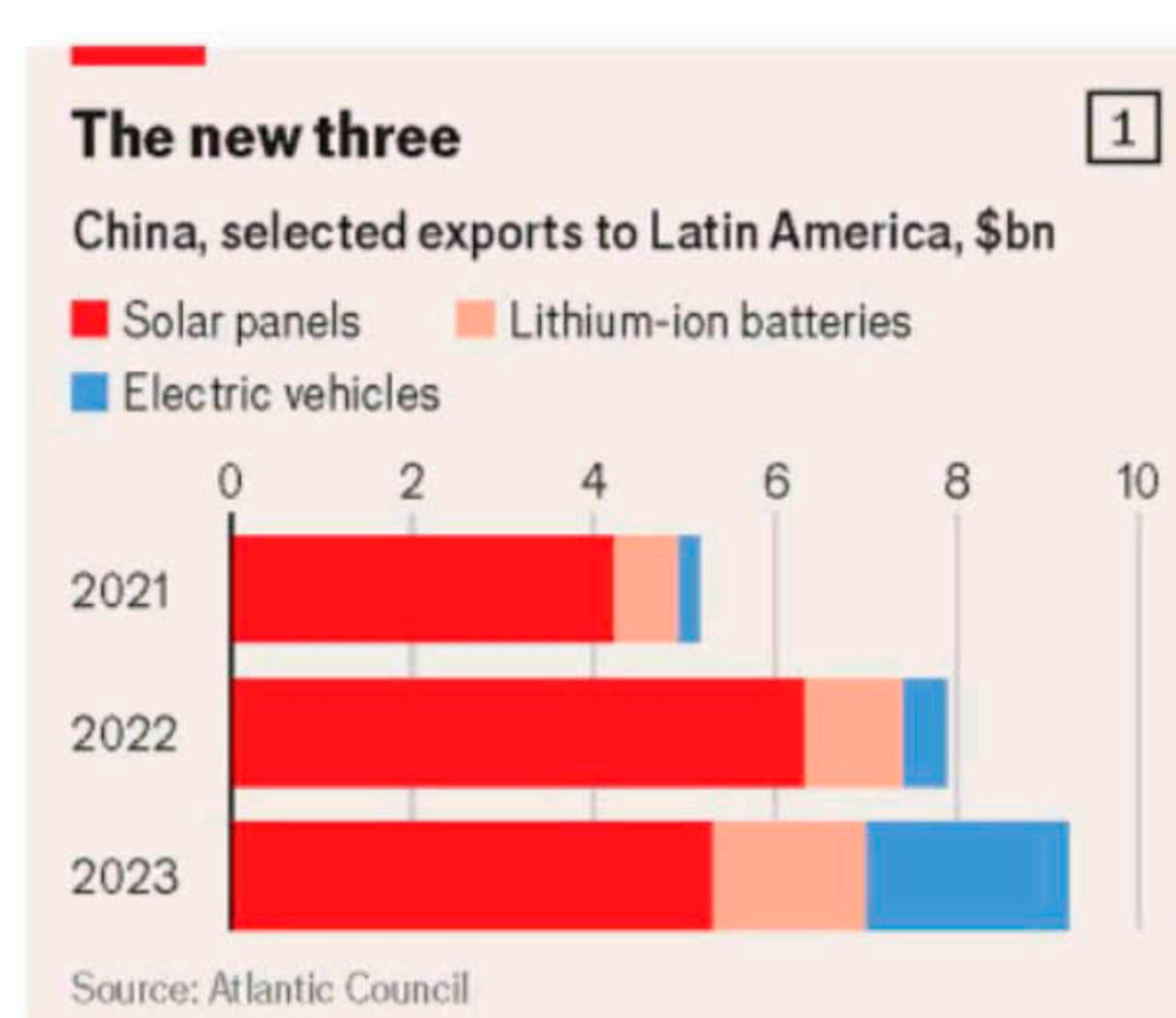
Many in Latin America see this as good news. Chinese solar panels and EVs are cheap and effective. Any jitters about surging imports is balanced by hopes that Chinese investment will lead to more green gear being manufactured locally, boosting jobs and growth. In solar panels that seems doubtful. China is so dominant and the panels so standardised that production will probably stay in China.

Processing lithium for batteries looks more likely. When in China last year, Gabriel Boric, Chile's president, announced that Tsingshan, a Chinese metals-processing firm, would invest \$233m in a Chilean plant to produce lithium iron phosphate, a compound used to make cheaper batteries. "The most important thing", he said, is that "we will be creating value chains and transferring knowledge." Local wind-turbine manufacturing also looks plausible.

Juicing the joules

The greatest potential for local green manufacturing is in EVs, which Brazil is trying to hasten by raising tariffs on imports. BYD's plan to produce 150,000 EVs a year in Brazil is a big bet, equivalent to over half of the company's global exports in 2023 and far more than the 18,000 BYD vehicles that Brazil imported that year. But Brazil is a big market, with 2.3m new vehicles registered in 2023. Only 2.5% of those were electric, but that was twice the 2022 figure. That neighbouring Latin American countries are also electrifying their fleets adds to the opportunity.

Evan Ellis of the US Army War College says the stand-off over green technology is a "civilisational struggle". For the United States that comprises a trio of worries. The first is that Chinese green technology could pose a security threat, to the United States and others. President Joe Biden recently ordered a national-security probe into the risks posed by Chinese green technologies and warned that Chinese EVs

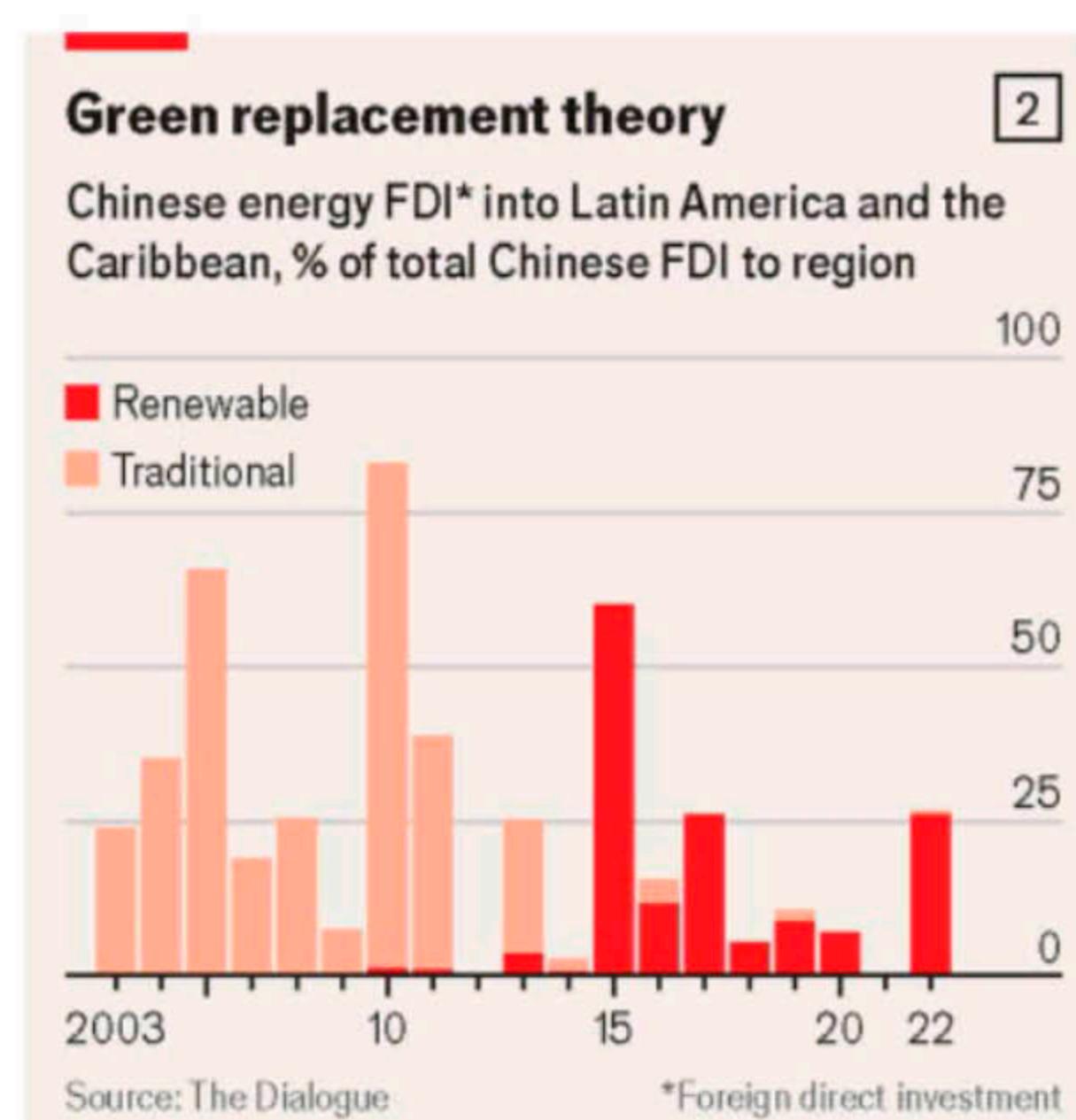


could be "remotely accessed and/or disabled". One fear is that they could collect data on sensitive military sites. A more extreme one is that remote access could potentially turn them into weapons.

Such a grim scenario is far-fetched, especially in Latin America. Even if such meddling were technically possible, which is far from clear, any attempt or threat to weaponise EVs would do great damage to China's global car industry. The threat from solar panels or wind farms is even more limited. Solar panels themselves are "dumb", and do not send data anywhere by default. For connected parts like inverters, though Chinese firms do dominate, there are many other options on the market.

Security does matter to Latin leaders, but in a different sense. "The push for cleaner energy is also a matter of national security," says Diego Pardow, Chile's energy minister. Diversified energy partners are important, he agrees. But even if plenty of Chile's green technology comes from China, slashing reliance on imported gas and oil using Chile's wind and sun reduces national-security risks because it cuts Chile's exposure to strife in the Middle East or Ukraine, he explains.

The United States' second fear is that Latin reliance on Chinese green technology gives China political leverage that it could use to exert pressure on anything from Taiwan to exclusive mining deals. Yet solar panels and wind turbines provide lit-



tle ongoing leverage once they're installed. Besides, Latin America boasts some 60% of global lithium resources, a handy green bargaining chip of its own. Leverage can also come from any economic ties, and the United States and Europe are far larger investors in Latin America overall than China. Though China may be moving the fastest on green technology, Europe and the United States are active, too. The biggest renewables project announced in Latin America in 2022 was an aviation-biofuels plant in Panama, which is being built by a firm from the United States. Europe, meanwhile, is hoping for a large role in green hydrogen. For Latin America as a whole, the United States is still the largest trading partner.

Some concerns about political pressure are more reasonable. Chinese ownership of large shares of critical infrastructure, such as electricity-distribution grids in Peru and Chile, is more worrying because the flow of electrons through wires is something that the operating company can easily disrupt. Unlike Europe and the United States, many Latin American countries lack an institution to assess foreign investments on strategic or national-security grounds. Still, says Mr Pardow, most of Chile's distribution grid used to be owned by one Spanish firm. "We are more diversified than we used to be," he notes.

Green-tech FOMO

Uncle Sam's last worry is that firms and workers in Latin America and the United States are losing out to Chinese ones in the world-shaping green-technology industry, thanks to heavy state support in China. In March Janet Yellen, the US treasury secretary, said that Chinese overcapacity in green technologies "hurts American firms and workers, as well as firms and workers around the world". Officials in Washington fret that a flood of Chinese goods will lead to deindustrialisation not just in Latin America but in every country which remains open to Chinese green-technology imports. The existence of China's green-technology FDI is evidence against this. At any rate, there are few good Western alternatives to China's "new three". If FDI keeps expanding, and local production comes to rival Chinese imports, anxiety about Latin deindustrialisation should ease.

The United States' concerns about its weakness in green technologies will remain, though. They are understandable, but until its firms can reliably provide cheap, effective and large-scale alternatives to Chinese offerings, urging caution on Latin American leaders will do little good. "Alerting about risks without putting an alternative on paper is not useful at all," says Thiago de Aragão of Arko Advice, a Brazilian political consultancy. Instead, he says, "it creates antipathy." ■

Haiti's crisis

The first small steps

MEXICO CITY AND PORT-AU-PRINCE

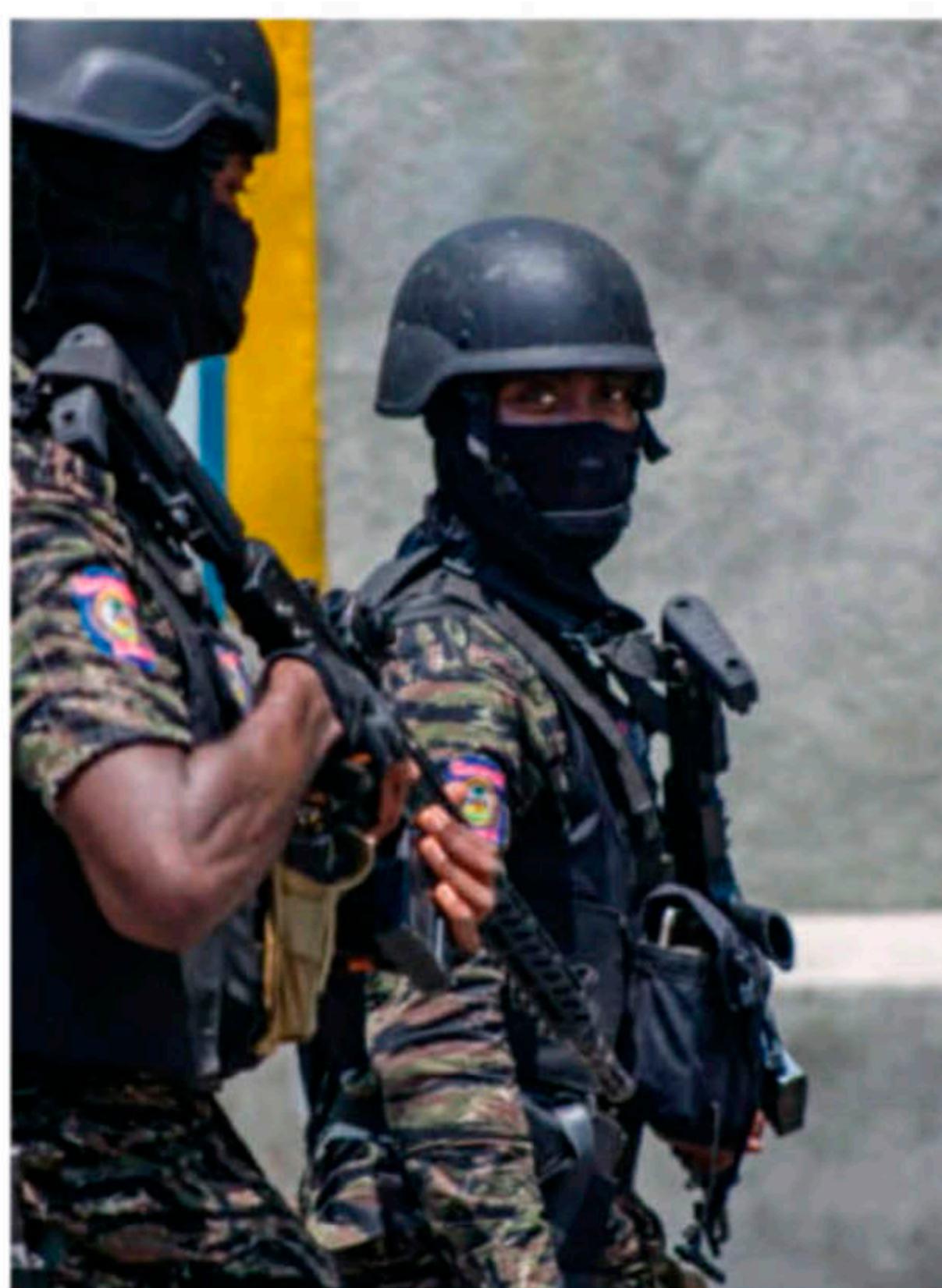
Haiti's new presidential council must go to work amid gang violence and hunger

ONE MONTH ago Haiti's prime minister, Ariel Henry, despised at home and stranded abroad, agreed to hand over power to a "transitional presidential council". It was to be formed according to a plan drawn up by CARICOM, the 15-member Caribbean community, and other powers including the United States. On April 7th the nine-member council finally submitted a political agreement to Mr Henry for approval. His vestigial government's assent will let the violence-racked country move forward. As *The Economist* went to press, that had not yet happened. Only once it does, and a decree is published in Haiti's official gazette, *Le Moniteur*, can the council finally start work.

Haiti desperately needs some form of authority beyond the anarchic rule of the gangs. The country of 11.6m people has been chaotic since July 2021 when Jovenel Moïse, the then-president, was murdered in his residence. The situation reached a new low in early March, when gangs went on the rampage while Mr Henry was out of the country, blocking his return. The airport in Port-au-Prince has been too dangerous to use since then. No cargo moves through the main port, a terrible problem in a country which is a net importer of food. More than 40% of Haitians do not have enough to eat. Thousands are displaced. Getting in and out of Port-au-Prince, to Cap-Haïtien in the north, where Haiti's other international airport is still operating, requires a helicopter.

The next steps are fraught. Members of the presidential council, drawn from Haiti's political parties, civil society and business, have to set aside their rivalries to appoint a council leader, a prime minister and a "council of ministers"—in other words, a government. But the process by which the presidential council would take office is unclear. They may have to be physically present in the Champs de Mars area of Port-au-Prince (see map), where Haiti's most important institutions sit. Gangs roam the vicinity.

Still, the members' political agreement is a step forward. It states that the transitional government will rule until February 7th 2026, at which point an elected government will take over. In the meantime it recognises the need for the externally imposed transitional government to build legitimacy inside Haiti, and to curb the violence so that free elections can take place.



The waiting game

The agreement contains a provision to create an oversight body comprised of representatives from different areas of the country, to give the transitional government domestic legitimacy. Haitians do not like the fact that the transition was imposed on their country by foreign powers. Some reckon a judge should be heading the transitional arrangement, as provided for in one interpretation of Haiti's constitution (though the judicial system is bereft to an extent that relying on the constitution is fraught). Guercy Jean, a 42-year-old resident of Port-au-Prince, says the presidential council is "not going to solve anything". He prefers the rival council headed



by Guy Philippe, a former senator with a criminal record.

The political accord also provides for a truth, justice and reparations commission. The hope is that it will act as a mechanism to deal with gang members, who have been understandably excluded from the transitional council, but with whom communication remains essential due to the power they now hold over the country.

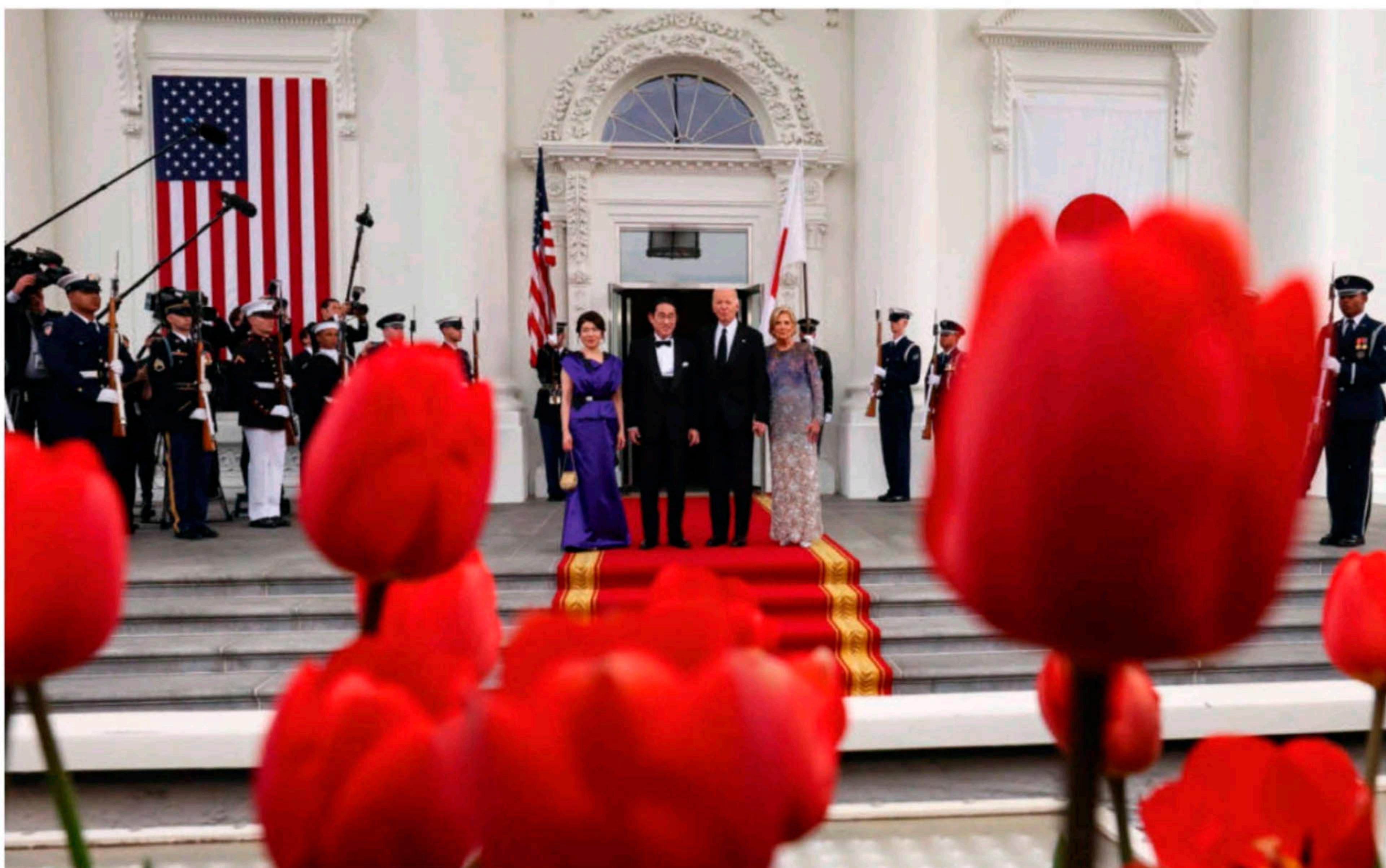
The transitional council's most important job is reimposing security, and managing the role of foreign countries in that process. CARICOM and the United States made acceptance of the UN-authorised security mission a condition of membership of the council. Kenya has agreed to lead the mission. But many Haitians don't like it either, not least because it was Mr Henry's idea. It was seen as a way to prop up his rule. The political accord calls for the transitional government to create a National Security Council that will determine the parameters of the UN mission.

Foreign forces are unlikely to arrive immediately. Canada is training police from Caribbean countries in Jamaica in preparation. The United States' government is trying to get Congress to approve \$300m of the money that the government has promised for the mission. So far only \$11m of the \$600m pledged by all countries backing the mission is funded. There is no sign of barracks being built in Haiti, a job which the US Department of Defence has offered to do. Kenya's leaders have been quiet since March, when its foreign minister said it would delay the deployment of its security force until the transitional government was in place. The situation in Haiti has worsened dramatically since the force was authorised; parachuting in police risks creating "a war zone", warns Jake Johnston of the Centre for Economic and Policy Research, a think-tank in Washington.

Meanwhile the Haitian police are outnumbered and outgunned. James Boyard, a Haitian security expert, says they need equipment, particularly armoured vehicles, submachine guns, precision rifles and drones. Training is required too. The police themselves can be corrupt and violent—some see them as just another gang—but have proved effective at fending off the gangs in some areas, such as around the National Palace. On April 8th demolition works began on houses near the airport—from which gang members have taken pot shots at inbound aeroplanes—with a view to restarting flights.

The council has its work cut out. If it falters, gang members will capitalise—especially if the security mission threatens to destroy them, but looks weak. Still after Mr Henry's hopeless administration, and the deluge of violence in the past six weeks, any small steps the council can take will be an improvement. ■

Asia



Indo-Pacific statecraft

War and peace in Asia

MANILA, SEOUL AND TOKYO

Kishida Fumio meets Joe Biden in Washington, DC, to shore up deterrence

THE PRIME MINISTER of Japan, Kishida Fumio, is keeping a laser-like eye on conflicts around the world—and the implications for his country's security. If Russia is allowed to prevail in Ukraine, "it will send the wrong signal to Asia," Mr Kishida told *The Economist* and other reporters in a wood-panelled room at the Kantei, the prime minister's office, on April 5th. The desire to strengthen Japan's security alliance explains why he went to the White House on April 10th for a state dinner with Joe Biden, America's president. The two leaders announced a host of measures to deepen defence and security co-operation between their countries.

Ferdinand "Bongbong" Marcos, president of the Philippines, another ally, was due to join Mr Biden and Mr Kishida the following day. American officials tout the gatherings as evidence that its Asian alliances are evolving. What they do not say,

but is implied, is that they are also trying to protect the relationships from the damage Donald Trump could do if he wins again.

America's alliances in Asia have helped keep the peace in the region for decades. In contrast to Europe, where NATO binds dozens of nations into a mutual defence pact, America has discrete bilateral treaties with Japan, South Korea, Australia, the Philippines and Thailand, in a "hub-and-spokes" system. Under Mr Biden, America has sought to foster links between the spokes in the hope of countering China's rise. America's allies have largely embraced

the effort—especially Japan.

Working together with "like-minded countries" on security issues "will lead to the establishment of a multilayered network, and by expanding that we can improve deterrence", says Mr Kishida. Hewing closely to prepared notes, he appeared solemn in his interview as he spoke of his belief that the world is at a "historic turning-point" and faces a "very complex and challenging security environment".

What lies behind such talk of a "network" is a collection of smaller groupings that collaborate on security. America, Japan and South Korea now hold regular high-level meetings in a trilateral format; so too do America, Japan and the Philippines. AUKUS, a defence pact signed in 2021, brings together America, Australia and Britain. On April 8th the three countries' defence ministers announced they are "considering co-operation" with Japan through AUKUS.

The result is greater integration between armed forces across the region. In recent years joint exercises have expanded to include a wider range of partners. America, Japan, Australia and the Philippines trained together for the first time in the South China Sea on April 7th, amid continuing Chinese provocations there. Intelligence-sharing is expanding, too: Ameri-

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► ca, Japan and South Korea now share data in real time when North Korea launches missiles (which is happening more often). Mr Biden and Mr Kishida announced a new air-defence initiative between America, Australia and Japan.

Talk of a more multilateral approach to Asian security long predates Mr Biden. In the early 1950s, America mooted a NATO-esque “Pacific Pact”, but encountered resistance, both from Japan, which wanted to focus on its post-war recovery, and from Japan’s neighbours, which harboured deep concerns about its rearmament.

The current context is different. Many in Asia now worry more about Chinese aggression. Under Abe Shinzo, Japan’s prime minister from 2012 to 2020, the country loosened its constitutional restrictions on the use of force and expanded defence spending. Mr Kishida has accelerated that approach: Japan’s defence budget grew by 50% between 2022 and this year. The country aims to nearly double spending on defence activities to 2% of GDP by 2027, up from 1.2% in 2022.

Defensive postures

Yet for all of these developments, the only formal treaties that exist are still those each country has with America itself. The distinction is meaningful. As the war in Ukraine shows, there is a stark difference between the kind of support given to treaty allies and to a wider category of “partners”. Although Taiwan is the most dangerous regional flashpoint, it has no guarantees of security assistance. It has small training exchanges with America’s forces but no joint exercises with any country in the region. America has promised to help Taiwan defend itself but has no legal obligation to fight on Taiwan’s behalf.

There are limits to how deep the ties between America’s allies in Asia can become. “There’s not going to be an Asian NATO,” says one official from an allied nation. Domestic political realities create barriers. In Japan, for example, a pacifist constitution still makes it difficult to enter into new treaty alliances with mutual defence requirements (its pact with America requires America to come to its defence, but not the other way around).

And Japan looks unlikely to formally join AUKUS anytime soon. Shortly after the defence ministers’ statement on April 8th, Anthony Albanese, Australia’s prime minister, clarified there were no plans to add new members to the pact. Mr Kishida reiterated this on April 10th. Australia worries about Japan’s ability to protect sensitive information and technology; unlike the current members of AUKUS, Japan does not belong to the Five Eyes intelligence-sharing pact. Japan is wary of provoking China, its biggest trade partner.

Another problem is that some allies,

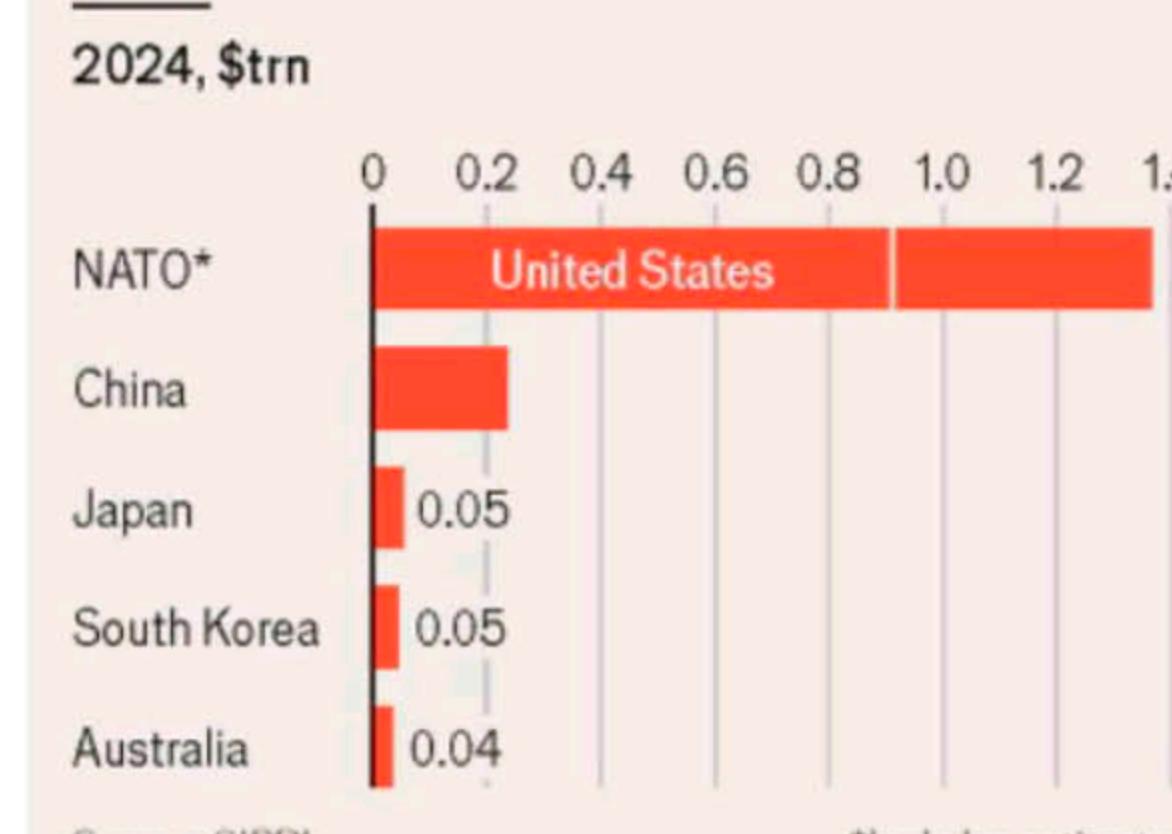
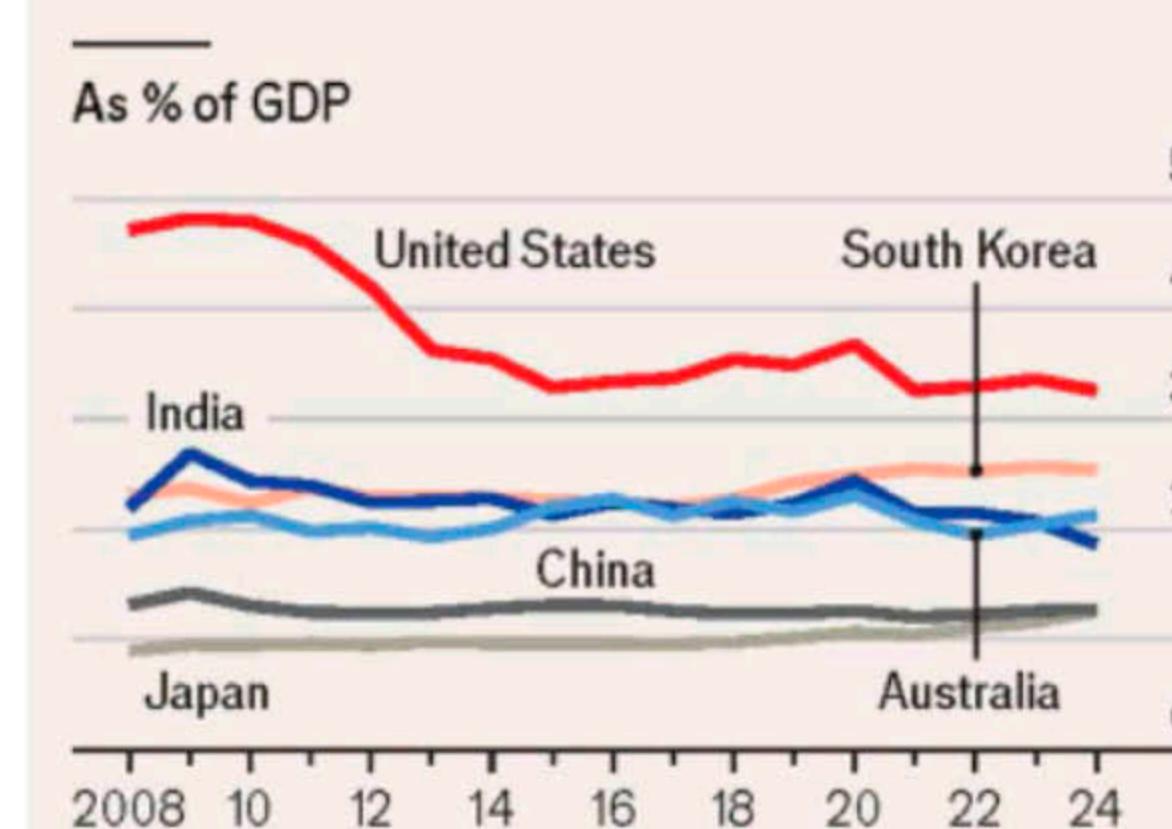
such as Thailand, are glaringly absent from the picture. The current governments of South Korea and the Philippines are largely of like minds with those of America, Australia and Japan. But under different leaders, they could again diverge.

The biggest potential problem, however, surrounds American leadership. Mr Trump’s first term shook allies’ confidence in America’s reliability. While Mr Biden has done much to repair the security relationships, he has continued his predecessor’s protectionist, anti-trade ways, much to his Asian allies’ dismay—as with his decision to oppose the takeover of US Steel, an American firm, by Nippon Steel, a Japanese one. America’s deep internal divisions raise questions about its ability to maintain its global obligations in the long run. “It all depends on America, on whether they want to continue playing that role,” says a senior official from another ally. If Mr Trump is re-elected, those worries would become more acute.

In Japan, the fears are captured in the phrase *moshitora*, an abbreviation that means “What if Trump?”, or its more fretful variants, *hobotora* (“probably Trump”) and *moutora* (“already Trump”). Some are optimistic that even if Mr Trump returns, America’s allies in Asia will face fewer problems than those in Europe. They point to the fact that America First types see China as a key adversary. There will be “continuity” in how the Biden and Trump administrations see the situation in the Indo-Pacific, Alexander Gray, who served on Mr Trump’s National Security Council, told a recent conference in Tokyo.

Better, but a long way to go

Defence budgets



Source: SIPRI

Even so, America’s allies are bracing themselves. Diplomats are scrambling to make inroads with Mr Trump’s current crop of advisers. Politicians are working to reinforce relationships on Capitol Hill and in state governments. Mr Kishida was due to address a joint session of Congress on April 11th and visit a Toyota factory in North Carolina on April 12th to highlight Japanese investment into America.

Officials in Asia have several sets of fears. For one thing, if Mr Trump abandons Ukraine, it matters to the Indo-Pacific too. Newer multilateral initiatives in Asia may wither under Mr Trump. In Australia some sceptics worry that Mr Trump would refuse to sell submarines to Australia on the basis that America is not producing enough for its own needs, which could undermine AUKUS.

Trade tensions will rise alongside American tariffs. Mr Trump will probably put pressure on allies to spend even more on defence than they already do. In particular Mr Trump may demand more of Taiwan, which raised defence spending from 1.8% of GDP in 2016 to 2.5% in 2024, but has yet to reach a target of 3%. At the same time, he may also be less careful about keeping America’s military support for Taiwan quiet, raising the chances of a confrontation over the island.

Exit America

Among America’s formal allies in Asia, South Korea probably faces the most danger. During his previous term, Mr Trump halted large-scale military exercises as a gesture of good faith during negotiations with Kim Jong Un, North Korea’s leader. Former advisers say he was fixated on drawing down America’s 28,500 troops on the peninsula. Christopher Miller, a former acting secretary of defence, recently spoke about reducing America’s troop levels in an interview with a Korean newspaper. That might prompt South Korea to pursue its own nuclear deterrent, a step that over 70% of the public already supports.

While the chances of Mr Trump retreating from Asia may be lower than the chances of him abandoning Europe, allies in Asia would be in a weaker position if he did. Even if America left NATO, the other 31 members could remain, including France and Britain, which have nuclear arsenals themselves. Asian allies would be on their own, and face nuclear-backed threats from China and North Korea. The combined GDP of the remaining NATO members is equivalent to ten times that of Russia; the combined GDP of America’s Asian allies is roughly half the size of China’s. “They cannot balance Chinese power without America in the mix,” says Richard Samuels of the Massachusetts Institute of Technology. In short, spokes without a hub still cannot get very far. ■

Oil

Usefully oleaginous

SINGAPORE

How India's imports of Russian crude have lubricated global markets

IN FEBRUARY AMERICA slapped new sanctions on Sovcomflot, a Russian state-owned shipping firm responsible for carrying around 15% of Russian oil exports to India. Almost immediately, Indian importers stopped taking shipments from Sovcomflot tankers. But that did little to stem the flow of Russian crude to India, the world's third-biggest consumer of oil. Deliveries increased by 6% in March, compared with February. Exporters arranged alternative transport to India—probably through the shadow fleet that helps them bypass sanctions. India has also bought Russian crude at prices below the \$60-per-barrel price cap imposed by the West. Taken together, these purchases have helped make India the second-biggest importer of Russian oil, behind China.

The immediate impact has been to help India to meet demand at a lower cost. In 2023 nearly 90% of India's oil consumption was sourced from abroad. Roughly 34% of those imports came from Russia. The discount on Russian crude has narrowed over time, from 20% at the start of last year to around 5% in December, but it still yields significant savings on India's oil imports, which were worth \$181bn last year, around 27% of the country's total import bill.

Cheaper imports have helped India's Bharatiya Janata Party (BJP) government. On the government's instructions, oil firms kept the prices of petrol and diesel unchanged in 2022, even as global oil prices surged in the aftermath of Russia's invasion of Ukraine. The price freeze helped insulate India from the type of fuel inflation that ravaged neighbouring Pakistan and Sri Lanka. Last month, with an eye on the upcoming general election, retailers cut petrol and diesel prices for the first time since the war began. Less costly oil has also given the BJP more fiscal room by shrinking the fuel-subsidy bill. That has helped it extend a popular subsidy for liquefied petroleum gas by a year.

Globally, Indian buying of Russian oil has been important. It has helped prevent a supply crunch. India's petroleum ministry claims that global oil prices could have shot up by about \$30-40 per barrel were it not for India's trade with Russia. On April 4th an American official visiting Delhi encouraged India's imports of discounted Russian oil, as it was important to "keep oil supply on the market" while ensuring the Kremlin's profits were being hit.

India has also rewired energy markets by processing Russian crude and shipping it back to the West. European countries have led the enforcement of sanctions on Russia, but remain connected to Russian oil. In 2023 they imported roughly 225,000 barrels per day (b/d) of Indian petrol and diesel products, up from an average of 120,000 b/d in the previous five years, according to the International Energy Agency (IEA). These exports have boosted India's trade balance and are another illustration of India's growing clout in the market. In 2023 oil-related exports were worth \$85bn, around 60% more than in 2021.

India's influence on global oil markets will only increase. The IEA expects India to be the single largest source of growth in global demand between 2023 and 2030. Growth and urbanisation are expected to drive oil consumption up by 20% by 2030, to roughly 1.2m barrels per day, accounting for more than a third of the projected global increase. To meet the boom in demand, Indian refineries are expected to increase processing capacity faster than any country in the world besides China.

Much of the oil will have to come from abroad. Production from Indian oil reserves is declining. It accounted for just 13% of the country's supply in 2023. An import-dependent strategy is always vulnerable to risks, such as a wider conflict in the Middle East.

Ultimately, the most powerful way to reduce India's oil imports is to reduce demand for the stuff itself. In last year's budget India allocated \$2.6bn towards programmes in green sectors. But that is a trifle compared with the \$20bn annually that the Council of Energy, Environment and Water, a think-tank, estimates is needed for India to reach net-zero emissions by 2070, as it has promised to do. ■



One small step for global markets

Myanmar

After the fight, then what?

DAW NOH KUE

Myanmar's junta is losing more ground

ACROSS MYANMAR, the three-year war to overthrow the military junta that seized power in a coup in 2021 is far from won. But the popular uprising the coup provoked has attracted a new generation of fighters, who are making ground throughout the country. The junta has reportedly lost control of another part of its border with Thailand to armed rebels. The checkpoint at Myawaddy, an important land crossing, is thought to have fallen into the hands of Kayin (also known as Karen) militias. This is a setback for the regime as it is close to Yangon, the economic capital.

In the west, Rakhine and Chin militias control a key border trade-post with India and a checkpoint with Bangladesh, while in the north Kachin soldiers are getting close to capturing the last major land crossing with China. Your correspondent spent three days with the Karen National Army (KA) in a remote part of Kayah state in eastern Myanmar. It was clear that these forces are now thinking beyond the battlefield, to what happens if, improbable as it may seem, they win.

Rugged and landlocked, and with a population of just 300,000, Kayah (also known as Karen) is the smallest and least developed of Myanmar's seven ethnic states. The Kayah are used to war. They have been fighting for the right to self-determination ever since Myanmar's independence from Britain in 1948. The Kayah launched their latest campaign on November 11th. Since then they boast of having captured 65 Myanmar army posts.

"Our army now controls more than 70% of Karen state," says Major-General Aung Mynt. He is in charge of the KA and the Karen National Defence Force (KNDF), a 10,000-strong combined force formed after the coup. Recently they captured Shardaw, a strategic township on the Thai frontier. They now control the border.

The war has taken its toll on the population. Hundreds of civilians, mainly women and children, have been killed. Air-strikes and shelling by the armed forces have displaced more than 80% of Kayah's population. Many people have sought refuge in Shan state or in nearby forests. Some make the four-day hike to Daw Noh Kue, a village near the Thai border which has become a refugee camp for thousands of displaced people. The camp is run by the Karen National Progressive Party, the KA's political wing. ■

▶ Despite the hardship that comes with war, tiny Kayah is ahead of the curve not only militarily, but also in preparing for the future. It was the first state in Myanmar to establish an Interim Executive Council (IEC). Made up of political, civil-society and militia leaders, the IEC aspires to join a democratic federal union to be set up as soon as the military regime is toppled. In the meantime it is co-ordinating and organising civil administration for the townships conquered by the KA and its allies.

"We are well aware that the international community may worry about a power vacuum and warlordism," says Khu Tor Reh Est, who heads the IEC's justice department. He says the council is making preparations to forge "a federal army" out of the myriad armed groups now active in Kayah and "to offer education opportunities to the youth who have joined the fight and choose to return to civilian life".

This drive by armed rebels to future-proof their territorial gains could be

glimpsed in a dusty field in Kayah, where 40 young men and women took part in drills such as push-ups and planks. They were training not for the battlefield, but for the courtroom. After breakfast the students trooped into a hall where a judge from neighbouring Shan state taught them about marriage law. Once they pass their exams, these students will hike back over the mountains to take up their new jobs as lawyers and judges—in what they hope could soon be a free country. ■

BANYAN

The AUKUS awkward squad

The Australian government needs to sell a ground-breaking security pact much harder

THE DEFENCE pact known as AUKUS and reached in September 2021 between Australia, America and Britain is a huge project. But it is intended to counter an even bigger one. China is bent on reshaping the Indo-Pacific region on its own terms, using force if necessary, notably against Taiwan.

At the pact's heart is a promise to help Australia build at least eight nuclear-powered attack submarines using British designs and American technology. These will start to come into service after 2040. As a stop-gap, from around 2027 America will rotate up to four of its Virginia-class submarines through HMAS Stirling, a naval base in Western Australia. Australia itself will buy three to five Virginia-class subs in the early 2030s. Fast and stealthy, they will project power far from Australia's shores. However, the deal is not only about subs, but also collaboration on technology such as quantum sensing and hypersonic missiles.

A decades-long commitment, then, with a big price tag—the subs alone are expected to cost Australia up to \$368bn. In return, AUKUS ties Australia's security more closely to America's and, Australia hopes, ties America more securely into the Indo-Pacific region. On April 8th the defence ministers of the three countries released a cautious statement saying they were "considering co-operation" with Japan, too.

Not everyone in Australia is pleased. Indeed an AUKUS awkward squad, with varied political persuasions and an assortment of not always cohering grievances, is dropping what one AUKUS backer calls "depth charges of dissent". The critics include Paul Keating and Malcolm Turnbull, two former prime ministers, Gareth Evans, a former foreign

minister, and Hugh White, a strategist.

Criticisms start with practicalities—above all, whether America can deliver the Virginia-class subs. It is struggling to ramp up production, and in March the Pentagon asked Congress to fund just one new sub rather than an expected two. Mr Turnbull says Australia may see no Virginias "simply because the US Navy won't be able to spare them". That would leave Australia less secure, not more.

Others question reliance on Britain's defence capacity, with its underwhelming record for delivering on time, at cost or up to standard. Meanwhile, Mr White contends, Australia will get suckered into subsidising the other two members' defence industries. For all the talk of defence integration among the three countries, he says, in the politicised world of defence procurement integration American and British contractors are more likely to benefit than Australian ones.

Add to that the risk of Donald Trump's possible return to the White House. If Mr Trump saw America as spending money on Australian interests, Mr Evans argues,

he could nix the whole thing. Australia, he points out, has no plan B. But the strongest criticisms of AUKUS have to do with a loss of sovereign agency—hitching Australia's fortunes to an ever-less dependable superpower, as Mr Turnbull sees it, or one liable, as Mr Evans argues, to drag Australia into a war over Taiwan that is counter to Australia's interests.

For now bipartisan support for AUKUS remains strong. Yet the pact will have few concrete results to show for years to come. The risk is that all the griping will start to erode public confidence. From the start AUKUS's backers have not made a frank enough case for it. The deal was negotiated in secrecy. Anthony Albanese, then leader of the opposition, was given only hours to throw his support behind it. Now prime minister, he paints AUKUS chiefly as a jobs scheme rather than as a project of vital deterrence.

Rather, Labor and the conservative opposition should better highlight the progress made so far. This includes making HMAS Stirling a useful pit-stop for friendly subs, and new American and Australian money being allocated to building up a submarine industrial base.

Above all, they should talk of the challenge posed by Chinese ambitions. They should be clearer about the importance of Australia's contribution to deterrence. And they should be upfront both about the financial costs and, more grimly, the human ones.

If Australia's politicians do not come clean and seek support for AUKUS on honest terms, the sceptics may well erode the consensus for it. That also poses grave consequences for Australia's own security. For if the point of deterrence is to prevent a war, then you have to be seen to be ready to fight one.



China



Demographics

An ageing autocracy

BEIJING

China's high-stakes struggle to defy demographic disaster

IF CHINA'S OLD people formed their own country, it would be the fourth most populous in the world, right behind America. This silver-haired state would be growing fast, too. China's over-60 population sits at 297m, or 21% of the total. By 2050 those figures are expected to reach 520m and 38%. Yet demographers describe China's future as greyer—and smaller. While its older cohorts are growing, younger ones are not (see chart on next page). China's total population declined for the second year in a row in 2023. Its labour force has been shrinking for most of the past decade.

China's economy risks shrinking, too, as a result. With an enormous burden of care on the horizon, the government senses an impending disaster. To date its efforts have focused on boosting the fertility rate (average births per woman), which stands at 1.2—far below the 2.1 required to keep the population stable. Now, though, it is talking about adaptation. During his state-of-the-nation speech last month, the

64-year-old prime minister, Li Qiang, sketched out what he called a “vigorous national strategy” on ageing, covering everything from insurance to pensions.

China is far from the only country facing demographic decline. The populations of Japan, Italy, South Korea and many other places are expected to shrink at an even faster rate over the next two decades. The median age in Japan has risen to nearly 50, whereas in China it is around 40. And it could be argued that China has another advantage: its autocratic government need not cater to elderly voters, whose electoral influence often distorts policy in democracies. In fact, the elderly in China expect little from the state.

Chinese officials, then, appear to have

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no cause for timidity. On top of being vigorous, one might have expected Mr Li's plan to be bold. So far, though, China's leaders have not pursued the types of reforms needed for their country to escape its demographic destiny. And the longer they wait, the harder their task becomes.

Broadly speaking, China faces three big challenges. The first is how to counteract the decline in the labour force in order to avoid a slowdown in GDP growth. Over the past four decades the economy has expanded by 9% a year, on average, aided by a bulge of working-age adults. Now, though, many of these workers are hitting retirement age. Worse, China is getting old before it gets rich. In 2008, when Japan's population started to fall, its GDP per person was already about \$47,500 in today's dollars. China's is just \$21,000. As more of that money is spent on protecting ageing citizens, less of it will be available for the working generation to consume or invest.

Still, there is much that China can do to keep its economy growing. To start, it could raise the retirement ages for drawing a public pension. China's are among the world's lowest. Most men can stop working at 60. Women who work in offices can retire at 55 and those in factories at 50. Since these rules were set last century, the average life expectancy in China has risen from under 60 to close to 80. “If China's elderly were to have the same labour force

► participation as in Japan—not a very ambitious target—by 2035 some 40m more people would be at work,” writes Bert Hofman of the National University of Singapore. Officials have been floating reforms since 2008, but only now do they seem serious. Observers expect a staged increase in retirement ages to begin next year.

Meanwhile, China can make better use of its workers. Half of Chinese aged 20 to 24 have attended university or vocational college, compared with just 7% of those who are about to retire. In rural areas, though, few people make it past high school. Improving the skills of this group would go a long way. Mr Hofman reckons that, all other things being equal, the shrinking labour force will cost China one percentage point of GDP growth each year over the next decade. But a longer-working, better-educated labour force could cancel out that effect, he says.

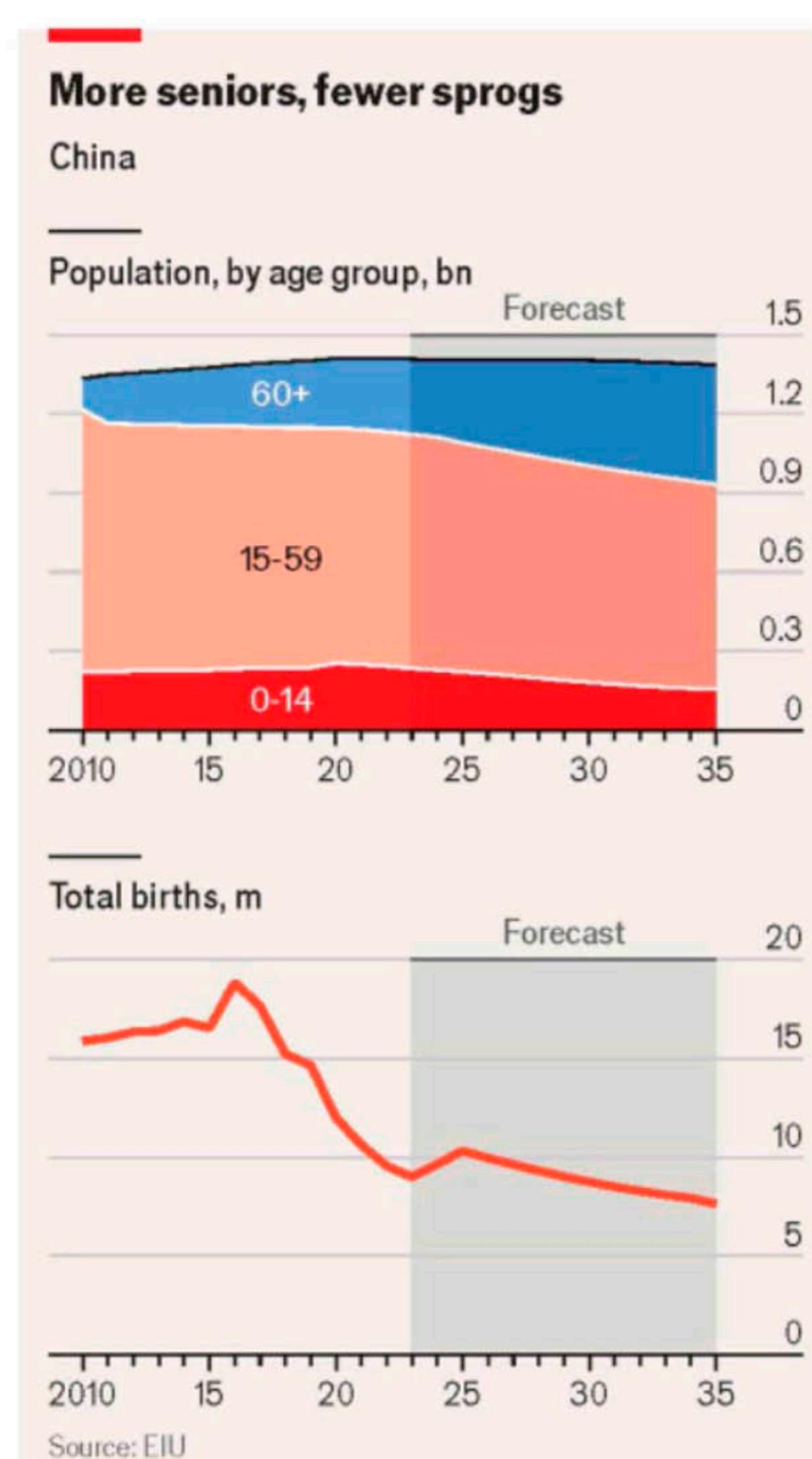
Officials might also think harder about what Chinese workers do and where they do it. About a quarter of them work in agriculture, compared with less than 3% in rich countries. China’s leader, Xi Jinping (age 70), talks a big game about creating high-productivity jobs. These are likely to be in cities. But China’s *hukou*, or household registration system, impedes the movement of workers. The country’s urbanisation rate is about 65%. It should aim for 75-80%, says Alicia Garcia-Herrero of Natixis, a bank.

In the longer term, demographers believe more machinery and labour-saving technology will also help compensate for a smaller labour force. China has about 400 robots per 10,000 workers, which is higher than most countries. But it is still less than half of South Korea’s level of automation. China is trying to catch up. In 2022 half of all the industrial robots installed worldwide were fitted in China, according to the International Federation of Robotics. Assuming the country is able to double its number of such machines to 3m by 2050, “the ‘robot dividend’ could make up for more than half of the future labour shortage”, says a study led by researchers at Beijing Foreign Studies University.

Save yourselves

If China’s first challenge is how to produce as many goods and services as possible from a diminished workforce, the second is how to make sure the elderly have a sufficient claim on those items. At the moment, many old people rely on their families for support. That might please Mr Xi, who often talks about the Confucian virtue of filial piety. Shortly after he came to power in 2012, China made it illegal for children to neglect their parents. But with fewer young people around, oldsters will increasingly have to support themselves.

Pensions are the solution in most countries, and China has its own schemes. The



largest state-run fund relies on contributions from employees and companies. It pays out about 3,600 yuan (\$500) a month on average, or around 50% of what recipients were earning before they retired. That compares with over 60% in the OECD, a club of rich countries. The Chinese beneficiaries get enough to pay for basic expenses in most urban areas. But the fund only covers salaried workers in cities, less than half of the labour force. A separate scheme covering most other workers relies on state subsidies. It pays out a measly 200 yuan a month on average.

A lack of generosity is not the only problem. As the number of retirees swells, these schemes are running out of money. The larger one is on track to go broke by 2035, according to projections by a government think-tank. To maintain them both at their current benefit levels, spending would have to double by 2050, reaching 10% of GDP. (Pensioner benefit spending in Britain, by contrast, is about 5% of GDP.)

In order to ease its burden, the government is trying to convince more people to sign up for private pensions. Since 2022 workers have been able to set aside savings in tax-deferred accounts accessible upon retirement. Only 50m people have enrolled so far. Most of the accounts are still empty. Officials say workers don’t understand the importance of pension planning. But a deeper problem is that many Chinese distrust financial products, preferring to put their money in property.

That leaves the government with some tough choices to make. It could press com-

panies to contribute more to the larger state-run pension scheme (many smaller firms dodge this responsibility). Or the government could raise taxes to fill the gap in its funding. That would involve root-and-branch reform of the fiscal system, says Christine Wong of the National University of Singapore. China’s tax revenue accounts for about 20% of GDP, compared with an average of 34% across the OECD.

Another option is to make the state’s pension schemes even less generous. But that risks sending more old people into poverty. In contrast to many Western countries, the elderly in China tend to be poorer than people from younger generations. A study by researchers at Peking University found that 13% of China’s over-60s lived on less than 300 yuan a month in 2020. So this option appears to be a non-starter. “We will continue to increase basic pensions,” said Mr Li last month.

Invest in silver

It will be tricky enough for the government to ensure that the elderly have a sufficient claim on the country’s output. But it must also make certain that the economy is producing the right stuff to satisfy an older population’s needs. That is the final challenge—and the government is relying on market forces to play a role in allocating resources. Mr Li has promised to “develop the silver economy”, a term used to describe goods and services aimed at old people. The sector will be worth 30trn yuan by 2035, up from 7trn today, according to official estimates.

Companies see opportunities, producing such things as medical equipment that can monitor old people’s health at home. The demand for nutritional supplements like calcium has increased. Analysts reckon the market for adult diapers could overtake the one for infant nappies by 2025. Meanwhile, the state is subsidising private investment in everything from companion robots to anti-ageing gene therapy.

But when it comes to more substantial care services, the scale of demand is such that the government will have to step up. As the number of old people suffering from chronic diseases and disabilities increases, the potential cost of long-term care nationwide will triple to \$247bn per year by 2050, according to estimates from researchers at Chongqing Technology and Business University.

In cities like Shanghai, where local coffers are flush, the government seems to be doing a good job. Officials have launched a programme to renovate the houses of old people, adding lifts and handrails. Cheap community canteens, which deliver food, are being built. Officials also subsidise home bathing services for those with disabilities or dementia, taking notice of a practice that is common in Japan.

► Most local governments, though, are short of cash. The care homes they maintain are either shoddy or full. Staffing is a problem, too. China has 500,000 trained carers. It needs 6m, estimates Xinhua, an official news agency. In rural areas, officials are relying on what they call "mutual aid" projects, where younger old people help care for older ones.

For now few are complaining. Many oldsters have lived through far more difficult periods, such as the great Chinese famine and the Cultural Revolution. Lauren Johnston of the University of Sydney calls China's elderly the "suck-it-up generation". Indeed, they were forced to do just that when the government lifted most of its covid-19 restrictions in late 2022, with-

out having adequately prepared for a big wave of the disease. More than 1m people are thought to have died in the months that followed. Most were old. The ruling Communist Party, which covered up the death toll, paid no real political price.

But China's leaders do not completely ignore the feelings of old people. One reason so many died of covid was because the government refused to mandate vaccination, partly out of fear of a backlash from the elderly. The next generation of oldsters may have more considerable demands. They will have grown up during boom times and may expect to while away their sunset years in comfort. If the party gets things wrong, its biggest critics may not be young liberals, but old curmudgeons. ■

China and Israel

A relationship under fire

JERUSALEM

Will China's ties with Israel survive the war in Gaza?

THREE IS LITTLE doubt which side China favours in the Gaza war. Its muted response to the October 7th attacks on Israel—in which it failed to condemn the perpetrator, Hamas—stands in sharp contrast to its denunciation of Israel's actions since then. Just days after the war began, the Chinese foreign Minister, Wang Yi, said that Israel had already gone "beyond the scope of self-defence".

But China's criticism belies a more complicated relationship with Israel, one that leaders in Beijing have long tried to cultivate. Israel has reciprocated, with its prime minister, Binyamin Netanyahu, once calling their ties a "marriage made in heaven". The war is not the first test of that bond. Now, though, Israelis are asking new questions about their putative partner.

It took a while for China to come around to Israel. During the 1960s Mao Zedong provided arms and training to the Palestine Liberation Organisation. In 1975 Chinese officials at the UN supported a resolution that equated Zionism with racism. But in recent decades China has advocated a two-state solution and given little aid to the Palestinians. In 2022, for example, China gave just \$1m to the UN agency providing relief to Palestinian refugees. America, by contrast, gave \$343m.

Meanwhile, China's relationship with Israel blossomed. In 2013 Mr Netanyahu introduced a "look east" policy just as China's president, Xi Jinping, announced his Belt and Road Initiative, a global infrastructure binge. China was interested in Israeli technology; Israel wanted to tap the

Chinese market. In 2017 they established a partnership to promote high-tech co-operation. Mr Netanyahu said Israel was a "perfect junior partner" for China. In a survey conducted by Pew in 2023, before the Gaza war, nearly half of Israelis said they viewed China favourably, a much higher percentage than in most democratic countries.

None of this pleased America, which is Israel's biggest backer and supplier of arms (though this is now the subject of fierce debate in Washington). America has in the past told Israel not to sell radar systems and assault drones to China, while raising

concerns about Chinese investments in Israeli ports and telecom networks. Partly in response, Israel set up an official committee to review foreign investments in 2020. Since then Chinese companies have won fewer tenders. Still, China remains the second-biggest buyer of Israeli exports and the largest supplier of its imports.

Israelis, though, are increasingly voicing their own concerns about China. Since the start of the war, local media have featured discussions of whether Chinese investment is a security risk. Analysts and officials describe a nosedive in China's favourability rating among the Israeli public, not least because antisemitism is surging on Chinese social media. Some Israelis, unhappy with China's support for the Palestinians, are boycotting Chinese shopping sites. "The public in Israel has shifted its way of looking at China, from 'China has a lot of money' to 'China is an enemy,'" says Galia Lavi of the Institute for National Security Studies, a think-tank in Israel.

How might this change official ties? Efraim Halevy, a former chief of Israel's foreign-intelligence agency, Mossad, says the Israeli government is being more cautious in its dealings with China. But, he adds, "since the Chinese are becoming much more active in the Middle East and were very active in the rapprochement between the Saudis and Iranians last year, Israel also needs to maintain a serious relationship with China." As Iran's top oil importer, China has "major leverage" that Israelis hope it will use in a positive manner, says an Israeli official. Others fear that China might wield its influence against Israel. "We don't want China to be our enemy," says Gedaliah Afterman of the Abba Eban Institute, another Israeli think-tank.

China, for its part, still wants to develop relations, especially in high-tech fields, says Fan Hongda of the Middle East Studies Institute at Shanghai International Studies University. In some ways the war is bringing the countries together. Lately Israeli firms have had trouble raising funds owing to the conflict. Chinese investors, facing a sluggish economy at home, are looking abroad. Quietly some big deals have been struck, say Israeli executives. "China will have a strategic role in whatever comes next in the region," says Erel Margalit of Jerusalem Venture Partners, one of Israel's largest venture-capital funds.

But there is a feeling that something has changed in the relationship. A decade ago Israeli officials and businessmen spoke of China as a place worthy of their focus. Now they are more excited about the prospect of India and the Gulf states as potential partners. China is not counted out. But a country that cosies up to Iran, votes against Israel at the UN and refuses to call Hamas a terrorist group might not be the perfect partner. ■



Flagging up some problems

CHAGUAN

Ramadan in Xinjiang

Our columnist visits a harshly controlled region



CHINA'S COMMUNIST PARTY has a message for Muslim citizens. It holds their religious freedoms dear—with a special emphasis on the freedom not to believe. The right to be secular runs like a thread through religious regulations enacted this year in Xinjiang, the far-western region that is home to 12m Uyghurs and other Muslim minorities. The revised rules impose new controls on everything from religious teaching to mosque architecture, which should reflect Chinese style. The regulations talk of extremists warping minds and promoting terrorism. To prevent this, the rules state, no organisations or individual shall induce or coerce locals to believe or not believe in any religion.

This is in part a euphemism for enhanced controls on religion—in a region that at the peak of a security campaign in 2018 and 2019 saw perhaps a million of its Muslim residents locked in re-education camps. In part, an old argument is being revived. The right to believe or not believe is in China's constitution. But a propaganda line is also taking shape: namely, that harsh rule in Xinjiang protects its residents' free will.

Chaguan writes these words from eastern Xinjiang, where he spent the final days of the holy month of Ramadan, when Muslims forswear food and drink during daylight hours. Several times ordinary Uyghurs signalled that this has been a distressing Ramadan, during which it was risky to be caught fasting.

Over several hours one evening, your columnist watched hundreds of worshippers enter the Baida Si, or Great White Mosque, in the capital, Urumqi, for sunset and late-night prayers. After the session at sunset, those worshippers filed silently out, with no sign of the iftar supper that the mosque formerly served to believers, ending that day's fast. As recently as 2015 those suppers were praised by official media. Newspapers photographed mosque workers preparing platters of lamb, flatbread and watermelon. Not this year, locals said. The iftar suppers are "no more".

Many mosques have simply closed. Such limits to piety are called expressions of choice. Chaguan asked mosque guards, staff and men who appeared to wield authority, though they declined to identify themselves, to explain why he could see many Uyghurs eating during Ramadan. They can choose to fast or not, came the

unvarying reply, because "our government guarantees religious freedom." The very question annoyed a security guard in a former mosque. When people's bellies are empty they will eat, he scoffed.

For years the government in Xinjiang wheeled out party-approved imams to proclaim Xinjiang a place of religious freedoms "unparalleled in any past historical period". Diplomats, politicians and journalists from friendly countries were invited on choreographed tours to declare China a respecter of Islam. After praying at the Baida mosque in 2021, Iran's then-ambassador to China declared Xinjiang Muslims free to practise their faith, adding his praise for "soft and clean" mosque carpets. Now the preferred line is that Xinjiang is converging with the Chinese mainstream. In March the region's party secretary, Ma Xingrui, called the "Sinicisation of Islam" in Xinjiang a necessary and "inevitable trend".

To be clear, for all the boasts about choice, options for the pious are narrowing. Independent reporting in Xinjiang carries constant risks of harming Uyghurs. Plain-clothes agents followed Chaguan on foot and by car during his visit. Still, on four occasions it was possible to ask Uyghurs (including a police officer) whether Ramadan fasts were allowed this year, without being overheard. Their replies were almost identical. "Bu hao shuo," they said, or "Bu gan shuo," meaning that it is difficult to say or they dared not say. Asked if fasting is banned, one silently nodded.

A short train ride from Urumqi lies Turpan, a mostly Uyghur oasis town known for its vineyards. A few years ago many Turpan residents would celebrate Eid al-Fitr, the festival that marks Ramadan's end, at an ancient adobe-brick mosque in the shadow of the Sugong Tower, a lovely 18th-century minaret. Now that mosque is a museum. Implausibly, museum staff insist that this reflects local wishes. An older Han Chinese man in the security control room growled that when people wanted to use this mosque, they did. Now they do not want to come, so do not. The imam was old and died, he went on, and people have mosques nearer their homes.

An atheist party declares itself an arbiter of faith

Locals might disagree—if they could speak freely. A tree-lined lane called Jiefang Lu (Liberation Road) leads from the Sugong Tower to central Turpan. Halfway down, the Kangka Mosque, a modern building decorated with floral paintings, is padlocked. Farther along, the Guanxiang Mosque has lost the tops to its minarets. Next door, the Youlewu Mosque has been part-demolished. Bizarrely, its surviving gateway is entombed in cement panels. Its tiled columns can be glimpsed where the panels have crumbled.

Forced secularisation does not stop there. Many houses on Jiefang Lu have colourful tiled pictures of landscapes over their entrance gates. Several are defaced with blotches of spray paint or cement. In each case the image being concealed is of a mosque.

In Turpan there was a palpable sadness to Eid al-Fitr, which fell on April 10th this year. In the cool, smoke-scented darkness before dawn, several dozen mostly old men walked to Eid prayers at the Dongda Mosque (the young may not attend services). Afterwards they stood in silent rows to watch China's flag being raised in the mosque garden, as a gaggle of officials sang the national anthem. An amplified voice barked, in Mandarin, that "patriotism is the duty of every citizen", before announcing "follow-up meetings and activities". In surrounding streets, there were none of the happy crowds seen in other Muslim countries. China's rulers say that they are bringing order and progress to Xinjiang. They call this true religious freedom. Believers are paying a price. ■

Middle East & Africa



Israel's army

Harsh judgments

JERUSALEM

The IDF stands accused of military and moral failures in Gaza

IN THE EARLY hours of April 7th the Israel Defence Forces' (IDF) 98th Division withdrew from Khan Younis, the second-largest city in Gaza, exactly six months after Hamas's attack of October 7th. Israel had the sympathy and broad support of much of the West when it sent its army to war with Hamas. Half a year later, much of Gaza lies in ruins. Over 33,000 Palestinians have been killed, according to the Gazan health ministry. The uprooted civilian population faces famine. Israel has lost the battle for global public opinion. Even its closest allies, including America, are considering whether to limit arms shipments.

Much of the criticism centres on Israel's armed forces. Even after its devastating failure to prevent the massacres of October 7th, the IDF has remained the most cherished institution in Israeli society. Holding fast to the vision of the IDF as both effective and moral is essential to Israelis' image of themselves. But it is now accused of two

catastrophic failures. First, that it has not achieved its military objectives in Gaza. Second, that it has acted immorally and broken the laws of war. The implications for both the IDF and Israel are profound.

Israel's army is unusual. It is widely regarded as one of the world's most advanced in its use of technology. But the IDF is also a people's army, relying on both conscripts and reservists who represent a wide cross-section of society. Many of the 300,000 reservists Israel called up live in

settlements in the occupied West Bank. Regular army units have spent much of their time there policing the occupation. This has had an adverse influence on their attitude to Palestinians, say many officers.

Any assessment of the IDF's operational successes and failures in the war in Gaza must consider the uniqueness of the war zone. Gaza is a densely populated, largely urban enclave. Hamas has spent the past 17 years of its rule embedding its military infrastructure into the civilian landscape and building a vast network of tunnels.

But Israel's army has, at best, only half-achieved the war objectives of its politicians: destroying Hamas's military capabilities; removing it from power in Gaza; and rescuing the hostages. The IDF claims to have killed about 12,000 militants. With the thousands it has wounded or captured, that represents around half of the pre-war estimate of 40,000. Hamas's military capabilities have been dramatically curbed.

But the group is far from destroyed. Of the three men believed to have planned the attacks of October 7th, just one, Marwan Issa, Hamas's military chief of staff, is thought to have been killed. Many other field commanders have been killed, but Hamas's fighters are still ambushing Israeli forces throughout Gaza and the group is reasserting itself in areas the IDF has left.

Military pressure on Hamas helped ➤

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► yield a short truce in November in which 105 hostages were released. That aside, Israel has rescued only three live hostages.

The IDF's first failure has been one of strategy. On that, blame lies primarily with Israel's politicians, and the prime minister, Binyamin Netanyahu, in particular, who have refused to countenance any alternative Palestinian force taking control of Gaza. But responsibility also rests with the generals and their understanding of how success there should be measured.

Hard and fast

Criticism of the decision to start the war with a massive assault on Gaza City is growing. After October 7th, the IDF's senior commanders were "motivated by deep feelings of guilt and humiliation", says Reuven Gal, a fellow at the Samuel Neaman Institute, a policy research centre in Israel, and retired colonel. He was a young infantry officer in the Six Day War and went on to become the army's chief psychologist. "Instead of stopping this time to think and plan, [the army] went in fast and hard, to restore lost pride."

Major-General Noam Tibon is a retired corps commander who on October 7th rushed to his son's kibbutz near Gaza, single-handedly extricating his young family while Hamas was on the rampage. In hindsight, he says, the IDF should have gone into Rafah first. He believes his former colleagues were "under the illusion that going first into Gaza City would break Hamas psychologically, by taking their symbols of government". But, he argues, "all the talk of dismantling their brigades and battalions is rubbish. They remain a fundamentalist movement which doesn't need commanders to fight until death."

Many serving officers decry the emphasis the IDF has placed both internally and publicly on how many Hamas fighters have been killed, instead of adopting a more strategic approach. "I don't want to be Westmoreland!" announced one senior general involved in directing operations, early on in the war, referring to the commander of American troops in Vietnam who boasted of his men's body-counts.

The IDF's second failure is the way in which the army has prosecuted this war, specifically the high levels of destruction and civilian deaths. (The IDF disputes the Hamas-run health ministry's death toll, saying that many of the dead are militants, but the number of civilians killed is undoubtedly extremely high.) This is down to two main factors: first, operational directives that allow strikes even when the likelihood of killing civilians is significant; and second, a lack of discipline within the IDF in adhering even to those rules.

Start with the laxer rules regarding targets. The IDF has a dedicated war-room that tracks population levels in every area

of Gaza and issues warnings, via leaflet drops, social media, phone calls and text messages to civilians, to move out of harm's way. But no part of Gaza has ever been totally cleared of civilians. An area on the population map constantly updated by the operations room is considered "green" once less than 25% of the original population remains. Even then, officers monitoring this admit that ultimately their assessments are merely "recommendations" to commanders in the field.

"The orders to carry out strikes were given in accordance to international humanitarian law," insists an officer in the IDF legal corps who helped advise those commanders. "But the policy on the level of firepower has changed. The strikes are more devastating in this war because the aim here is to destroy Hamas. And there are many more strikes."

The IDF has used drone strikes, or "targeted killings", to assassinate militants for two decades. But in the past these were authorised by senior officers high up the command chain. By contrast, at some points during this war there were over 20 different headquarters with officers of varying experience calling in attacks. "We never had an opportunity to call in such a range of air-power, anything from drones to F-35 fighters-jets," said one reserve officer in charge of a brigade-attack cell.

While there have been reports that many of the air strikes are determined by artificial intelligence (see next article), the IDF insists the decisions to attack are taken by humans. But there is ample evidence this is where the problems happen.

The lack of enforcement of even these looser rules of engagement has been such that accusations that Israel has broken the laws of war are plausible. "The standing orders don't matter in the field," says one veteran reserve officer who has mostly been in Gaza since October. "Just about any battalion commander can decide that whoever moves in his sector is a terrorist or that

buildings should be destroyed because they could have been used by Hamas." "The only limit to the number of buildings we blew up was the time we had inside Gaza," says one sapper in a combat-engineering battalion. "If you find a Kalashnikov or even Hamas literature in an apartment, it's enough to incriminate the building."

Other officers reported a breakdown of discipline in their units, with multiple cases of looting. "I think everyone in our platoon took a coffee set," said one sergeant. Soldiers have filmed themselves vandalising Palestinian property and, in some cases, put those videos online. On February 20th the IDF's chief of staff published a public letter to all soldiers warning them to use force only where necessary, "to distinguish between a terrorist and who is not, not to take anything which isn't ours—a souvenir or weaponry—and not to film vengeance videos." Four months into the war, this was too little, too late. "He should have acted much sooner to root this out," says one battalion commander.

Political failures

The IDF's third failure is its role in Israel's obstruction—until an angry phone call between President Joe Biden and Mr Netanyahu on April 4th—of aid efforts to Gazans. Officers have mainly blamed the politicians for this. But some acknowledge that even without a political directive, the army, which is arguably an occupying force in Gaza now, should have assumed this responsibility from the planning stage. Instead it acted only when the humanitarian situation became critical.

Major-General Tibon's fiercest criticism is reserved for Mr Netanyahu: "[He] has been running this war to serve his political interests—keeping his nationalist base happy and preventing his far-right extremist parties from leaving his government." Serving generals share this view.

That does not bode well for the future. The war in Gaza is not over. Israel's next step is unclear. Mr Netanyahu says that a date has been set for an incursion into Rafah, Hamas's last major stronghold (in private, Israeli generals deny this).

Another scenario is that Israel and Hamas agree to a temporary truce or a more lasting ceasefire. That would allow the IDF to prepare for future conflicts, perhaps including with Iran, which is threatening to retaliate for an Israeli air strike in Syria that killed several high-ranking Iranian officers. The IDF plans to form new armoured divisions—at great cost to the country's finances and to the soldiers who will have to serve for longer. Yet more troops and tanks will not prevent the IDF from repeating the mistakes it has made in Gaza. With the war at a hiatus, now is a moment for Israel and its allies to ask hard questions about how it has been conducted. ■

Comings and goings



*According to IDF statements, interviews and social media

[†]Sent into combat during times of war

Source: Gaza war unit tracking



AI in the war in Gaza

Who is in control?

JERUSALEM

Questions are mounting about the Israeli army's use of AI in Gaza

FOR OVER a decade military experts, lawyers and ethicists have grappled with the question of how to control lethal autonomous weapon systems, sometimes pejoratively called killer robots. One answer was to keep a “man in the loop”—to ensure that a human always approved each decision to use lethal force. But in 2016 Heather Roff and Richard Moyes, then writing for Article 36, a non-profit focused on the issue, cautioned that a person “simply pressing a ‘fire’ button in response to indications from a computer, without cognitive clarity or awareness”, does not meaningfully qualify as “human control”.

That nightmarish vision of war with humans ostensibly in control but shorn of real understanding of their actions, killing in rote fashion, seems to have come to pass in Gaza. This is the message of two reports published by +972 Magazine, a left-wing Israeli news outlet, the most recent one on April 3rd. The Israel Defence Forces (IDF) have reportedly developed artificial-intelligence (AI) tools known as “The Gospel” and “Lavender” to “mark” suspected operatives of Hamas and Palestinian Islamic Jihad, two militant groups, as targets for bombing, according to Israeli officers familiar with the systems.

The sources claim that the algorithms have been used to create “assassination factories” in which the homes of thousands of Hamas members, including junior ones, are marked down for air strikes, with human officers providing merely cursory

oversight. It is also claimed that the IDF would be willing to risk killing 15-20 civilians in order to strike a Hamas fighter. For Hamas battalion or brigade commanders, that number rose to more than 100 civilians. By contrast, in 2003 America’s comparable figure for Saddam Hussein, a head of state, was 30 civilians.

Israel denies these allegations. IDF officials say that AI tools like “The Gospel” and “Lavender” are not used to automatically generate targets. Instead, they were developed for the “target directorate”, a unit of the military intelligence branch tasked with locating and confirming potential targets, to manage huge quantities of data in various formats, collected by different intelligence-gathering agencies. The systems are supposed to fuse this data into a manageable format and present the relevant details to the intelligence analysts whose job it is to “incriminate” targets (or “recommence” existing ones) for air strikes.

In their telling, the AI tools are “neutral”, used only for solving problems in managing big data, and do not replace intelligence officers, who view the relevant material and reach a decision. This would leave human beings in charge of both the analysis and the decision-making leading up to a strike.

All this has raised questions about how precisely AI is used in warfare. In recent years the public debate has focused on weapons that can choose their own targets in some fashion, such as the cheap drones

used by Russia and Ukraine which can, in a growing number of cases, identify and strike targets without human approval. The IDF’s use of AI suggests that its larger role is more mundane, though it may include identifying potential targets.

Even before the war in Gaza, experts reckoned that military commanders—who bear ultimate legal responsibility for strikes—have a poor grasp of the intelligence processes that produce their target lists. AI would blur that further. “What AI changes is the speed with which targets can be identified and attacked,” says Kenneth Payne of King’s College London. “That means more targets hit, and all else being equal, more risk to civilians.”

The IDF claims that AI tools not only make target identification quicker, but also make it more accurate. Some Israeli intelligence officials acknowledge this is true only if they are used correctly. “An alert and conscientious officer will use these tools to ensure that the targets being hit are valid,” says an intelligence analyst. “But in war...tired and apathetic officers can too easily just rubber-stamp the targets suggested by the algorithms.”

The biggest problem remains a stark gap between high-level policy and its implementation on the ground, whether by the analysts marking down the targets or the officers in operational headquarters deciding on the actual strikes. “Nothing I have seen of them, up close and personal, leads me to believe that, at the high command level, they are anything other than professional,” says one Western official familiar with Israeli military operations. However Israeli soldiers have said that in many cases commanders in different sectors in Gaza have exercised policies of their own, such as designating any adult men remaining in their sector as terrorists and giving orders for them to be fired on (clearly illegal under the laws of war).

Gaza would not be the first war where computers and code have been used to generate targets to kill. In Afghanistan and Iraq, American intelligence officers built highly complex “network diagrams” showing real or purported connections between people and places, with the aim of identifying insurgents. The process was often primitive, notes Jon Lindsay, an academic. “Reliance on telephone communication patterns alone without reference to other social context”, he writes, “might turn mere delivery boys into nefarious suspects.”

Most controversial of all was America’s drone assassination programme in Afghanistan, Pakistan and other countries. Documents leaked in 2015 and published by the *Intercept*, a news website, suggested that America had collected vast amounts of data on Pakistan’s mobile-phone network to perform what they called “automated bulk cloud analytics”. The leaked

► slides referred to “courier machine learning models”, suggesting that it was using what would today be called AI to find patterns in this data. Yet the analogy with Lavender is imperfect: drone strikes, though controversial, and shaped by AI-derived intelligence, were far rarer than Israeli strikes in Gaza and involved a slower and more careful targeting process than those reportedly being used by Israel.

During the Vietnam war, American forces built a sophisticated network of sensors along the Ho Chi Minh Trail. They used computers in Thailand to process the information, allowing their planes to drop bombs within minutes of suspected insurgents being detected. The system killed huge numbers of enemy soldiers, encouraging a focus on body counts that doomed the war. Israeli generals might take note. ■

The Gaza war

At an impasse

DUBAI

Truce talks are stuck and Israel has withdrawn most of its troops from Gaza

EID AL-FITR, which marks the end of Ramadan, is normally a joyous time in Gaza, as families exchange gifts and buy new clothes for children. But the holiday, which began on April 9th, is no cause for celebration this year. Fighting has ebbed enough for a few thousand Palestinians to return to Khan Younis, the southern city that has been the focal point of combat since January, and scavenge through the remains of their ruined homes. The war is not over, though, and efforts to negotiate a temporary ceasefire are still at an impasse.

On April 7th Israel withdrew its ground troops from Khan Younis, leaving just one brigade deployed in Gaza. Those who remain are stationed along a corridor that cuts across the middle of the 41km (25-mile) enclave. They are meant to prevent Palestinians from leaving the south, now home to almost 90% of Gaza's 2.2m people, and returning to the north, which was depopulated in the early weeks of the war.

With such a sparse ground presence, the army can do little to advance the war's twin goals: the defeat of Hamas and the return of 129 hostages still held in Gaza (dozens of whom are thought to be dead). To do the former, Israel would have to press into Rafah, the last remaining city it has yet to assault; the latter would require a deal with Hamas. Neither seems likely.

Western and Arab negotiators had hoped to broker a ceasefire before the start of Ramadan, and then before Eid al-Fitr. Those deadlines came and went. Talks are

still slogging along in Egypt and Qatar. Earlier this month Bill Burns, the CIA director, flew to Cairo to present America's latest proposal. It called for Hamas to release 40 Israeli hostages—mostly women, the sick and the old—in exchange for 900 Palestinians held in Israeli jails.

Negotiators put an optimistic spin on the effort. Majed al-Ansari, a spokesman for Qatar's foreign ministry, said he was “more optimistic”. A few diplomats suggested the withdrawal from Khan Younis could serve as a confidence-building measure to nudge Hamas into lowering its demands. Others call this wishful thinking.

There are still big gaps between what Israel and Hamas are willing to accept—the same ones that have bedevilled negotiations for months. Yahya Sinwar, the leader of Hamas in Gaza, still wants a permanent ceasefire; Israel will only agree to a temporary lull. Envoys from Hamas have also claimed they cannot find 40 living hostages from the groups set to be released. That would require them to release soldiers or young men, whom it had hoped to hold as leverage, and for whom it wants a higher number of freed prisoners.

Mr Sinwar also wants Israel to dismantle the checkpoints along its military corridor and allow displaced Gazans to travel north during a truce. That could allow Hamas to redeploy its own forces, and reassert some control over the north. Israel, unsurprisingly, insists the checkpoints will stay. It would allow women and children to cross, but men would face strict limits. And far from serving as an inducement, the pullout from Khan Younis could have the opposite effect: with little fighting, Mr Sinwar may feel little pressure to deal.

Binyamin Netanyahu, the Israeli prime minister, also seems content to let the talks meander: a ceasefire, even a temporary one, would be unpopular with his far-right

allies. In a statement on April 8th he warned that the Rafah offensive was imminent. “This will happen; there is a date,” he said (while declining to provide said date).

Mr Netanyahu has been promising to conquer Rafah for months. On February 8th he said that Israeli troops would “soon go into Rafah”. On March 17th he told the cabinet he had approved “operational plans” for the offensive. After months of threats, it is doubtful that either Israelis or Hamas leaders believe him. In reality, the offensive remains far off. A move on Rafah requires calling up more reservists and preparing a plan to evacuate 1.5m Palestinian civilians living in the city. Israel has done neither. Yoav Gallant, the defence minister, is said to have contradicted Mr Netanyahu and told American officials that there is no scheduled date for the offensive.

That leaves the war effort deadlocked. Some Israeli officials argue that this was the plan all along. In October, before the ground offensive began, generals predicted it would take place in phases. There would be a stage of heavy fighting, with a large Israeli presence inside the strip, and then a longer period of targeted raids carried out by troops on Gaza's periphery. After four months of fighting in Khan Younis, they now say, their troops no longer have big objectives left to pursue; it is sensible to let them rest, and to focus on defending against other threats from Iran-backed militias across the region.

Mr Netanyahu does not mind the stalemate either: the longer the war drags on, the longer he thinks he can avoid early elections. But a quagmire means that more hostages will probably die in captivity and gives Hamas more time to regroup.

The withdrawal coincided with a big increase in deliveries of humanitarian aid to Gaza. The Israeli army said that 322 lorries entered the territory on April 7th, then a record high during this war; even more came through in the following days. A group of nine countries took part in a joint air-drop of food, clothing and toys ahead of Eid al-Fitr, the largest such operation to date. Many Gazans say they have not seen much difference in the availability of food, though. That is partly because the UN and other aid agencies have been unable to unload and distribute all the goods that crossed the border.

The influx of aid has less to do with the Israeli pullout than with American anger over an Israeli drone strike on April 1st that killed seven aid workers. On April 9th Univision, a Spanish news giant in America, broadcast an interview with Joe Biden in which he called Mr Netanyahu's approach to Gaza “a mistake”. Yet while the most intense phase of fighting appears to be over, and aid is picking up, America, Israel and Hamas remain trapped in an impasse—with none willing to change course. ■



A welcome burden

Human rights

Death threats

KINSHASA

Congo brings back capital punishment and cracks down on critics

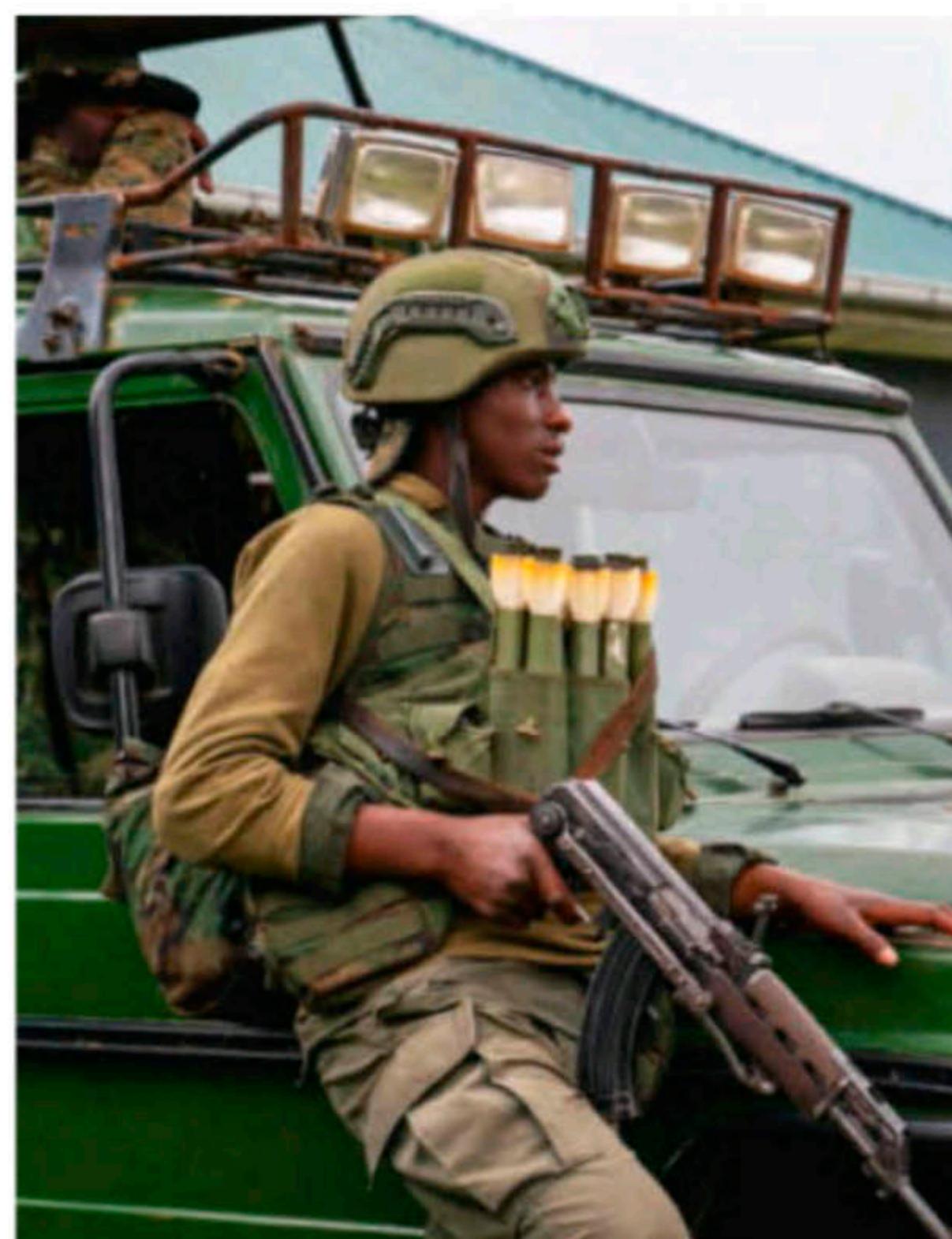
CRITICS OF CONGO'S government are on edge—and for good reason. Last month the justice ministry said it was bringing back the death penalty, ending a moratorium that had been in place since 2003, in order to "rid our country's army of traitors" and to "stem the resurgence of acts of terrorism and urban banditry".

Restoring capital punishment is, in part, a reaction to the desperate situation in eastern Congo, where the M23 rebel group has surrounded the city of Goma. The conflict with M23, which is backed by Rwanda, has forced more than a million people from their homes, most of whom now live in squalid conditions crammed around Goma. Congo's army is on the back foot. "We don't have a choice," says Patrick Muyaya, a government spokesman, referring to the death penalty.

Human-rights activists and the Catholic church have protested, pointing out that the justice system is dysfunctional. Even Congo's president, Félix Tshisekedi, describes the court system as "ill". Moreover, the government seems to use a rather expansive definition of treason and has recently been arresting critics of even the mildest sort. "The immediate effect [of the death penalty] is fear," says Fred Bauma, the director of Ebuteli, a Congolese think-tank. In February, secret-service agents arrested Mr Bauma and, he says, assaulted him in detention.

Other incidents have also had a chilling effect. Last year the bloodied body of Chérubin Okende, a politician who was close to the opposition leader Moïse Katumbi, was found in his car in Kinshasa. Opposition parties said he had last been seen alive outside the Constitutional Court, when he had sent in his bodyguard to drop off some papers. When the guard returned both Okende and his car were gone. After a lengthy investigation, officials provoked derision by ruling that the death was a suicide. "Chérubin didn't get justice because the justice system is rotten," said Georges Oyema, a relative.

But Congo's judiciary does not take criticism well and it is willing to pursue those who question the official ruling. One of Congo's best-known journalists, Stanis Bujakera, was sentenced to six months in prison on charges of spreading fake news about Okende's death. His employer, *Jeune Afrique*, had published an article without a byline that suggested that Con-

**Trouble in the east**

golesse military-intelligence agents had killed Okende, based on a leaked intelligence memo. The government denied the memo's authenticity, saying it had been forged by Mr Bujakera.

Pressure on government opponents had been on the rise before the general and presidential elections in December. But it has intensified since Mr Tshisekedi was proclaimed the winner. According to Mr Bauma, the think-tank director, the president is getting jittery about a loss of public support. The military successes in the east that he promised in his campaign have not materialised. A diplomatic solution to the conflict seems far off. "There's a desire to silence critics," says Mr Bauma. ■

Illegal fishing

Slavery at sea

China's fishing fleet is committing abuses off Africa's coast

THE FOREMAN woke us up by hitting us," said the sailor. For the next 20 hours, on a typical day, the bleary-eyed crew would be hauling up fishing nets. If sharks got entangled they would hack off their fins, tossing the mutilated creatures back into the water to die. When dolphins were ensnared, the captain shot them, cut out their teeth and bartered them with passing ships in return for whisky.

These incidents all took place between 2017 and 2023 on Chinese fishing boats in the south-west Indian ocean, according to the Environmental Justice Foundation (EJF), a London-based NGO. China's distant-water fishing fleet is the world's larg-

est and most controversial. It has long been accused of environmental and human-rights abuses in Latin America and west Africa. An investigation by the EJF suggests it is terrorising fishermen and plundering the seas off east Africa, too.

The EJF has identified some 138 Chinese vessels fishing in waters off Mozambique, Tanzania, Kenya and Madagascar. Interviews with crew members suggest that illegal fishing is rampant. Most of the interviewees said they regularly and deliberately killed protected species, such as turtles, dolphins and false killer whales. Fully 80% said they systematically engaged in shark finning, an illegal practice, targeting several endangered or critically endangered species.

Illegal fishing is also harming local fishermen. Chinese vessels routinely fish in waters close to the shoreline reserved by law for small-scale local fishers. According to the EJF, Chinese trawlers in Mozambique often line their nets with a fine mesh, allowing them to catch smaller fish usually targeted only by locals. They have also been known to intimidate the local fishermen, ripping their nets and hounding them out of their usual fishing grounds. The volume of fish caught by small-scale fishers in Mozambique has slumped by 30% over the past 25 years.

Things are even bleaker for the non-Chinese crew members who staff China's distant-water fleet. On one vessel eight Mozambican workers had to sleep in just two beds. On another there was no working toilet for the Filipino and Indonesian crew, who had to defecate off the side of the boat for an entire months-long voyage. Anyone who complained would be kicked, beaten or threatened with salary deductions. Crew members interviewed by the EJF said four of their comrades had died at sea, one of them by suicide.

Three-quarters of those interviewed said Chinese captains or recruitment agencies had confiscated their passports or birth certificates to prevent them from leaving the ship. Some were trapped at sea for months or even years. The EJF says such treatment amounts to "conditions of modern slavery".

The Chinese government insists it has a "zero tolerance attitude" towards illegal fishing. Yet it appears to be using its geopolitical heft to facilitate the depredations of its fleet. Chinese vessels reportedly receive some \$7bn a year in government subsidies. According to the EJF, in the south-west Indian ocean they sometimes travel under escort from the Chinese navy.

With more than 90% of the world's fish stocks either fully fished or overfished, Chinese boats must sail ever further to fill their nets. They are racing each other, literally and morally, to the bottom of the global fish barrel. ■

South African politics

Opposition rising

JOHANNESBURG

Is the Rainbow Nation ready for a change in government?

SONGEZO ZIBI, the leader of a new political party in South Africa, thinks the country is ripe for an Emmanuel Macron moment in the national election on May 29th—one in which a political insurgent can disrupt the 30-year-long reign of the African National Congress (ANC). The former newspaper editor has a slick campaign that emphasises competence over hollow campaign promises. Yet he lacks Mr Macron's sweeping ambition. Instead of aiming for the presidency, Mr Zibi simply hopes that Rise Mzansi, his party, will win perhaps 5% of the national vote. (Polls currently have it at only about 0.5%).

These modest goals are not a deterrent to donors. Rise Mzansi (named after the Xhosa word for "south", a colloquial term for South Africa), raised 16.7m rand (\$900,000) in the fourth quarter of 2023, which was more than any other party, including the official opposition, the Democratic Alliance (DA). This makes it one of the leading examples of how politics is fragmenting in South Africa as the country prepares for the first election since the end of apartheid in which the ANC is expected to lose its parliamentary majority.

Of the five parties that raised the most money in the last quarter of 2023, the most recent period for disclosures, four are polling at less than 2% each of the national vote. In all, more than 115 parties will compete in the national election.

Most will sink without a trace, but some are upending the country's electoral calculus. uMkhonto we Sizwe, a new party backed by Jacob Zuma, a disgraced former president, has come out of nowhere to take more than 13% of the national vote, according to a recent poll. As a result, the ANC's share of the vote may fall to around 40%.

That would be new and unpredictable territory. The ANC has never previously fallen below 57% of the national vote and it will have to seek coalition partners if it hopes to keep ruling. That could allow small parties to wield an outsize influence on the shape of the next government. Which parties the ANC chooses to form a government with, and how those parties use their influence, may determine whether South Africa is able to find political renewal or sinks deeper into economic stagnation and corruption.

In this regard, Mr Zibi's party is also instructive. Rise Mzansi's manifesto does not contain any groundbreaking policy

proposals. It wants to slim down the cabinet, fix public procurement and ban "blue light brigades", the intimidating police convoys that escort senior government officials at speed. The party's big focus is instead on professionalising the government by ensuring that people are appointed on merit rather than "deployed" by political parties, as is currently the case. It also wants to reform how the government awards contracts to reduce corruption. "We want to be the grown-ups in the room," says Mr Zibi.

The 48-year-old comes from a political family: two uncles fought in the armed struggle against the apartheid government, and his mother helped look after political prisoners. Initially, he took a different route. He made his name first as the editor of *Business Day*, a respected newspaper, and then as the spokesman for Absa, a major bank. But politics was always in his soul. "When I was at *Business Day*, it became clear that you couldn't just write about this stuff," he says, referring to the many government corruption scandals that the paper covered during his tenure.

Mr Zibi struggled to find a home in any of the large established parties, which have veered from what he believes are the country's core values of social democracy. When meeting other politicians, he would give them copies of "The Third Man", a political memoir by Lord Peter Mandelson, a close ally of Tony Blair. He hoped this

would persuade them to follow in New Labour's footsteps and shift to a more centrist sort of politics. No one read the book. Eventually, he and a few like-minded colleagues realised they would have to do it themselves, and Rise Mzansi was born. Mr Zibi describes it as "a typical centrist European party"; in American terms, "a little to the right of Bernie Sanders".

The key question facing South Africa is whether the ANC would choose to form a coalition with more or less liberal parties such as Rise Mzansi and the DA, which is polling at about 27%, or instead swing to the hard left. That would mean teaming up with the Economic Freedom Fighters, a populist and socialist party that is expected to win about 10% of the vote, or Mr Zuma's new outfit.

Man in the middle

One issue that may be a stumbling block for the ANC forming a coalition of the sensible could be agreeing on fundamental economic policies and the appointment of people to key positions. "We would need an agreement on who the finance minister is going to be. And on the independence of the Reserve Bank," Mr Zibi says. These alone would be a big ask, but previous coalition negotiations in South Africa have thrown up even stranger outcomes. Take the current mayor of Johannesburg, Kabelo Gwamanda, who belongs to a fringe religious party that holds just three of the city council's 270 seats.

His example has emboldened parties like Rise Mzansi to believe that, in this most unpredictable of elections, they too can punch well above their weight. That said, South African politics is littered with the discarded election posters of smaller parties that have tried, and failed, to disrupt the status quo. Mr Zibi will be hoping that his face is not on one of those. ■



Hoping for a Macron moment

Europe



Ukraine

The race to save Kharkiv

KHARKIV

If Ukraine's second city is too close to Russia to survive, no one has dared tell its residents

IT HAS BEEN a few days since a 250kg Russian glide bomb landed in Iryna Tymokhyna's courtyard on 23rd August Street, and it is fair to say she is not happy. Sitting on the park bench that has since become her living room, the 60-year-old curses Vladimir Putin and the minority of Kharkiv residents she believes are still helping him. Her apartment is covered in dust and broken glass, she says; her neighbours were put in hospital, and a passing bicycle courier was killed. "If it was up to me, I would shoot the bastards...and I'd wipe Belgorod [the closest Russian city] off the face of the Earth while I was at it."

Ms Tymokhyna's sharp language is striking for the fact she was born in Russia, and most of her relatives still live there. But her outrage is far from unique in a 1.3m-person city now living through an airborne terror mostly originating from the region just across the border.

Russia stepped up its bombardment of

Kharkiv in December. Since then, the city has been on the receiving end of more ballistic missiles than at any time since the start of the war. Drone assaults have become more frequent: they fly faster and higher, and have a carbon wing-coating that makes shooting them down harder. But the March 27th attack on 23rd August Street was a pivotal moment, the first time a glide bomb, launched from a plane and capable of travelling tens of kilometres to devastating effect, had been used against

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Ukraine's second city.

The attack came just five days after a missile barrage destroyed almost all of Kharkiv's power-generation capacity. It has been followed by more than a week of operations using glide bombs, missiles and drones, killing at least 16 people and injuring another 50 or more. The escalation had military sources in Kyiv suggesting that Russia has resolved to make the city a "grey zone", uninhabitable for civilians.

The man responsible for keeping Kharkiv running disagrees. Interviewed at a secret location, the mayor, Ihor Terekhov, says his city has no intention of giving up. Things were worse at the start of the war, he says, when all but 300,000 of the pre-war population of 2m fled. "How can you make a city like this a grey zone? People won't leave, because they have already left, then returned." Yes, powering up a city without power stations or working transformers was difficult, but they managed it. "If I told you how we did it, that too would be targeted." But many of the city's problems could be solved if the West provided capable air-defence systems or F-16s that could push back the fighter jets carrying the new bombs.

Russia's exact intentions are not clear at this stage, though there are signs that it is preparing for a major summer offensive. A Ukrainian source with knowledge of the

intelligence picture said Russia is training six divisions (some 120,000 men) in eastern Siberia. On April 3rd President Volodymyr Zelensky said Russia would mobilise a further 300,000 in June. Kharkiv is one of several possible directions for a future assault. It is not the most likely, but it has already been heavily trailed in Russian media. That might indicate a Kremlin information campaign to frighten Kharkiv residents. Or it could be a nod in the direction of a pro-war camp agitating for a fiercer response to Ukraine's frequent attacks on Belgorod, which are also causing unease in Western circles. In March Mr Putin talked about the creation of a "buffer zone" on Ukraine's border.

A military operation to seize Kharkiv would be a tall order for Russia. The last time it tried, in 2022 when the city was much more poorly defended, it failed spectacularly. Taking the city would require breaking through Ukrainian defences and encircling it, which Russia is nowhere near being able to do; establishing air superiority, which is not a given; and winning a bloody urban campaign. "There's a strong chance they would not succeed with any of that," says Andriy Zagorodnyuk, a former defence minister. For others, the fear remains that the Russians will turn nastier when they realise they can't get what they want. "They won't be able to take Kharkiv, but destroy it—perhaps," says Denys Yaroslavsky, a local businessman turned special-forces reconnaissance commander. "We'd be talking about something of the order of Aleppo."

Some have already taken the hint and packed their bags. Iryna Voichuk, a journalist, left for Europe at the end of March, after the glide bombs began to hit. It felt like leaving a friend, she says: "I was happy to live there despite the dangers, but that changed when a missile landed 100 metres

away from my flat." Much of Kharkiv's commerce vanished in 2022 along with its richest inhabitants. The energy shortage and military escalation are testing the resolve of the enterprises that are left. Among them, there has so far been no exodus or panic besides a few isolated cases, insists Yury Sapronov, one of the few big businessmen left in the city. "I can't say that Kharkiv is suddenly going to benefit from a massive influx of investment, since we can't move the Russian border. But we will survive and small businesses can even prosper from internal demand."

If others have written Kharkiv off, those inside the city have yet to receive the memo. Urban life continues in spite of the dozen daily air-raid warnings. Families walk in the city's central park despite the missiles that occasionally land nearby. Children play football next to a military fa-

cility. The sense of digging in is summed up by the city's decision to start building its schools underground. The first of these will open this month. It is entered via a single blast hatch that sticks out incongruously from a sports field. Built with reinforced concrete that goes several metres underground, it should survive anything Russia throws at it. All 900 spots in the first intake have been reserved.

Ms Tymokhyna, who offers *The Economist* tea in her park-bench living room, says there is nothing she would not do to defend the country that for 43 years has been her home. "I'm 60 years old, but I'm ready with my spade to go wherever I'm needed," she says. "Make Molotov cocktails, acid, whatever it takes. Ukraine is everything to me. If the Russians dare to come here, I'll find them. They won't have a hope of staying in the realm of the living." ■

Glide bombs

Cheap and nasty

For now, Ukraine has no answer to Russia's ferocious glide-bomb campaign

FOR THE past year, Russia has been stepping up its use of glide bombs. In recent months both the size of the bombs and the rate at which they are launched have increased sharply. So far they have mainly been used against Ukrainian troops on the front line. They demonstrated their effectiveness in February by bringing to an end Ukraine's stubborn defence of Avdiivka, a coking town in the east. But they are now also being used to add a new dimension to Russia's strategic air campaign, supplementing its limited supply of air-launched cruise missiles.

The glide bombs start life as mostly Soviet-era general-purpose FAB bombs, of which there are huge quantities in Russia's inventory. Last year, the Russians started adding simple, cheap conversion kits to them: wings that pop out when the bomb is released, and a satellite guidance system based on Russia's GPS equivalent, GLONASS. A slightly more sophisticated and accurate version, which has the wings integrated in the body of the weapon, laser guidance and an anti-jamming antenna, appeared last month. Two of these struck Kharkiv on March 27th.

The bombs are carried by SU-34 and SU-35 fighter jets, which lob them when flying at high speed (1,500kph) and high altitude (10km) to give them a range of up to 65km. Once released, they are

almost impossible to track. So the only way of stopping them is to destroy the aircraft carrying them before they are dropped, either with long-range ground-based air-defence missiles or else by fighter jets armed with long-range air-to-air missiles.

There is a sequence of events that leads directly to the Russian glide-bomb attacks on civilian targets in Kharkiv, Ukraine's second city, which lies just 30km from the Russian border. It appears that to counter the growing glide-bomb threat, the Ukrainians took the risk of moving precious Patriot missile launchers near to the front line. In late February, Ukraine announced that in just ten days it had shot down between ten and 12 SU-35 and SU-34s, an intolerable attrition rate for the Russians.

But on March 9th it was confirmed that a Russian Iskander missile had hit a convoy of Patriot launchers. It destroyed at least two of them and killed their crew. Since then, the glide-bomb attacks have escalated. On March 27th the Ukrainian foreign minister, Dmytro Kuleba, said that Russia dropped 700 glide bombs in a six-day period from March 18th. Without more Patriot batteries, or until the long-awaited arrival of F-16s armed with AIM-120 missiles, which is unlikely before July, Russian pilots will continue to inflict the glide-bomb scourge with impunity.



Russia's MIAs

In limbo

Russia is struggling to find its missing soldiers

KAMONIN ALEKSANDROVICH disappeared in the Donetsk region in winter. On February 22nd last year, as Ukraine repelled Russian assaults along the front line across eastern Ukraine, his unit was involved in fierce fighting. According to his family, Kamonin was badly injured. "He went out with his unit on the mission, he had no documents with him," they wrote on an online message board. Their son did not return from the battle; and like dozens more he simply disappeared.

"He was wounded and left behind. His colleagues don't want to say anything, and command hides the truth," his family say. Mr Aleksandrovich's case is the tip of an iceberg. On People Search, a group set up on VKontakte, a Russian social-media platform, new faces of the missing appear daily with pleas for help.

Thousands of Russian combatants are missing in Ukraine. Suddenly thrust into war by President Vladimir Putin, Russia's commanders were ill-prepared for the losses their forces would suffer. "No funeral teams were created in advance to search for and evacuate the bodies of the dead," said Sergei Krivenko of Memorial, a now-banned Russian human-rights group. As Russia's campaign descended into fiasco, many soldiers were hastily buried in unmarked graves or incinerated in grisly pits and mobile crematoriums. Hundreds more bodies were simply abandoned.

The Russian defence ministry has not put out a number on its missing in action (MIA), but some experts say it could be as high as 25,000. Under Russian law, if the body of a missing soldier is not found, official recognition of his death can only take place, in court, two years after the end of hostilities; though, this period has recently been cut to six months. After that, relatives will be entitled to 12.5m roubles (\$134,000) as compensation.

Russia's record of finding missing soldiers, alive or dead, is abysmal. During its two wars in Chechnya, official indifference and systemic army failures forced many families to find and identify their missing relatives themselves. Over 200 Soviet soldiers who fought in the Soviet-Afghan war are still missing, with veterans still trying to trace them. In Ukraine these chronic deficiencies remain entrenched, with secrecy and staff shortages hampering efforts to find soldiers through official channels.

"Relatives learn information about a

serviceman through the commander of a unit in which the soldier serves," explains Mr Krivenko. "It works in peacetime but in war conditions less so." Russian units have struggled to contact the families of those missing, and have failed to create channels to report soldiers' statuses accurately. As a result, many combatants who have gone missing, whether presumed dead or alive, are not officially recognised as MIAs and have not appeared on any of the lists of injured, killed and missing. For Russia's defence ministry they do not exist. In such cases, relatives are not entitled to compensation, or the government's help in searching for them.

Secretive and abusive practices long ingrained in Russian military culture feed the crisis. The army often treats its personnel poorly, dead or alive. For some commanders, eager to conceal losses on the battlefield from superiors, it is easier to claim a soldier has "disappeared" and to leave their status unresolved. It also means that compensation can be delayed or avoided entirely. "Families have a right to compensation but the defence ministry might not be willing to pay out immediately. It comes down to a propaganda war," says Matthew Holliday of the International Commission on Missing Persons. "Announcing large numbers of missing is not a positive message to share when you're trying to win a war."

Abandoned by the authorities, families are turning elsewhere for help. Several communities dedicated to finding Russia's MIAs have sprung up online, sharing photos, unit details and identifying features. Relatives are even going to battlefields and morgues themselves in the hope of finding their relatives, or turning directly to Ukrainian social media for help.

In the opening days of the war, Ukraine's interior ministry set up a hotline and a Telegram channel called Look for



Where have all the young men gone?

Yours, which allowed families to find information about missing Russian soldiers. But as the war has intensified, attitudes towards the invaders have hardened. Ukrainians are also struggling to find and identify their own MIAs. "We have so many unclaimed Russian bodies, but there aren't enough fridges to store the number of dead," says Olha Reshetylova of Media Initiative for Human Rights, a Ukrainian human-rights group. "They are not the priority. We have our own dead to find."

Most Russian families will discover the fate of their missing loved ones, at best, only after the end of the war, and even then the process could drag on for many years after a ceasefire, when and if one ever comes. For some, thwarted by the army's bureaucratic labyrinth and existing in a hellish personal and legal limbo, the answer may never arrive. ■

Herbert Kickl

The machinist who became captain

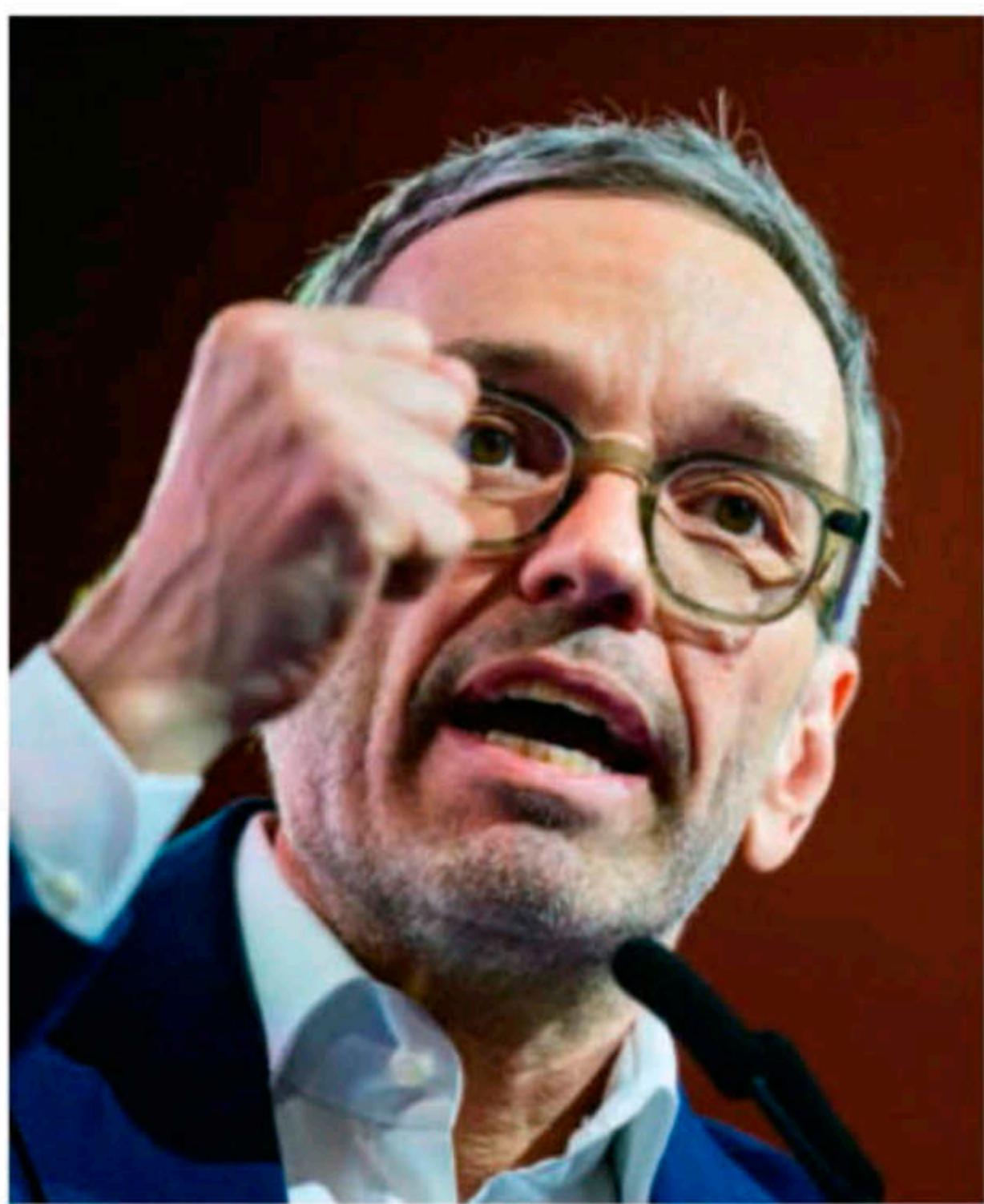
BERLIN

A new book describes the rise of a charmless ideologue

"**I**F A PARTY is a boat then I prefer to be in the engine-room rather than at the captain's dinner." Thus spoke Herbert Kickl when Heinz-Christian Strache was still boss of Austria's hard-right Freedom Party (FPÖ), according to "Kickl and the Destruction of Europe", a new biography that will be published (in German) on April 15th. Lacking in charm, Mr Kickl was always meant to be the machinist rather than the captain. "I think he is still sometimes surprised to be the leader of the FPÖ," says Robert Treichler, one of the two authors (the other is Gernot Bauer, also a journalist at *Profil*, an Austrian weekly).

Nothing in his early years and even in his first decades as an apparatchik in the FPÖ seemed to indicate that Mr Kickl would become a serious contender for Austria's chancellorship at elections this autumn. Born in 1968, he grew up in a working-class family in Carinthia. He was a good student. He liked the Beatles and the cargo pants he bought at the American army shop in Spittal. His grandfather Florian had been a Nazi, but that was the case for many of his generation in Carinthia.

In spite of his academic abilities, Mr Kickl never finished his philosophy degree at Vienna University, nor his military service. Instead he joined the FPÖ and fell under the spell of Jörg Haider, the party's charismatic leader from 1986 to 2000. Mr Haider spotted Mr Kickl's talent for marketing and communications—and he was



Can Kickl conquer?

▶ happy to let him do the dirty work of coining some of the FPÖ's nastiest yet unfortunately catchy phrases. Mr Kickl is said to have come up with a notoriously unpleasant comment by Mr Haider about Ariel Muzicant, then the head of the Jewish community in Vienna, for which Mr Haider faced the threat of legal action and had to apologise.

When Mr Haider quit the FPÖ to set up a new party in 2005, everyone expected Mr Kickl to follow him. Messrs Treichler and Brauer don't provide a satisfying explanation for why he did not, but Mr Kickl probably thought he would do better by staying with the FPÖ, soon to be led by Mr Strache, another gifted retail politician. But Mr Strache almost destroyed the FPÖ with a scandal involving a video secretly filmed on the island of Ibiza in which he appeared to promise government contracts in exchange for party donations to a woman who claimed to be the niece of an oligarch close to Vladimir Putin.

With the FPÖ'S most talented politicians out of the way, the introverted Mr Kickl rose to the top. He moved the party further to the right during the covid pandemic, which he used to whip up protest against governmental restrictions. He praises the "identitarian" movement, Europe's answer to America's alt-right; wants to stop immigration and even to deport foreigners. His hero is Viktor Orban, Hungary's autocratic leader.

According to the polls the FPÖ is currently Austria's strongest party, with around 29% of the votes. The leaders of the second- and third-strongest parties, the centre-right ÖVP and the centre-left SPÖ, vow they would never form a coalition government with the FPÖ, apparently scuppering Mr Kickl's hopes of becoming chancellor. But after what looks like a tough election for them, they might lose their jobs and their say in what happens next. ■

Drug-smuggling

Rise of the narco-ports

Drugs networks are well ahead in the fight over Europe's ports

EUROPE'S PORTS are drug hubs. On February 16th the Port of Cork seized €32.8m (\$35.6m) worth of crystal meth. Last year Antwerp, one of Europe's main drug gateways, confiscated record amounts of cocaine. Most drugs, though, elude customs and end up on the streets. More than a quarter of seizures of illegal firearms and half of all homicides in the EU are linked to drug-trafficking. The bloc's illegal-drug market is now reckoned to be worth at least €31bn a year, according to the EU's main drugs-monitoring agency.

Ports are relatively safe terrain for narcos. Vast container traffic helps dodgy deliveries slide under the radar. Antwerp, Europe's second biggest port, after Rotterdam, handles around 290m tonnes of cargo every year. Drugs hidden in crafty spots, like inside frozen tuna or in sea chests, are difficult to spot. Refrigerated containers carrying fresh produce, which require faster processing, are popular places to stash drugs. On February 8th the port authorities in Southampton seized 5.7 tonnes of cocaine in a banana shipment from South America. It was the biggest class-A drug seizure in Britain's history.

As cocaine production in South America rises, and street prices in Europe stagnate, traffickers seem to be favouring bigger shipments. That may explain why the amount of seized cocaine in Europe is increasing as the number of individual seizures has declined since 2019, says Cathy Haenlein from the Royal United Services Institute (RUSI), a think-tank in London. Meanwhile, higher levels of automation and digitisation at big ports are, paradoxically, facilitating new security breaches for gangs to exploit. Increasingly, they steal container-reference codes to nab cargo with cocaine smuggled into it. Corrupt workers can get as much as 15% of the drugs' value, according to Europol. Others are blackmailed.

As the crooks get more creative, the authorities are trying to catch up. The use of drones is becoming popular; they use thermal cameras to look out for gang members picking up shipments, or to track suspicious movements of consignments. Antwerp became the first major port to use autonomous drones last May and has also vowed to have all high-risk containers scanned by 2028. Shipping companies are scrambling to upgrade their fleets with new tech, such as vapour-screening sen-

sors, smart containers and electronic seals. In January the EU launched a European Ports Alliance to boost co-ordination between ports, governments and private companies. Some €200m will be spent on new scanning equipment.

But Europe is fighting a losing battle. The sheer number of containers passing through its ports makes scanning ineffective. Just 10% of containers from South America and 1.5% of containers overall are checked in Europe; any more would probably hold up trade. Besides, if you close one door, another one tends to open. Medium-sized ports, such as Helsingborg in Sweden and Málaga in Spain, are already experiencing more traffic in narcotics, no doubt thanks to tighter security at Rotterdam and other established drug hubs.

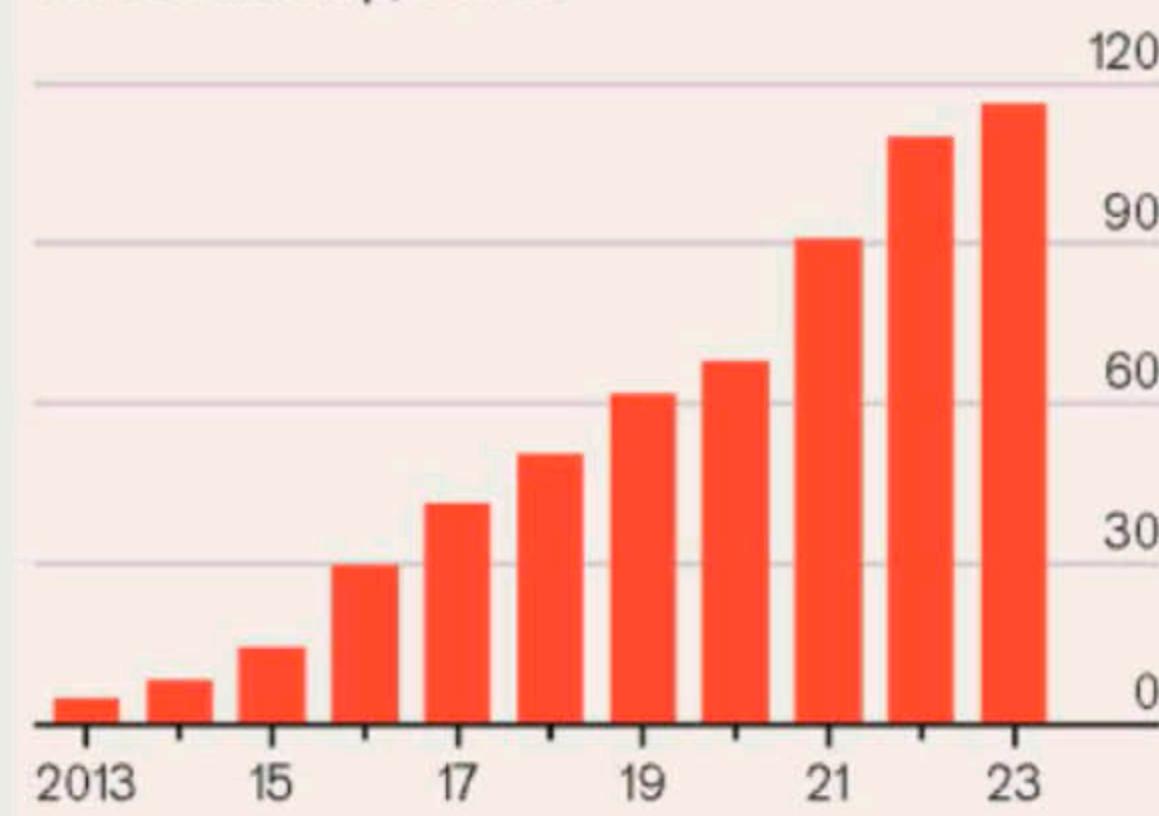
Corruption is difficult to stamp out. Vetting processes carry little weight compared with threats of violence. Many international crime networks hire locally embedded co-ordinators; the returns available make the investment well worthwhile. "They know the area and they know the people," says Louis Borer from RiskIntelligence, a consultancy.

What to do? Better information-sharing across Europe will help. But gaps remain. The port of Piraeus in Greece has already been barred from the new port alliance due to suspicions over its Chinese owners. That bodes badly for European ports where foreign firms own majority stakes.

European officials are, rightly, boosting their efforts further up the supply chain. The EU set up a Global Illicit Flows Programme in 2019 and began a new phase of SEACOP, its co-operation project, in January. International efforts are already bearing fruit. Some €48m-worth of cocaine-linked property in Spain and Ecuador was frozen in February following a joint investigation with Europol. (Ecuador had agreed to share more data with Europol in May last year.) But Ecuador remains riddled with drug gangs. So long as demand in Europe soars, the flow won't stop. The crooks are in for another bumper year. ■

Higher and higher

Belgium, cocaine seizures at Port of Antwerp, tonnes



Sources: Federal Public Service; government statistics; EMCDDA; Insight Crime

CHARLEMAGNE

If Ukraine loses

Any form of Russian victory would be debilitating for the West, and especially for Europe



TO ASK “what if Ukraine loses?” was once a tactic favoured by those looking to berate its Western allies into sending more money and weapons. Increasingly the question feels less like a thought experiment and more like the first stage of contingency planning. After a gruelling few months on the battlefield, gone are last year’s hopes of a Ukrainian counter-offensive that would push Russia back to its borders and humble Vladimir Putin. These days it is fear that dominates: that an existing stalemate might crumble in favour of the invader, or of Donald Trump coming back to power in America and delivering victory to Russia on a silver platter. Although a vanquished Ukraine has become a less far-fetched prospect, it is no less frightening. Sobering as the return of war on the continent has been, a successful invasion reaping geopolitical rewards for Mr Putin would be much worse.

A defeat of Ukraine would be a humbling episode for the West, a modern Suez moment. Having provided moral, military and financial succour to its ally for two years now, America and Europe have—perhaps inadvertently—put their own credibility on the line. That they have sometimes dithered in delivering this support would make things worse, not better: further confirmation, among sceptics of liberal polities, that democracies lack what it takes to stand up for their interests. In Russia but also China, India and across the global south, Ukraine’s backers would be dismissed as good at tabling UN resolutions and haggling over wording at EU and NATO summits but not much else. The colouring by atlas-makers of Ukrainian land into Russian territory would cement the idea that might makes right, to the benefit of strongmen far and wide. George Robertson, a former boss of NATO, has warned that “If Ukraine loses, our enemies will decide the world order.” Unfortunately for the Taiwanese, among others, he is probably right.

Nowhere would feel the brunt of this humiliation more than the EU, the pinnacle of liberal international norm-setting. Ukraine’s neighbours moved less fast than America in providing support. But in the European slow-but-steady way they feel they have done as much as could be asked of them. By sending arms (including using EU money to pay for weapons, a first), propping up Ukraine’s finances, taking in millions of refugees, applying a

dozen rounds of sanctions against Russia and weaning themselves off its piped gas, the bloc’s politicians have pushed out the boundaries of what initially seemed possible. If it proves not to have been enough, plenty will ask whether the union at its core is fit for purpose. Populists—and Putin fans—in the mould of Hungary’s Viktor Orban or Marine Le Pen in France will crow that theirs is the best way. Currently there are divisions between the hawkish eastern fringe and others in the bloc. If Ukraine loses, those will metastasise into recriminations and bitterness. Emmanuel Macron in France, a newly minted hawk, has set the tone by warning of “cowards” holding Europe back.

The geopolitical fallout of a Ukrainian defeat would depend on the shape of any peace settlement. This in turn would hinge on military dynamics or the mindset of Mr Trump, should he be elected again. If Ukraine’s ammunition-constrained army crumbles and somehow Russia controls not just its eastern territories but the whole country, perhaps under a Belarus-style puppet regime, its aggressor will in effect share over a thousand more kilometres of borders with the EU. Should defeat be more limited—including annexation of territory, but a still-functioning “rump” Ukraine—nerves would still be set jangling. How long would it be before Mr Putin finished the job? Millions more Ukrainians might seize the opportunity to leave. The future shape of the EU would change: the promise of enlargement to Ukraine presupposed a comprehensive victory. The western Balkans, whose own bid to join was revived by the war, would surely be left in limbo too.

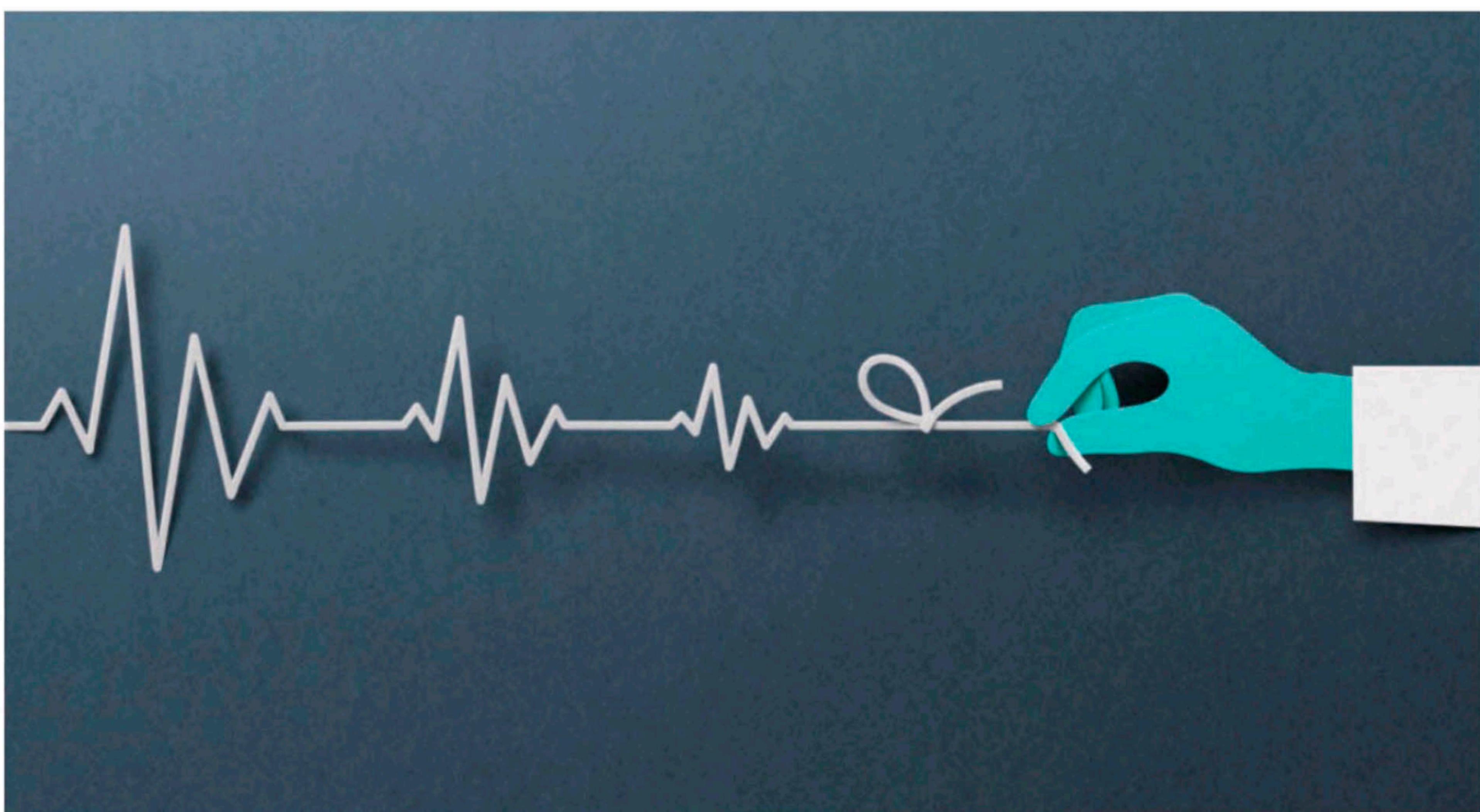
Beyond the feeling of culpability and shame, a sense of fear would pervade Europe. Might there be a further attack? Would it be on a NATO country, forcing allies into action? Further attempts at conquest would at least be a possibility. Mr Putin has alluded to Nazism in the Baltics, echoing the pretext he used to invade Ukraine; the trio also have a large Russian-speaking population. A year ago the joke was that Russia’s claim of having the best army in Europe was ludicrous: it didn’t even have the best army in Ukraine. Fewer think that today, given Russia’s ability to keep supplying its men—not to mention supplying more men—faster than its adversary. A victorious Russian army would leave Mr Putin commanding the only fighting force with the battle-hardening and 21st-century warfare skills to take territory; if he controlled the Ukrainian state he would control two such military machines. Against him stand war-shy Europeans, perhaps with flaky American backing and depleted armours. Might Poland or Germany find they will need their own nuclear deterrent?

War hoarse

Even if Ukraine wins, Europe will have to change. The “peace project” at its core will have to adjust to a world in which war is, if not likely, then at least possible. NATO celebrates its 75th birthday this month, but its future as an alliance that Europeans use to ensure that America guarantees their territorial integrity is uncertain. Decades of reaping the post-cold-war peace dividend will have to be followed by higher defence budgets, as has started happening.

But if Russia emerges even semi-victorious, change will be imposed upon Europe in far more unpleasant and unpredictable ways. Seeking an arrangement with Mr Putin that would reward his belligerence with control over bits of Ukraine if he promised not to wage more war will provide illusory security, if that. Europe’s answer to the question “what if Ukraine loses?” remains simple: “It must not.” ■

Britain



Assisted dying

All things must pass

The public is already supportive. Now the politicians are catching up

IN 2015 the Conservative party conference hosted a fringe meeting on assisted dying. There were, recalls Kit Malthouse, a Tory MP, three people in the audience—one of whom was his aide. Despondent, Mr Malthouse turned to a colleague and told him their prospects looked dreadful. “No,” the colleague replied, undaunted. “This is how gay marriage started.”

Assisted dying, though still controversial, is no longer a fringe issue in Britain. Bills that would allow it are already moving forward in Jersey, the Isle of Man and Scotland. The leader of the Labour Party, Sir Keir Starmer, openly supports a change in the law. He has promised a free vote (in which MPs are not pressed to follow a party line) on the issue in Parliament if, as expected, his party wins the next election. Rishi Sunak, the prime minister, is less effusive but has indicated he would allow time for a bill, too. Britain may be on the verge of its next big social reform.

That is not because of any big recent shift in public opinion, which was already supportive. According to YouGov, a poll-

ster, over two-thirds of Britons support changing the law to allow someone to assist in the suicide of someone with a terminal illness (see chart on next page).

But there is a growing body of international evidence to point to. In recent years assisted-dying laws have been passed in countries such as Australia and New Zealand; similar bills are set to be introduced in Ireland and France. Medical opinion is shifting. Following a survey of its membership in 2021 the British Medical Association, the largest doctors’ union, changed its stance from opposition to neutrality.

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Politicians have taken note. The last time assisted-dying bills were debated in Westminster and in the Scottish Parliament at Holyrood, in 2015, both were soundly defeated. But now “it does feel like more and more colleagues are looking for reasons to support rather than excuses to oppose,” says Liam McCarthur, who introduced the new Scottish bill in March. The bill could become law there in 2025.

It is hard to predict the outcome of a vote in Westminster, not least because the election will mean a big new intake of MPs. But the last time a vote was held, a smaller number of Labour MPs than of Tory MPs opposed assisted dying. In March Dignity in Dying, a campaign group, released polling which suggested majority support for the issue in every constituency. MPs may want to be on the “right side of history”, suggests Sarah Wootton, the group’s boss.

That does not mean debate over the issue will be easy or comfortable. Many oppose assisted dying on principle, because they consider life sacred. Plenty more question how a law would ever be able to fully protect the most vulnerable patients.

The Scottish bill, for example, proposes that an adult would need to be terminally ill and of sound mind to be eligible for an assisted death. Although in theory safeguards exist against the risk of coercion, there would be little to stop a patient choosing death because they feel like a burden, says Dr Matthew Doré of the Association of Palliative Medicine, a body of

doctors that opposes assisted dying. They would have to reflect on their decision for 14 days before proceeding. "You get a longer warranty for your fridge freezer."

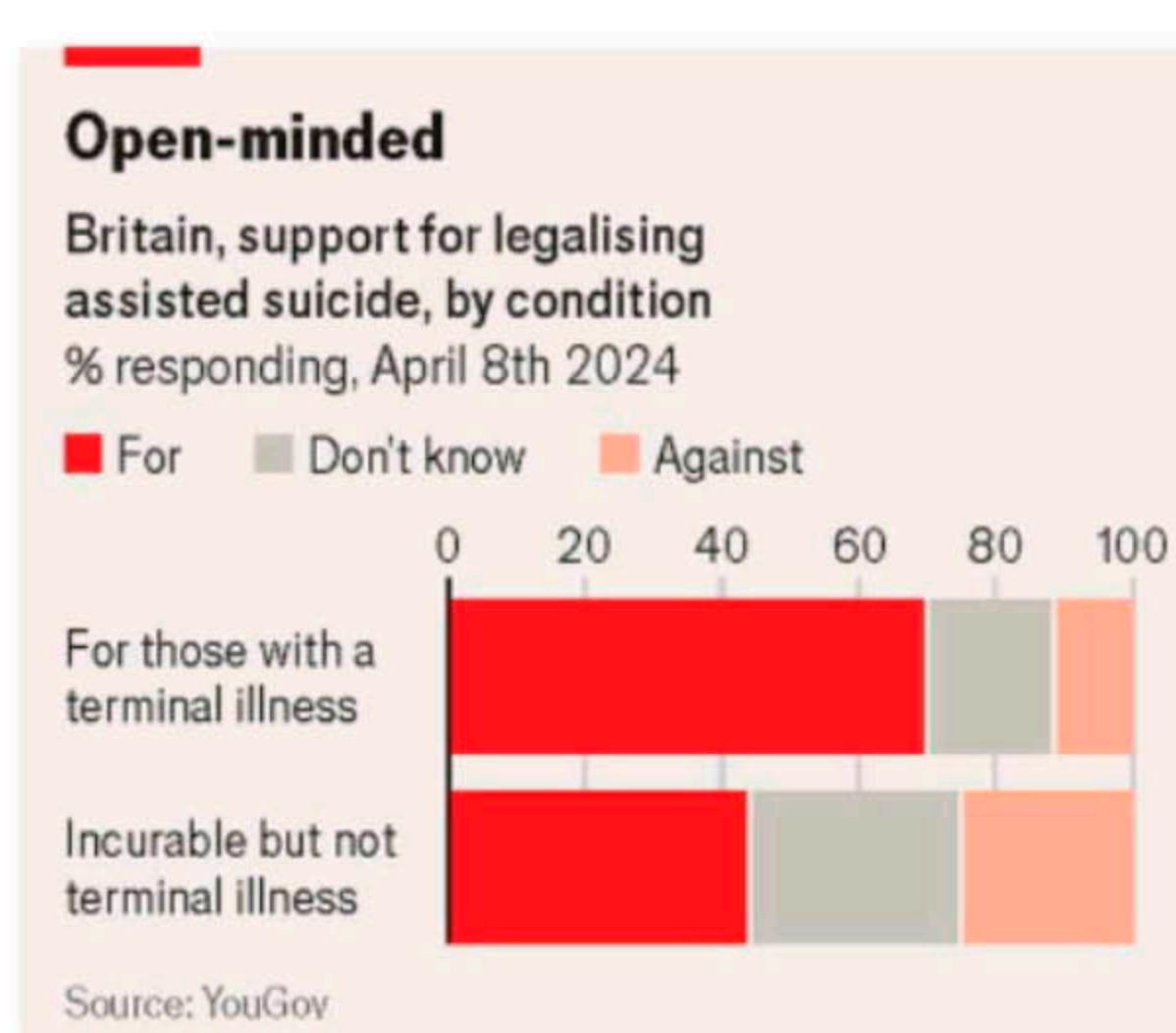
Proponents of assisted dying argue that such concerns remain hypothetical. In Oregon, which legalised assisted dying in 1997, disability-rights groups have never received any complaints about coercion. Only two-thirds of those who receive medication there ever actually take it. Within the first year of a law being introduced in California in 2016, a fifth of patients who applied for assisted dying could not proceed because they became too ill or died unassisted; a cooling-off period was later reduced from 15 days to two.

Opponents also worry that the risks of abuse are greater in Britain given the strains afflicting the National Health Service. They point to the quality of end-of-life care, which is often patchwork and underfunded, and to stories of people in Canada given help to die because they are too poor or otherwise unable to get proper support. "We should be fixing the system, not introducing the idea that this is the way out," argues Alistair Thompson of Care Not Killing, a campaign group.

But again there are good counterarguments. In Australia assisted-dying laws were passed on the understanding that funding would also be increased for palliative care. Canadians who choose an assisted death are typically richer; and more than three-quarters of them receive palliative care. And one of the most compelling arguments for introducing assisted dying in Britain is that it is currently an option only for those rich and mobile enough to pay £15,000 (\$19,000) for an assisted suicide in Switzerland.

Indeed, the worry for some proponents is that new laws will be drawn too tightly, not too loosely. When he was director of public prosecutions, Sir Keir was moved by the case of Daniel James, a young man who became quadriplegic following a rugby accident and whose parents faced prosecution for accompanying him to Switzerland. But under the proposed Scottish law, James would not have been eligible for an assisted death since his condition was not terminal. Owing to concerns about euthanasia, most conservative laws require that medications are self-administered.

Jean Eveleigh suffers from Ehlers-Danlos syndrome, a degenerative disease, for which she has to take a colossal number of painkillers. She would support any bill to legalise assisted dying, but worries she would not qualify should her suffering ever get too much. "There would be nothing I could do: I can't afford to go to Switzerland," she says. The only jurisdiction in Britain considering assisted death for people with unbearable suffering is Jersey, after a citizen's assembly there recom-



mended in its favour.

Legislators will also need to consider the likelihood that different parts of the British Isles will end up with different laws. On the Isle of Man, for example, a committee recently concluded that its residency requirement should be increased from one year to five, to deter people from other jurisdictions from flooding in.

For all these complexities, a proper debate about assisted dying is long overdue. When assisted-dying laws are finally introduced "we will wonder what took so long," says Mr McArthur. On that day, some will be fearful. Many others will be relieved. ■

Transgender health care

Landmark judgment

The Cass Review damns England's youth-gender services

THE LARGEST review ever undertaken in the field of transgender health care is out. It is damning of practices that were commonplace in England until recently and remain widespread in other countries, notably America.

The review, which was published on April 9th, was led by Dr Hilary Cass, a former president of the Royal College of Paediatrics. It recommends a shift away from medical intervention for trans-identifying children, "an area of remarkably weak evidence", to a model that prioritises therapy and considers the possibility that other mental-health issues are involved. Dr Cass concludes that "for most young people, a medical pathway will not be the best way to manage their gender-related distress."

Her review was commissioned in 2020, amid growing concerns about the "affirmation model" of treatment for trans-identifying children being followed by England's only youth-gender clinic, the Gender Identity Development Service (GIDS) at the Tavistock hospital trust in London. On the basis of a single Dutch study

in 2011, which suggested that puberty blockers may improve the psychological well-being of such children, GIDS had begun to give these medicines to young people. Their long-term effects are not well-understood; children using them often ended up taking cross-sex hormones, too.

More than 9,000 young people came through the doors of GIDS but the clinic did not keep follow-up data on any of them. It was finally closed down on April 1st and will be replaced by at least two regional centres, which the findings of the Cass Review will help shape.

Dr Cass's report looks at the reasons for the rapid rise in the number of trans-identifying children in Britain over the past five years. She concludes that greater acceptance of trans identities "does not adequately explain" the sharp increase (nor the switch from a preponderance of natal boys affected to a majority of natal girls). She finds that, compared with the general population, children referred to gender services had higher rates of parental loss, trauma and neglect, and she recommends that gender services should consider the high rates of concurrent mental-health problems, neurodiversity and "adverse childhood experiences".

Many clinicians see the Cass Review as validation of their worries. But some have lingering concerns. Anna Hutchinson, a psychologist at GIDS until she resigned in 2017, says that cross-sex hormones are still available from adult gender services after as few as two appointments; vulnerable 17-year-olds with mental-health issues are no less vulnerable when they turn 18, she says. Dr Cass pointedly notes that England's adult clinics refused to co-operate with her review; NHS England said this week that it will conduct a separate investigation into these services.

A second concern is that private clinics have sprung up to offer drugs to children online. Some former GIDS clinicians now work for them. Dr Cass warns that such clinics are not conducting proper assessments of children; she also wants laws to control prescribing from abroad.

A third worry is well-meaning but flawed legislation to impose a ban on "conversion therapy". Such a ban is already law in Canada; Britain's Labour Party has said it will introduce one if it wins power at the next election. That may risk criminalising any kind of exploratory therapy into why a child is identifying as trans. "The conversion-therapy bill would ban the very therapy that Cass is saying should be prioritised," says Stella O'Malley of Genspect, a group of clinicians concerned about gender issues.

The affirmation model of transgender care for children has been dealt a severe blow by Dr Cass's review. But the gender debate is not yet over. ■

BAGEHOT

The art of bootlicking

Labour is not yet in power. But the honeymoon has already begun



DAYTIME TELEVISION is a surprisingly dangerous place for a politician. During the 2019 general-election campaign, Boris Johnson was chased into an industrial fridge by an intrepid reporter from "Good Morning Britain", a chatty breakfast show. In 2012, during a live interview on "This Morning", a usually lightweight late-morning show, a presenter handed David Cameron, then the prime minister, a list of politicians suspected of paedophilia.

No wonder Sir Keir Starmer looked apprehensive before a recent grilling from Lorraine Kelly, a daytime-TV host. He should not have been. Ms Kelly gushed about the Labour leader's working-class roots for ten minutes. Rather than a list of predators, Ms Kelly produced only a mug with a young Sir Keir's face on it as a reminder that he was—according to internet lore, if not to Helen Fielding, the actual author—the inspiration for Mark Darcy, the awkward but handsome lawyer from "Bridget Jones's Diary".

Simpering television interviews with the man likely to be prime minister within a few months are now commonplace. Coverage of the shadow cabinet is similarly adulatory. Simply by mentioning the word "reform", Wes Streeting, the shadow health secretary, is guaranteed a glowing write-up and a picture of him looking stern. Rachel Reeves, the shadow chancellor, gets the same treatment by praising Margaret Thatcher's means, if not her ends. It does not stop there. One newspaper published a 2,000-word interview with Sir Keir about the virtue of learning the flute. It can mean only one thing: bootlicking season is upon us.

An assumption exists in Westminster that polls will narrow and scrutiny of Labour will increase as the election nears. So far, the direct opposite has happened. Labour's polling lead remains a sturdy 20 percentage points, according to our tracker. Sycophancy, not scrutiny, has been the order of the day as journalists, wonks and lobbyists scramble to win favour with the future government.

Glowing profiles of people who may prove useful sources at some point—"beat-sweeteners", in the trade—come thick and fast. Sue Gray, Sir Keir's chief of staff, has been lauded. Her flaws as a civil servant, such as a near-sociopathic desire for secrecy, are brushed over, and minor talents are hailed. "She's pretty ruthless at timekeeping," noted one portrait. Often the tone is of a primary-

school teacher sending a report to a parent: "One Labour figure said Gray had been a good listener."

Everything turns upside down in bootlicking season. Flaws become strengths. Ms Reeves set out her view of the British economy in a lecture in March. "Its very dullness is rather exciting," suggested one commentator. Others applauded the shadow chancellor for a "serious" intervention, as if the former Bank of England economist did well to resist the urge to start juggling. Vices become virtues. Sir Keir promising a bunch of left-wing policies to Labour members and then ditching them is commended as a leader of the opposition doing his "homework" rather than the usual term: lying. Even suggesting that Labour's lead is fragile is a subtle means of sucking up—it is the message that Sir Keir's advisers, who are paranoid about blowing their advantage, want to spread.

The chin of the right-wing press is also smeared with boot polish. Almost every Labour leader has endured a mauling from the *Sun*, which prides itself on being Britain's most pugnacious tabloid. Only Sir Tony Blair avoided such attacks. And that took years of effort and a 22-hour flight to Australia to win over Rupert Murdoch, the media mogul who owns it. By contrast Sir Keir spent a significant amount of his time as director of public prosecutions trying to jail Mr Murdoch's journalists for phone-hacking.

If the *Sun* is still upset about that, it has a peculiar way of showing it. The newspaper recently painted Ms Reeves as a Thatcher-aping "iron chancellor". When Sir Keir turned up for an interview on the *Sun*'s new YouTube channel, he endured an entertainingly awkward few minutes being asked whether he had taken drugs while he was a lawyer. But the *Sun* itself splashed on Sir Keir's tabloid-friendly argument that Nike has been wrong to tamper with the flag on England's new football kit. Perhaps bygones are bygones in bootlicking season.

When it comes to business, the boot is supposedly on the other foot: it is Labour that is trying to woo business via a "smoked salmon offensive" led by Ms Reeves. This has it backwards. A government can tax, regulate and fine, squishing fat margins with a few strokes of a minister's pen. The best a firm can manage is a threat to close a factory in a marginal seat and to sign a letter to the *Financial Times*. So when Labour hosted a £1,000 (\$1,270)-per-person business event at the Oval cricket ground in February, the place was full of public-affairs types with a taste for leather.

We're gonna need a bigger boot

Bootlicking always comes to an end. People cheer politicians on the way up and boo them on the way down. Mr Johnson was a unique asset before he became a unique liability. Theresa May went from a Brexit Boudica to the Maybot, a malfunctioning droid, in a few months. Rishi Sunak was once "Dishy Rishi", the most popular politician in Britain, dazzling journalists with his ability to make a pivot table in Excel. The Excel skills remain elevated; the personal ratings do not.

What is sometimes ascribed to a bias towards the Conservatives is often simply a bias towards power. Britain is so centralised that a competent government can bend political reality to its will, whether it be spending plans (which are treated as reality, no matter how absurd) or the news agenda (which is still driven by whatever announcements Downing Street makes). The Conservative government is in such a dire spot, however, that this magic has faded. Labour is not yet in power. But the honeymoon has already started. Tongue will meet leather for some time yet. ■

International



Zone of contest

Who's the big boss of the global south?

CAPE TOWN

In a dog-eat-dog world, the competition is fierce

SNIFFY TYPES disdain the notion of “the global south”, which has become something of a meme in recent years. Its inadequacies are obvious: three words could never capture the complexities of a group of more than 100 countries spread from Morocco to Malaysia and beyond. But the phrase has been adopted by Joe Biden, Emmanuel Macron and Xi Jinping.

The simplest working definition is that it refers to most, but not quite all, non-Western countries. Its use also denotes how emerging economies want more power over global affairs and often have a critical view of Western policy. Thus the global south is said to be outraged by the war in Gaza, and unhappy about Western decisions on Ukraine, covid-19 and climate policy. Sarang Shidore of the Quincy Institute for Responsible Statecraft, an American think-tank, says “the global south exists not as a coherent, organised grouping so much as a geopolitical fact.”

If the global south exists, sort of, then

who leads it? Narendra Modi has suggested India could be its “voice”. Luiz Inácio Lula da Silva (known as Lula), the president of Brazil, reckons his country could be, too. To examine this question we have worked with a group of scholars to crunch data on trade, financial and diplomatic links. Our conclusion is, counterintuitively, that America still has more influence than any other country over the global south, but that within the grouping itself China has become the most powerful member—giving Mr Xi the strongest claim to leadership. The sting is that China’s influence has glaring limits, and could even backfire. And other powers are on the rise.

We worked with the Pardee Centre for International Futures (PCIF) at the University of Denver. It has built an index of states’ power from 1960 to 2022. The main metric is catchily known as “formal bilateral influence capacity”, a measure of how much power country A may have over country B, based on two dimensions. First,

“bandwidth”, or the extent of connections back and forth: the volume of trade, diplomatic representation and so on. Second, “dependence”: how much country B needs country A’s arms, loans, investments etc. More connections mean more chances for country A to exert influence—and asymmetry in power makes it easier to do so. Think of China’s power over Pakistan, for instance: ample connections and China enjoys asymmetric influence. The exercise examines power relations among the 130-odd members of the global south found in the G77, a UN grouping.

America has been the country with the most influence over the G77 since the 1970s (see chart on the next page). Its “influence capacity” has been more or less constant even as the allure of Britain and France has waned. But it is increasingly rivalled by China, which after 40 years of relative insignificance saw its influence grow from around 2000. According to the index, China’s “influence capacity” over the G77 is roughly double that of France, the third-most influential country, and around three times that of Britain, India or the UAE.

Seeing red

China wields the most influence in 31 countries. Its clout is greatest in Pakistan, Bangladesh, Russia and several states in South-East Asia. By contrast the next-most powerful member of the global south, In-

dia, is top dog with only six G77 members. According to an earlier analysis by PCIF, from 1992 to 2020 the number of countries over which China had more influence than America almost doubled, from 33 to 61.

Recently, China has become a lot keener on the whole idea of the grouping. Last year Mr Xi and senior Chinese officials began referring to their country as part of the “global south”, a description they had hitherto resisted (the term is credited to an American left-wing academic in the 1960s), in favour of phrases like “family of developing countries”. In September, China published proposals on changing international institutions, rules and laws. It claimed this was a vision of “true multilateralism” where “universal security” replaced “universal values”—in other words, a system not run by an interfering West.

China is intensely strategic about winning influence and targets swing states with infrastructure support, financing and more. From 2000 to 2021 it funded more than 20,000 infrastructure projects, many of which were under the Belt and Road Initiative (BRI), across 165 countries with aid or credit worth \$1.3trn. Some analysts have noted data showing that credit from large state-backed lenders such as the Export-Import Bank of China is drying up. But a paper published in November by AidData, a group from William & Mary University, argues otherwise. “Contrary to conventional wisdom, Beijing is not in retreat,” says Bradley Parks, one of the authors. The paper finds that there are many more entities extending credit to the developing world today: in 2021 it counted lending of \$80bn a year. “[China] remains the single largest source of international development finance in the world.”

China is targeting geopolitical fence-sitters. AidData reckons that around two-thirds of Chinese financing goes to “toss-up” countries, where neither China nor America clearly holds sway. The group has identified a quid pro quo: if a government increases its share of votes at the UN General Assembly (UNGA) that align with China’s by ten percentage points, it can expect a 276% increase, on average, in financing from Beijing. China has also used its weight to curry favour on subjects such as its repression in Xinjiang. From 2000 to 2021 “low- and middle-income countries” voted on foreign-policy decisions with China 75% of the time at the UNGA.

China uses other tools, too. It is the main trading partner of more than 120 countries. It has provided \$240bn, mostly since 2016, in emergency financing of the sort the IMF specialises in. China also builds infrastructure projects quickly in developing countries, pleasing their elites, and subsidises the roll-out of digital tech such as that of Huawei. Over the past five years it has overtaken Russia as the main

source of weapons for sub-Saharan Africa.

Though China’s leadership position among the G77 is formidable, it faces problems. First, its influence is limited in reach and intensity. Recent polls in Africa and South-East Asia, for example, show split support for America and China in developing countries.

China’s conduct and political values may stunt its influence. Its actions in business and politics have attracted calls for accountability: countries sometimes lay the blame for their debt crises at its door. And the country’s disdain for values-based interactions (it preaches non-interference instead) is apparent. Most of the one-party state’s closest pals are also autocratic. Places in the global south where democratic values are considered strong, such as Brazil, are unlikely to have a close cultural connection with China. What is more, as China draws nearer to the likes of Iran and Russia it risks allying with countries that want to destroy, rather than to reform, the international order.

Meanwhile China’s economic reputation could deteriorate. The public support it won through its lending binge happened before the money needed repaying. Some 75% of its BRI loans will require the principal to be paid back by 2030. It is probably no coincidence that the share of people in Africa who see China as having a positive impact on its development dipped from 59% to 49% from 2019 to 2022, according to Afrobarometer, a pollster. Mr Xi’s latest response to economic woes in China is to launch massive industrial subsidies, which could lead to manufactured goods flooding markets of other emerging economies. Although some consumers may benefit, another “China shock” may stunt the industrial ambitions of governments in the global south.

Even as China faces headwinds, new rivals are emerging whose influence in the global south is rising. India is the frontrunner. The number of Indian embassies in Africa increased from 25 to 43 between

2012 and 2022. It is the continent’s fourth-largest trade partner and fifth-largest source of foreign direct investment, according to Mr Modi. Meanwhile India is also offering its “stack” of digital platforms—including biometric identity technology—to countries such as Ethiopia, Sierra Leone and Sri Lanka.

Some of India’s power is unquantifiable. As a flawed democracy with an ultrapractical foreign policy (it has forged closer bonds with America at the same time as refusing to condemn Russia’s invasion of Ukraine) it is closer to the median worldview among the G77 than is China. India’s pitch to lead is also substantively different. Because it worries more about a China-led Asia than an American-led world, it is also pragmatic about its approach to reforming international rules. The country wants to be a bridge to the West, not a battering ram.

Buyer’s remorse

Other countries have specialist claims to power. If China is a supermarket of influence, then its rivals in the global south are like boutiques, offering other members a smaller range of bespoke goods. Gulf states are investing some of their hydrocarbon windfalls in renewable-energy projects and mines in the developing world. Brazil, the world’s second-largest agricultural exporter, is using its chairmanship of the G20 this year to promote food security in the global south. South Africa sees itself, improbably, as the moral leader of the global south, taking Israel to the International Court of Justice for alleged genocide in Gaza, and leading a “peace mission” of African countries to Ukraine and Russia.

Lastly, America and its allies are not out of the game. Rich countries in the OECD group spend more than \$200bn annually in overseas aid (loans make up most of China’s financing). Trade between sub-Saharan Africa and, in total, America and the euro area is greater than that between the region and China, according to IMF data. And in addition to alliances such as NATO, America has defence partnerships with 76 countries.

China hopes to see off this competition. Yet even if it does, it will be the leading power in a group that will never be cohesive. China is not going to welcome India permanently onto the UN Security Council; Brazil and South Africa regularly disagree at the WTO over agriculture; debtor countries and creditors like China want different things from World Bank and IMF reform. China will find that countries in the global south will pursue their national interests, and often come into conflict with the West, China—and each other. The global south, in other words, does not want a leader. It is a zone of contest. Just not one that can be located on a map. ■



Business



Electric cars

Unplugged

The EV market is cooling. Which Tesla wannabes can survive?

IN RECENT MONTHS Tesla has had a bumpy ride. In January the electric-vehicle (EV) pioneer warned that growth would be “notably lower” this year, as motorists’ enthusiasm for battery power loses charge. The same month it had to suspend most production at its giant factory near Berlin because of supply disruptions caused by turmoil in the Red Sea. Its market share in China, the world’s biggest EV market, is falling as it fends off cheaper local competition, especially from BYD, which late last year briefly eclipsed Tesla as the world’s biggest EV-maker.

Tesla hit another big pothole on April 2nd, when it reported that it had delivered fewer than 390,000 cars in the first quarter. That was down by 8.5% from a year ago—and considerably worse than already cautious Wall Street analysts were expecting. Tesla’s market value has slumped by a third this year, to less than \$550bn. That is still more than any other carmaker, but less than half of the \$1.2trn it was worth in 2021. Its boss, Elon Musk, is now only the

world’s third-richest man.

If you think the billionaire and his firm are having a rough time, spare a thought for their once-white-hot imitators. Three years ago, as Mr Musk showed that EV-making could be a trillion-dollar business, investors scrambled to back the newcomers promising to be the next Tesla. Two American startups that had gone public earlier that year were accelerating as briskly as their cars. The market capitalisation of Lucid Motors, founded in 2007, exceeded \$90bn; that of Rivian, created two years later, hit around \$150bn. Each was worth

more than Ford, which was nearly 120 years old and sold 4m vehicles in 2021, compared with 125 for Lucid and 920 for Rivian. Chinese rivals such as Li Auto (founded in 2015), Nio and Xpeng (both in 2014) were also valued richly. In late 2021 the combined market value of five prominent Tesla wannabes neared a stonking \$400bn.

Today the five are worth \$69bn, and falling (see chart on next page). Fisker, an eight-year-old American firm, and HiPhi, a five-year-old Chinese one, have paused production. On March 25th a crumbling share price caused the trading of Fisker’s shares to be suspended and the firm may soon be delisted. HiPhi may be looking to sell itself to a big established Chinese carmaker. Faraday Future, which sold barely 11 of its upmarket EVs last year, is on the brink of bankruptcy. Lordstown, an American startup founded in 2018 to make electric pickups and SUVs, went bust in 2023.

Even somewhat sturdier companies are struggling. VinFast, a Vietnamese firm which was set up in 2017 and went public last year, briefly—and bafflingly—almost touched \$190bn in market value last August. It sold 35,000 EVs in 2023 and is now worth \$9bn. Rivian sold 50,000 and is worth a fifteenth of its peak in 2021. Lucid sold 6,000 and is also worth one-fifteenth. Li Auto, Leapmotor, Nio and Xpeng, which delivered over 800,000 cars between them last year, have also seen their share prices shrivel. Only Li turns a profit, most-

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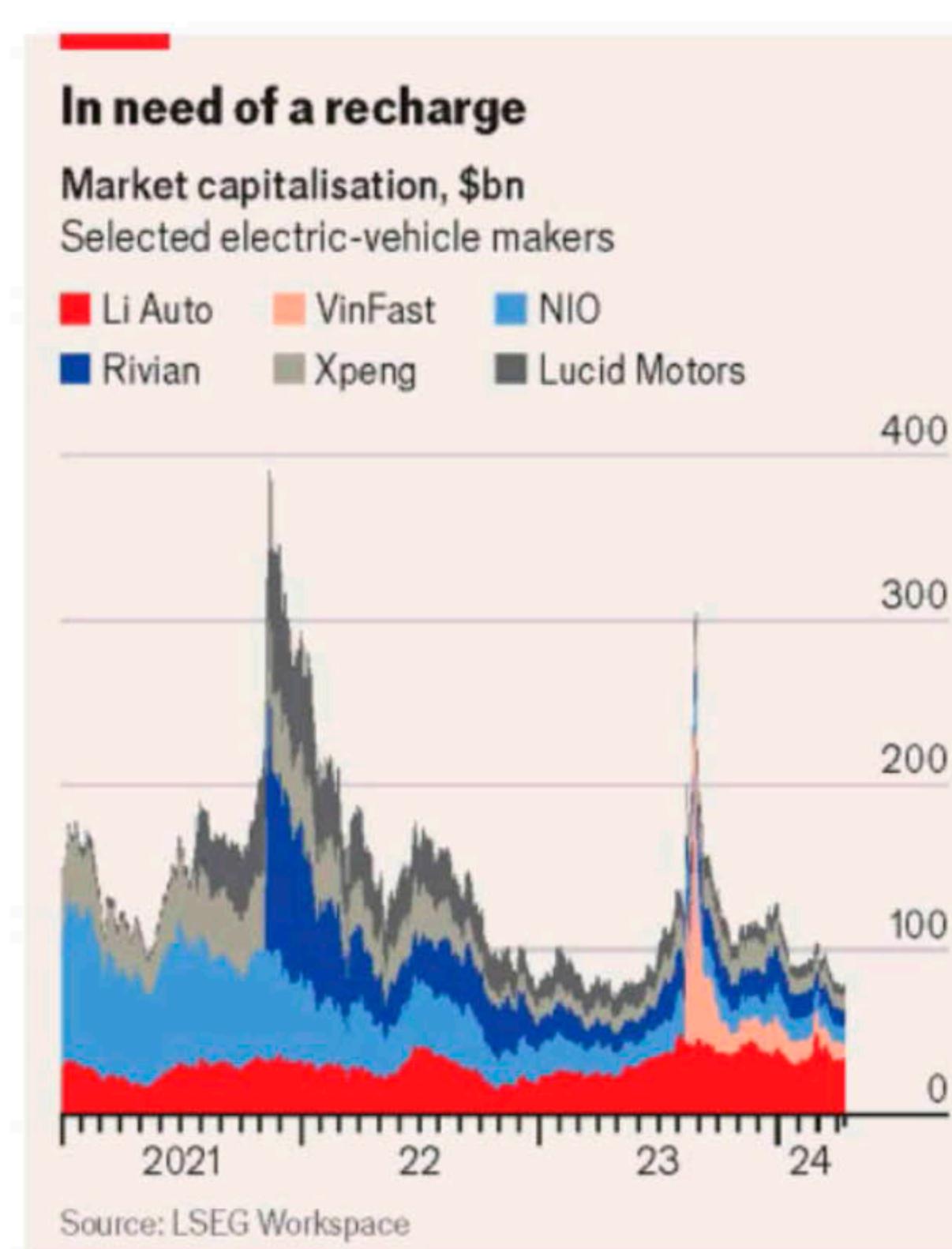
ly because it makes nothing but hybrid vehicles; its market value plunged recently after it revealed its first pure EV. Surviving—let alone thriving—in what was meant to be a brave new electric world is proving tough. Which would-be Teslas, if any, will make it?

It was all meant to be different. Making a profit from internal combustion engines, whose thousands of moving parts drove up complexity and costs, required carmakers to churn out large volumes. In contrast, the new economics of battery power was supposed to bring down barriers to entry. The electric upstarts, aping Tesla by styling themselves as tech firms rather than manufacturers, reckoned they could keep costs in check by using simpler designs and re-imagining the production process in a way stodgy incumbents could not. Components such as batteries and electric motors can be bought off the shelf, leaving the EV-makers to focus on developing whizzy software that would allow their vehicles to stand out thanks to a better experience in the car, from infotainment to mood lighting. Some companies, like Fisker, simply outsourced the metal-bending.

These advantages have, however, failed to outweigh the old-school need for critical mass. Turning a profit from cars still requires producing perhaps 500,000 of them a year. "Scale is vital and manufacturing is hard," sums up Tu Le of Sino Auto Insights, a consultancy. Though Tesla began as a luxury marque, putting big and pricey batteries in big and pricey cars, it always eyed the mass market. Profits started coming only once it overcame the near-death experience—"production hell", in Mr Musk's words—of trying to churn out high numbers of its cheaper Model 3.

The Tesla imitators, for their part, have taken too long to start production and are now taking too long to launch new models, says Pedro Pacheco of Gartner, a consultancy. The chances of survival by serving only a high-margin, high-price niche are low, notes Philippe Houchois of Jefferies, an investment bank. Just look at the possibly futureless Faraday Future, whose models start at \$250,000.

The electric insurgents are waking up to this reality. Their first step is to look downmarket. On March 7th Rivian announced three less expensive models that will start arriving in 2026. Last year Xpeng signed a deal with Didi Global, a Chinese ride-hailing giant, to make cheaper cars, and forged a partnership with Volkswagen to make mass-market EVs for China. Nio plans to launch two affordable sub-brands, Alps and Firefly. Even Lucid, whose cars go for as much as \$250,000, plans to launch somewhat less exclusive \$50,000 models within a few years. In October Leapmotor sold a 20% stake to Stellantis, a mass-market carmaker whose marques include



Citroën, Chrysler, Fiat and Peugeot (and whose largest shareholder part-owns *The Economist's* parent company), for \$1.6bn. The pair will team up to make EVs.

To succeed, these efforts must still produce a competitive product with one-of-a-kind features. Tesla pulled it off by putting technology first. The result was a desirable EV that wasn't cheap but offered a svelte look and decent range; the legacy industry's earlier attempts, such as the Nissan Leaf, were expensive but also ugly and short of juice. Despite a strong tech focus like Tesla, most startups have failed to deliver unique products at competitive cost, as they continue to lack scale, says Patrick Hummel of UBS, a bank. Now the novelty of clever EV technology "has worn off", adds Beccom Basu of LEK, another consultancy. Good range and other once-cutting-edge tech are considered table stakes, including for incumbent carmakers with considerably beefier manufacturing chops.

Pretty, dull

As a result, many of the EV entrants lack unique big features. The cars made by Rivian and Lucid hardly stand out technologically. Their good looks alone do not justify the hefty price tag. Rivian's cheapest electric pickup costs around \$70,000, half as much again as Ford's F-150 Lightning without offering one-and-a-half as much car. In Europe the Lucid Air, a luxury saloon, is a fair bit pricier than comparable electric BMWs or Mercedes. Fisker's mass-market EVs are well designed but cost more than Chinese rivals with similar features, partly because its asset-light outsourcing strategy does not work well for cheaper cars. Why anyone would buy a VinFast is a mystery; reviews of its VF8 SUV were damning, to put it charitably.

With demand for EVs tepid many of the companies need more capital to keep going. On March 25th Lucid said it had man-

aged to wangle another \$1bn from its biggest investor, Saudi Arabia's sovereign-wealth fund. Many rivals are not so lucky. Rivian had \$9.4bn in net cash at the end of 2023 but will need billions more to build its cheaper models. Gone are the days when moneymen would throw treasure at any firm with a plausible PowerPoint presentation and an artist's impression of a sleek electric car. Having put up billions of dollars in the years leading up to 2021, only to see billions torched, they look askance at missed deadlines, disappointing new models and ever receding prospects of profits. Their second thoughts have not been dispelled by the recent slowdown in growth of EV sales in many countries. Incumbent carmakers have no interest in rescuing the insurgents. Mr Hummel of UBS thinks that most of the startups will simply disappear.

The likeliest to survive are the Chinese. One reason is that they appear to be the most innovative of the bunch. Nio's up-market EVs come with the option of battery swapping and, in China at least, a vast network of stations to do it. Drivers can be on their way in minutes without getting out of the car. Bernstein, a broker, considers Xpeng one of the global leaders in autonomous-driving technology.

They are also a relative bargain compared with their Western rivals. Both Nio and Xpeng, as well as Li Auto, have benefited from an impressive battery supply chain, dominated by Chinese firms like CATL, and steadfast support from central and local governments, notes Mr Le. That in turn has allowed the Chinese companies to keep both their costs and their prices down. The result has been rapid uptake of EVs in their giant domestic market, and with it greater economies of scale.

Another wave of carmaking disruption may be swelling in China, courtesy of Chinese big tech. In 2021 Seres, an established Chinese car firm, and Huawei, the closest thing China has to a national technology champion, created AITO, a new brand dripping with fancy tech. In January the venture delivered 33,000 cars. On March 28th Xiaomi, which has hitherto made smartphones, launched an SUV. The model, manufactured by BAIC, a state-owned car giant, and costing as little as \$30,000, attracted 90,000 orders in 24 hours.

Xiaomi aims to take on, at least at home, both Tesla and BYD. Alibaba, China's e-commerce titan, and SAIC, another big state-owned carmaker, have been producing cars together for two years and sold 38,000 in 2023. Foxconn, a Taiwanese contract manufacturer better known for assembling iPhones for Apple, many of them in China, aspires to build half the world's EVs for its own brand or others. If Tesla and any other survivors of the current EV shake-out thought they could catch a breath, they should think again. ■



Supply chains

Strategy and stockpiles

DUBAI

Manufacturers' inventories swell as those of retailers shrink

SUPPLY-CHAIN managers cannot seem to catch a break. Consider the past month alone. A collapsed bridge has walled off the Port of Baltimore, one of the biggest on America's east coast, until at least late May. A big earthquake in Taiwan, where a large share of microchips are made, has rattled an industry that increasingly underpins a lot of the world's manufacturing. Houthi rebels in Yemen keep lobbing missiles at ships in the Red Sea, a critical passage for seaborne trade. America and China are still at loggerheads over their mutual economic entanglements. Wars still rack Ukraine and Gaza.

These disruptions pale next to the snarl-ups of the covid-19 pandemic. But each is a reminder of the business lesson of that period: it is better to be safe than sorry. Politicians regularly hector companies to make their supply chains less "just in time" and more "just in case". Corporate bosses often nod along, vowing to make their supplier networks shockproof.

The simplest way to do this is to build bigger buffers, both of raw materials needed to produce whatever it is a company makes and of its finished product. In practice, this simple solution comes at a big cost. And that cost is rising. Higher interest rates make short-term loans used for day-to-day operations, including holding inventory and paying suppliers, dearer. A shortage of warehouse space means higher rents to stash the extra stocks. JPMorgan Chase, a bank, calculates that by the end of

2022, companies that make up the S&P 1500 index of America's large firms had more than \$600bn trapped in working capital (the value of a business's inventories plus what it is owed by customers minus what it owes suppliers). That was two-fifths higher than before the pandemic. The figure may have risen since.

Each dollar tied up this way is a dollar not invested in pursuit of future profits. No wonder, then, that chief executives, for all their resilience-related nodding, try to unshackle as many of those dollars as they can. Some are having considerably more luck than others. This reflects longer-running changes to the balance of power across the world's supply chains.

For American business as a whole inventories look roughly as plump as they did on the eve of the pandemic, relative to sales. For all the talk of the supposed supremacy of "just in time", such stockpiles had in fact been getting plumper for a decade before covid-19. Yet that general trend conceals a divergence. Retailers' inventory-to-sales ratios have been coming down since the early 1990s. For manufacturers, they are (bar a brief pandemic spike) higher than at any time in the past 30 years (see chart). What is going on?

As supply chains became more efficient in the 1990s thanks to globalisation, retailers drove a harder bargain with suppliers. Being closer to the consumer, they had a better idea of what shoppers wanted and when they wanted it. At the same time, notes Niraj Dawar of Brand Strategy Group, a consultancy, limited shelf space allowed shop owners to demand that producers hold more inventory themselves in exchange for having their products displayed on those scarce shelves. Manufacturers' hopes that e-commerce would strengthen their hand by giving them direct access to buyers were dashed; shoppers chose the convenience of e-emporiums such as those of Amazon, Target and Walmart. Retailers' pandemic-era willingness to let suppliers dictate prices and the timing of payments and deliveries, just to

get goods on shelves, proved to be a blip.

Technology has bolstered retail further. Consumer-goods firms used to know more about shopping habits, recalls the chief executive of a giant one. Now "retailers have the insights," and these are based on real purchasing behaviour, not market research. This, he says, is putting pressure on firms like his to deliver "on time in full" (OTIF). If they cannot, that means lower sales, adds the supply-chains chief at another big consumer-goods firm.

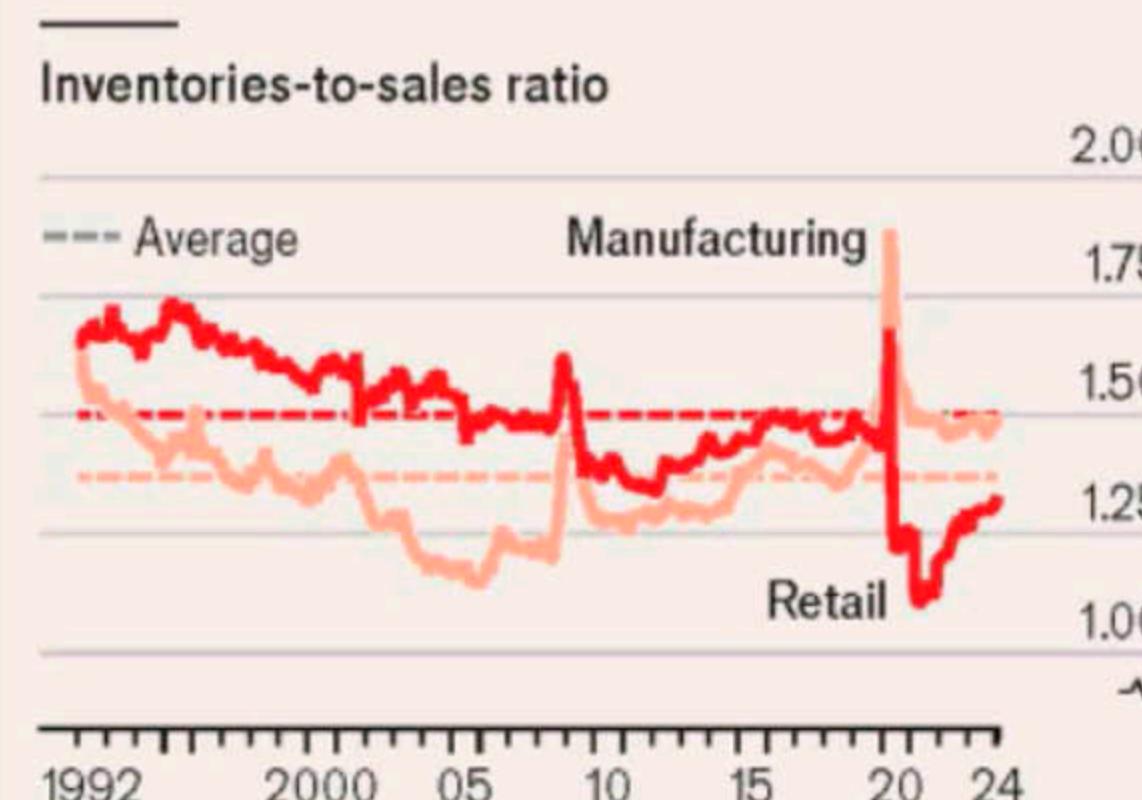
The OTIF motive

OTIF requires suppliers to do one of two things. They can use forecasts to make products in advance, and keep their fingers crossed they made the right amount. The alternative is to build spare production capacity, which allows them to react to changes quickly without having to hold more inventory. "Companies can't afford to simply increase their inventories and not address the bigger structural resiliency efforts," says Mourad Tamoud, who oversees the supply chain of Schneider Electric. The French maker of electrical equipment has built an extra factory in two regions and plugged them into a more local network of suppliers.

Those extra factories cost money to build and maintain, which can hurt profitability if they run with plenty of idle capacity. And demand forecasts can be wrong, especially at a time when supply chains are backed up with goods which have left factories but have yet to be sold by distributors or retailers. Nicole DeBlase of Deutsche Bank calculates that for many large categories of products, including car parts, machinery, semiconductors and consumer electronics, the value of such "channel inventory" is between 30% and 110% higher than at the end of 2019. So long as all of it sits on resellers' balance-sheets, they are unlikely to order more from manufacturers. This causes finished goods to pile up at factories, which then prefer to hold off on procuring their inputs—and so on down the value chain.

Stock in trade

United States



Sources: Federal Reserve Bank of St Louis; S&P Global Market Intelligence

Quarterly inventory-turnover ratio*



*Cost of goods sold divided by average value of inventory
†Average of Amazon, Target and Walmart

► Whether by investing in spare capacity or betting on the size of spare stocks, it is the manufacturers that pick up the tab. And this tab grows with distance to the consumer. Makers of industrial goods are turning over their stocks more slowly than sellers of consumer products. But whatever they make, manufacturers are trying to ease the pain. A common tactic is to cut down the variety of goods they produce. Hasbro, a toymaker, said in February that it was refocusing on “fewer, bigger, better”

brands. Coca-Cola has cut the number of its brands in half over the past few years. Newell Brands, which makes everything from Sharpies to strollers, has trimmed its range of scented Yankee candles from 200 to 150. GE Vernova, which makes power-generating equipment, used to sell nine types of nacelle, a wind-turbine’s central hub. Now it makes three. “It’s easier to juggle three balls than nine—always,” sums up GE Vernova’s chief executive, Scott Strazik.

Producers of hot products will always

be able to dictate terms—and prices—to buyers. But what counts as a hot product can itself change rapidly, ultimately as a function of what consumers want. A shortage of semiconductors between 2020 and 2022 strengthened chipmakers’ hand. A subsequent glut in 2023, after everyone who wanted a new laptop, smartphone or car had bought one, weakened it. For manufacturers—of chips and everything else—inventory aches and pains are increasingly a chronic condition. ■

BARTLEBY

Productivity gurus, old and new

Comparing the time-management advice of Arnold Bennett and James Clear

THE MOST-READ non-fiction book in America, measured by views on Kindle and listens on Audible, an audio-book service, is “Atomic Habits” by James Clear. Published in 2018, it has now been on the bestseller list for 277 weeks. Mr Clear’s book, which pulls off the impressive trick of being both ludicrous and helpful, argues that small changes of routine can compound into big improvements, whether your goal is to be more productive at work, to eat more healthily or to develop new skills.

A manual on time management and self-improvement might sound modern. But these were also the themes of a bestseller from the early years of the 20th century. “How to Live on 24 Hours a Day”, first published in 1908, is a short self-help book written by Arnold Bennett, a prolific English writer. Bennett’s book was meant to salve the “feeling that you are every day leaving undone something which you would like to do, and which, indeed, you are always hoping to do when you have ‘more time’”. He wrote, in other words, for the same aspirational market as Mr Clear does today. (Another of today’s productivity Yodas, Cal Newport, cites Bennett in “Deep Work”, a book on how to focus.)

Comparing Bennett’s book with Mr Clear’s yields instructive likenesses and dissimilarities. One obvious difference is tone. Bennett is wry about human foibles. If you think that “ingeniously planning out a timetable with a pen on a piece of paper” will be enough to solve your problems, he writes, then “lie down again and resume the uneasy doze which you call your existence.” He warns against fetishising a programme of self-improvement, lest “one may come to exist as in a prison and one’s life may cease to be one’s own.”

Mr Clear is more earnest. He clothes his advice in capital letters: the Plateau of Latent Potential, the Four Laws of Behaviour Change. He thinks in terms of winners and losers. He says truly bizarre things like: “If you can get 1% better each day for one year you’ll end up 37 times better by the time you’re done. Conversely, if you get 1% worse each day for one year you’ll decline nearly down to zero.” This is known as the Misuse of Mathematics.

The two are separated by social and technological gulfs, too. Bennett’s world is one in which women stay at home, tea is made by servants and people entertain themselves by playing cards and “pottering”. He tells readers who enjoy nature to go to the nearest gas lamp with a butterfly net. In Mr Clear’s world, people spend hours working on their biceps at the gym, make time to be grateful and stop themselves from watching too much TV by taking batteries out of the remote.

Perhaps the biggest point of difference concerns work itself. Bennett’s audience was the new army of white-collar types taking the train in and out of work each

day. He presupposed that the time they spent in the office was unfulfilling. A majority puts “as little of themselves as they conscientiously can into the earning of a livelihood”, he wrote. Work was an eight-hour sentence bordered at each end by a commute. As a result, Bennett’s tips focus exclusively on the other 16 hours of the day. These were the times when people could carve out the space to develop an expertise in anything from music to architecture.

Mr Clear makes the modern assumption that work is as likely to provide purpose and identity as other parts of your life. And it leaves no obvious ocean of time to fill—his tips are about optimising already-busy days by weaving new routines into them. He is a proponent of “stacking habits” so that one ritual follows another: after a morning cup of coffee, for example, meditate for a minute. Bennett thinks in terms of hours, Mr Clear in terms of seconds.

If the differences between the two mavens are great, the similarities are striking. Both authors espouse the importance of discipline, ritual and habit in managing time more productively. Both stress the need to start small when developing new routines; Mr Clear gets out his capitals again and calls this the Two-Minute Rule.

Above all, it is plain that humans are largely and exasperatingly unchanged. At one point Bennett writes about the difficulty of sustaining concentration in a way that is shamefully recognisable to modern readers: “You will have not gone ten yards before your mind has skipped away under your very eyes and is larking around the corner with another subject.” Unless humanity itself gets an upgrade, the market for a 22nd-century version of Bennett and Mr Clear is assured.



Eclipse tourism

No-sun seekers

Bookings in the path of totality reached astronomical levels

THE MOON would not start to move between Earth and the sun until the morning of April 8th. But the business impact of this month's total solar eclipse, which started over the Pacific Ocean, cut a path across North America and ended in the Atlantic, was already plain to see. According to Jamie Lane of AirDNA, a travel-data firm, on a typical Sunday night in April around 30% of homes listed for short-term rental on Airbnb or Vrbo in areas in or around the eclipse's path were occupied. A remarkable 92% of listings within the zone of totality had been booked for April 7th. Demand for homes just a few towns outside this roughly 180km-wide strip had barely changed.

The eclipse was visible from a handful of big or biggish cities, including Dallas, Indianapolis, Cleveland, Buffalo and Montreal. CoStar, a hotel-data provider, reckons that occupancy rates in those places were up anywhere from 12 percentage points (in Montreal) to 67 (in Indianapolis). The remaining rooms appeared to be available only at elevated prices. Ahead of the eclipse the *New York Times* reported that nearly half of Super 8 motels in its path with rooms still available were charging at least twice the standard rate.

Yet this path mostly covered areas with

relatively scant lodging inventory. Of the 92,000 American short-term listings in this zone—just over 5% of the 1.6m in the United States as a whole—85,000 had been reserved for April 7th, compared with just 20,000 for the following Sunday. In theory, owners of short-term rental homes should have been able to jack up prices just like hoteliers, particularly in places with few hotel rooms.

However, few Airbnb hosts run their properties with a hotel manager's business acumen. AirDNA's numbers show that in cities like Dallas and Niagara Falls, the majority of reservations for April 6th, 7th and 8th were made more than two months ago—far earlier than is typical. Savvy guests pounced on the standard prices on offer before hosts realised that they could raise them and still secure bookings. The average booking on April 7th went for \$269, only slightly above the \$245 level for April 14th. Combining the 65,000 additional bookings with a 10% increase in the nightly rate suggests that Airbnb and Vrbo hosts received a total revenue bump of merely \$18m. Even counting the days before and after the peak of demand, when occupancy rates also exceeded 80%, only brings the cumulative additional turnover to a total of \$44m.

The American hosts—and the digital platforms that live off commissions on such rentals—missed a trick, in other words. Unfortunately for both groups, they will not have another chance to learn from their mistake for a while. Alaskans have to wait until 2033 for the next total eclipse, North Dakotans and Montanans until 2044, and Floridians, tourist-friendlier providers of accommodation, until 2045. ■

Chipmaking

Raising Arizona

TSMC's American plans grow \$25bn more ambitious

TSMC MAKES about three-quarters of the world's most cutting-edge computer chips. But even as it builds new factories (or fabs) in America and Japan, it has kept its most advanced production at home in Taiwan. Until now. On April 8th TSMC said that it intended to make "2-nanometre" chips, the current state of the art in chipmaking, at its planned fab in Arizona. It will also build a third factory in the state by 2030, on top of two already in the works. Its total American investments will rise from \$40bn to \$65bn. Uncle Sam will chip in another \$6.6bn in grants and up to \$5bn in loans.

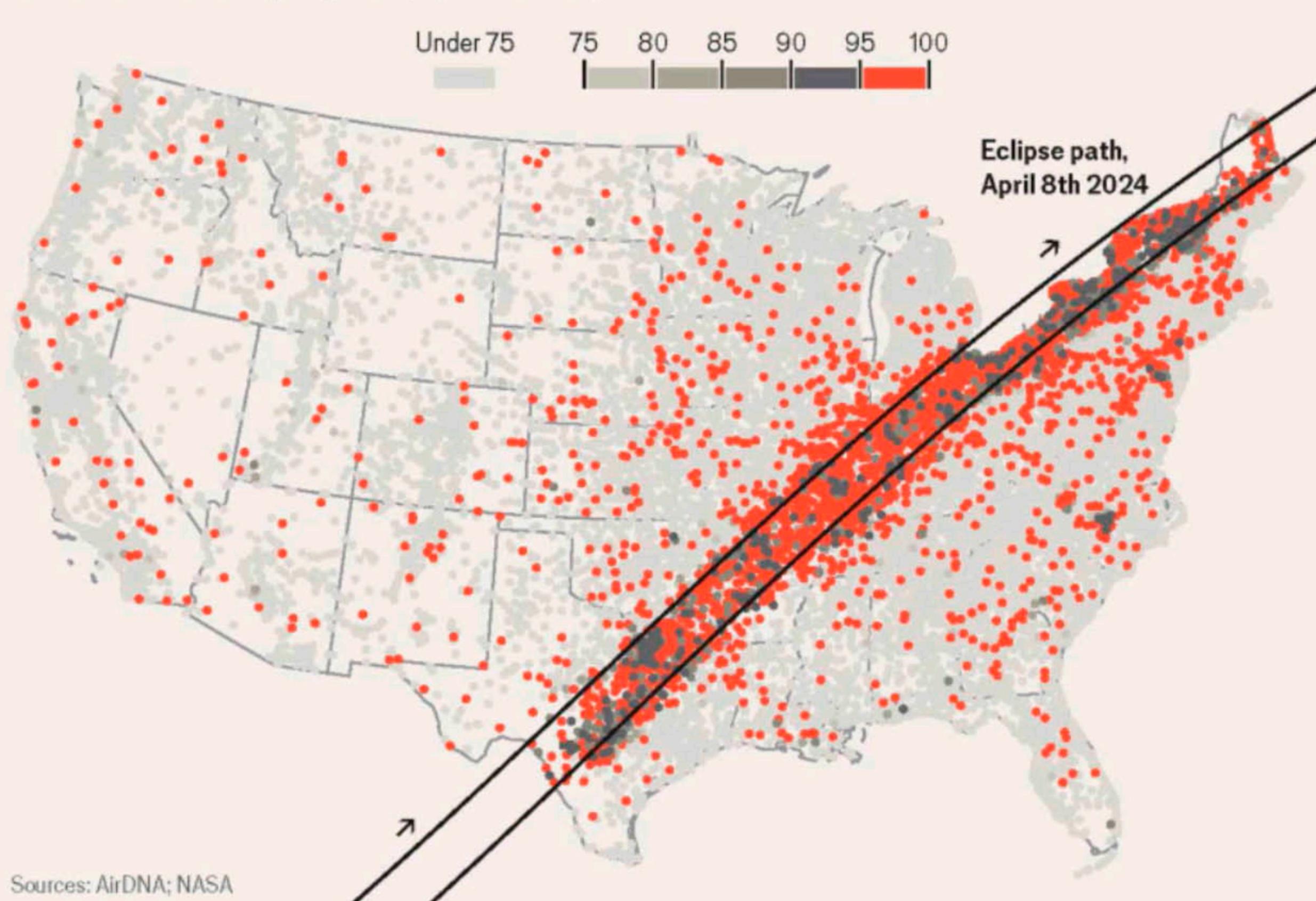
In the eyes of Gina Raimondo, America's commerce secretary, this shows the value of the CHIPS Act, a \$50bn package of subsidies and tax credits aiming to revive domestic chipmaking and reduce America's reliance on an island exposed to geopolitical and, as an earthquake this month in Taiwan reminded policymakers, seismic instability. But look closer and TSMC's American ambitions may not be all that grand.

The CHIPS Act's sweeteners notwithstanding, TSMC will continue to make most of its high-end chips at home, not across the Pacific. Building fabs in America takes longer and costs more than in Asia, though subsidies cover some of that difference. Finding workers to operate them is harder. And the factories will be smaller, which makes them more expensive to run. TSMC's four "gigafabs" in Taiwan can each churn out more than 100,000 wafers a month, compared with 25,000 at its American "megafabs".

The company has not disclosed the capacity of its third plant in Arizona. But analysts expect that by 2030 it will produce around 80,000 wafers a month, all told. Bloomberg, a data provider, forecasts that TSMC's Taiwan operation will make almost four times as many in 2024, much of it for American customers such as Apple and Nvidia. The company also plans to build "multiple fabs" in Taiwan. Morris Chang, TSMC's retired founder, has called America's chipmaking ambitions a "very expensive exercise in futility". That is harsh—but probably true.

I'm bein' followed by a moonshadow

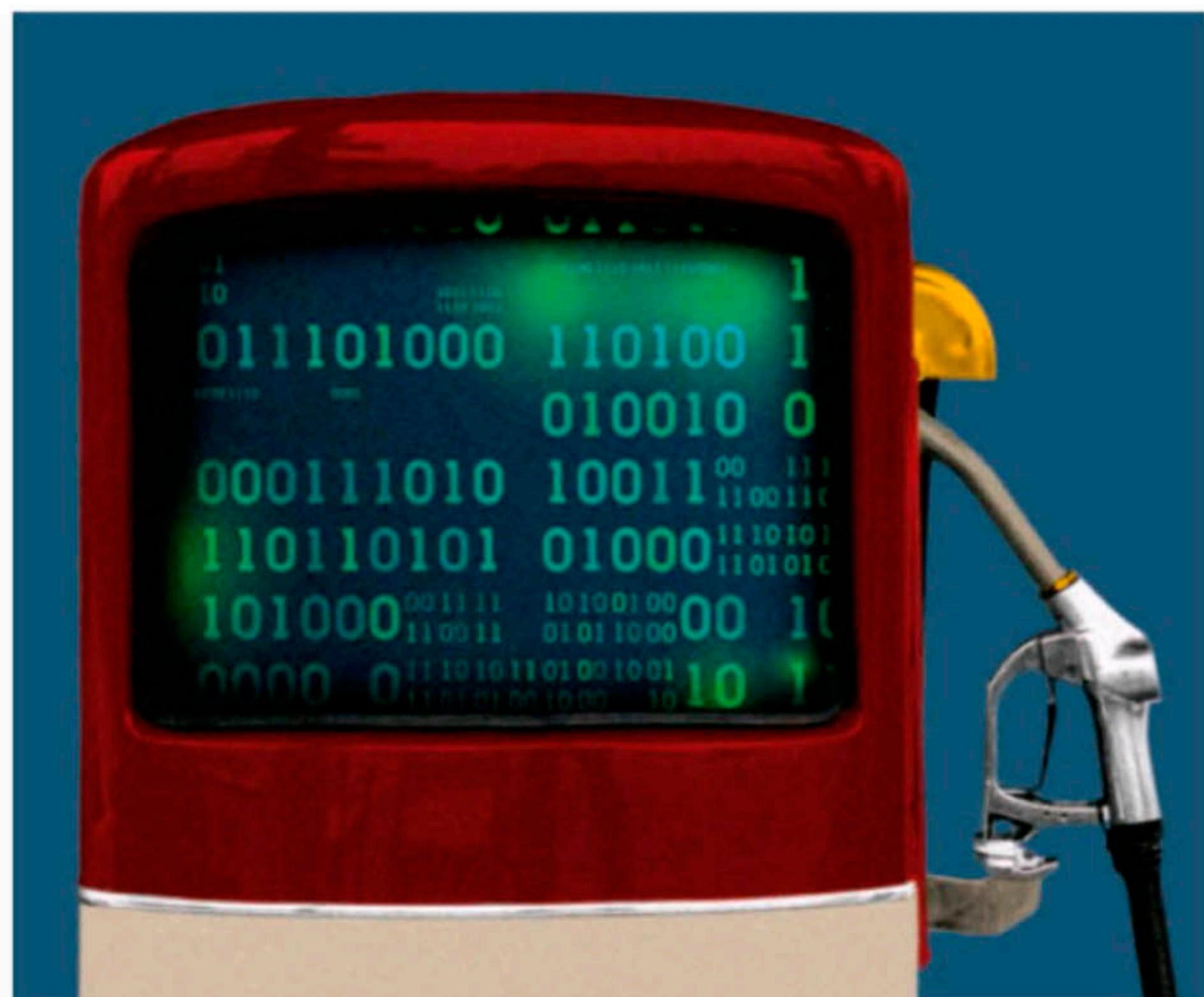
Airbnb and Vrbo occupancy rates, April 7th 2024, %



SCHUMPETER

There will be blood

What happens when the AI revolution meets the energy transition



WHEN A COLLEAGUE from this newspaper visited Sam Altman in 2022 at his home in San Francisco, he noticed two pairs of pink high-tops on a bookshelf. One had the logo of Mr Altman's machine-learning startup, OpenAI. The other bore an emblem for Helion, a nuclear-fusion company that Mr Altman also backs. The entrepreneur is obsessed with both technologies—not just as foot fashion. He believes that the cost of intelligence and the cost of energy will fall in a mutually sustainable way. He calls it a “long and beautiful exponential curve”.

Nasty, brutish and short, more like. Talk to utilities and data-centre operators and, though many share Mr Altman's excitement about artificial intelligence (AI), they are grappling with an energy conundrum on which the future of three big economic shifts partly hinges: the AI revolution; the efforts to electrify swathes of the economy; and the fight against climate change. In a nutshell, “generative” AI, the sort behind OpenAI's ChatGPT, has a ravenous appetite for electricity. It has landed, virtually out of the blue, on a global energy system that is already struggling to cope with alternative sources of power demand. As yet it is not clear whether there will be enough clean energy to meet everyone's needs.

At first glance, the solution looks simple. Data centres, such as those that companies like Alphabet, Amazon and Microsoft use to supply cloud-computing services, have over the past decade or so accounted for only 1-2% of global energy demand. For years the big-tech “hyperscalers” have harvested ever greater energy efficiencies from their server farms, even as the world's computing workloads have soared. Moreover, they have invested heavily in clean energy to offset their carbon footprints. In America, electricity providers to the hyperscalers are only too keen to help. They have endured two decades of anaemic electricity demand and are desperate for new sources of growth. In recent earnings calls their bosses have promised tens of billions of dollars in investment over the next five years to pump more power to data centres. Last month one such firm, Talen Energy, sold Amazon a nuclear-powered data centre for \$650m. So far, so promising.

Generative AI changes the nature of the game, though. Since the days when they were the workhorses of the cryptocurrency

boom, graphics-processing units (GPUs), the chips on which models like ChatGPT are trained and run, have been energy addicts. According to Christopher Wellise of Equinix, which rents out data centres, a pre-AI hyperscale server rack uses 10-15 kilowatts (kW) of power. An AI one uses 40-60kW. It is not just computation that gobbles up electricity. Keeping the racks of GPUs cool requires just as much oomph. Moreover, a lot of AI-related energy demand in the past year or so has come from trainers of “foundation” models like GPT-4, OpenAI's latest offering. Widespread use of these as tools—for research, to make videos, to dress the Pope in Balenciaga—could put more strain on the grid. A search by ChatGPT may consume ten times the electricity of googling.

It is early days in the generative-AI boom, so it is too soon to make hard and fast predictions. But informed guesses about the related rise in energy demand are striking. At the top of its range, the International Energy Agency, a global forecaster, says that by 2026 data centres could use twice as much energy as two years ago—and as much as Japan consumes today. It expects data centres to account for a third of new electricity demand in America over the next two years. Rene Haas, chief executive of Arm, a chip-design company, told the *Wall Street Journal* this week that by the end of the decade AI data centres could consume as much as a quarter of all American electricity, up from 4% or less today.

In America, two things further compound the complexities. The first is timing. The rise of generative AI coincides with a booming economy, with power consumption to match. Many power consumers want their energy to be zero-carbon, creating competition for a scarce resource. So do buyers of electric vehicles (EVs), the rise of which may have slowed but has not stopped. The second is the challenge of expanding the grid. Despite support from the White House, it is not easy for utilities to build new renewable capacity quickly. They suffer from supply-chain problems; by some accounts it takes three years to deliver a transformer, up from less than a year previously. Interest rates have pushed up the cost of wind and solar projects, making them harder to fund. Building new transmission lines is fiendishly tough.

No doubt there will be creative thinking. The obvious solution is to make GPUs more energy-efficient. Nvidia, their biggest supplier, says it has already achieved this with its latest generation of AI servers. More efficient chips can, however, simply stimulate more usage. Another option, says Aaron Denman of Bain, a consultancy, is for the hyperscalers to use their deep pockets to help utilities overcome some of the grid constraints. He says that the real crunch may occur during certain parts of the year, such as unusually hot summer days when Americans switch on their air-conditioners. That means having small power plants on standby. The likelihood, though, is that these will be fuelled by natural gas, undermining the cloud providers' climate commitments.

The nuclear option

If shortages of renewable energy occur, it will come at a cost. No one knows yet how generative AI will make money. What people do know is that the cost of acquiring GPUs is rocketing. If the energy costs of running them soar, too, it could put the brakes on expansion. In addition, the electrification of the rest of the economy is highly cost-dependent; an AI v EV scramble for clean power would push up prices and serve neither industry well. By all means keep your fingers crossed for Mr Altman's rose-tinted fusion dream to become reality. But don't count on it. ■

Finance & economics



Austerity redux

Fantasy economics

NEW YORK

Politicians everywhere are splurging. Painful spending cuts will arrive soon

A DECADE AGO finance ministries were gripped by austerity fever. Governments were doing all they could to cut budget deficits, even with unemployment high and economic growth weak. Today things are very different. Across the West, most economies are in better shape. People have jobs. Corporate-profit growth is strong. And yet governments are spending a lot more than they are taking in.

No government is more profligate than America's. This year the world's largest economy is projected to run a budget deficit (where spending exceeds taxation) of more than 7% of GDP—a level unheard of outside recession and wartime. But it is not the only spendthrift country. Estonia and Finland, two normally parsimonious northern European countries, are running large budget deficits. Last year Italy's deficit was as wide as in 2010-11, following the global financial crisis of 2007-09, and France's grew to 5.5% of GDP, well above

forecasts. "I am calling for a collective wake-up call to make choices in all of our public spending," announced Bruno Le Maire, its finance minister, last month.

Some countries have been more reserved. Last year Cyprus ran a surplus. Greece and Portugal—close to balancing their budgets—look like the model of fiscal rectitude even if they still have colossal debts. Still, the general direction is clear. *The Economist* has analysed data from 35

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rich countries. Whereas in 2017-19 the median country in our sample ran a budget surplus, last year it ran a budget deficit of close to 2.5% of GDP (see chart 1 on next page). Measures of "primary" deficits (excluding interest payments) and "structural" deficits (abstracting from the economic cycle) have also widened.

Two factors explain the splurge. The first relates to taxes. Across the rich world, receipts are surprisingly weak. In America, revenue from income taxes deducted from pay fell slightly last year. Meanwhile, "non-withheld income taxes", including on capital gains, tumbled by a quarter. Britain's capital-gains-tax take is running 11% below its recent high. And Japan's self-assessment tax take for this fiscal year, which includes some levies on capital gains, is on track to come in 4% below last year's.

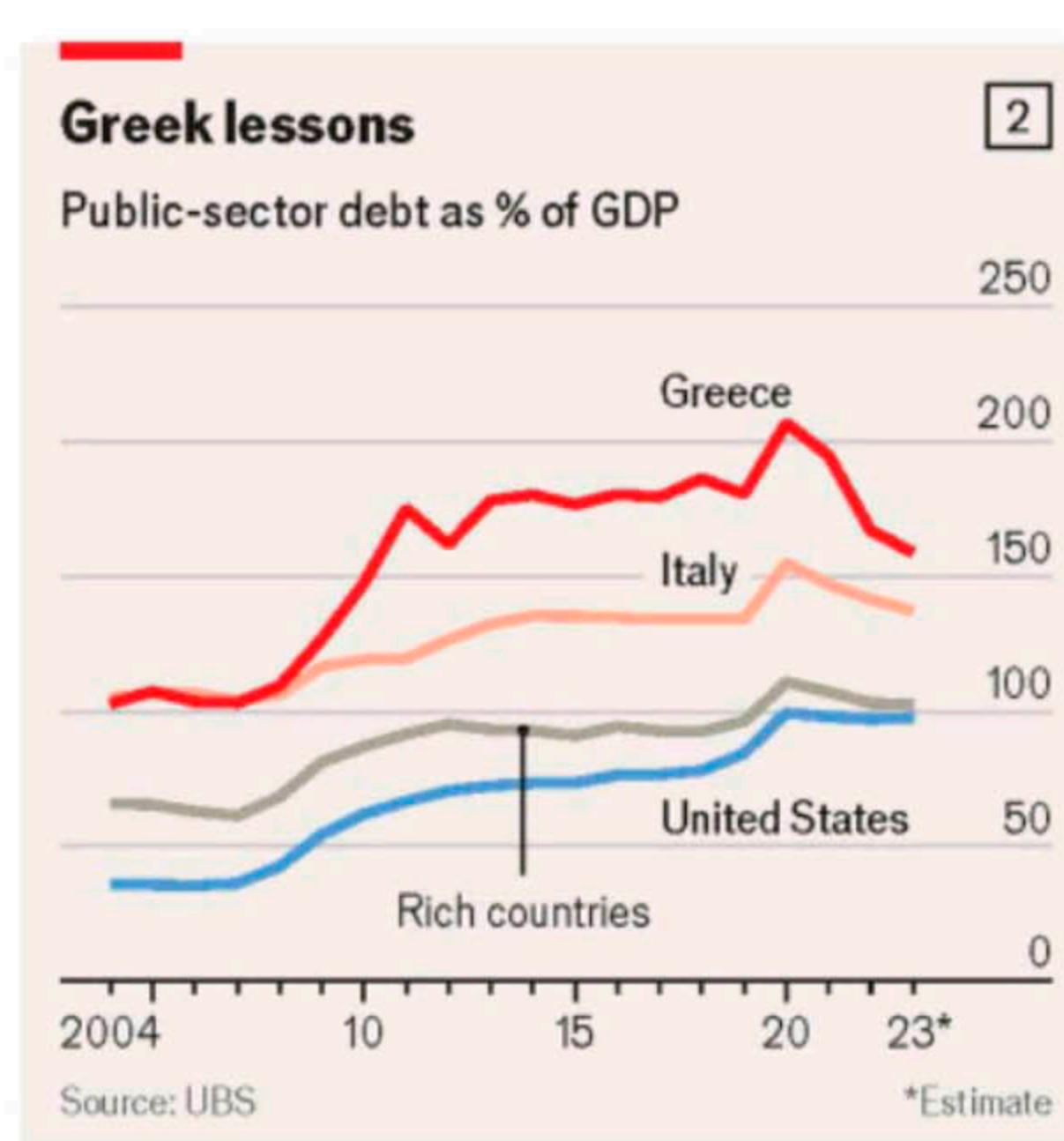
Taxmen are suffering because of market ructions in late 2022 and early 2023. Tech firms, which pay big salaries, let staff go, trimming income-tax hauls. As stock prices fell, it became more difficult for households and investors to sell shares for a profit, reducing the pool of capital gains. Last year few people made profits from flipping houses as property prices dropped. Senior staff at private-equity firms, who often receive income in the form of investment returns rather than a conventional salary, had a bad year.

The second factor is state spending. Following the whatever-it-takes fiscal policy of the covid-19 pandemic governments have retrenched, but not fully. In Australia elderly people in care homes may still receive financial assistance during a covid outbreak. Only in mid-2023 did Germany completely wind down the job-protection schemes implemented during the pandemic. America is still paying out hefty tax refunds to small businesses that kept people on during lockdowns. In Italy a project concocted in 2020, designed to encourage homeowners to green their homes, has spiralled out of control, with the government so far disbursing support worth more than €200bn (or 10% of GDP). The name of one of the schemes, "Superbonus", would be amusing were it not so profligate.

Politicians have also become more prepared to intervene—and spend money—in order to right perceived wrongs. After Russia invaded Ukraine and energy prices soared, governments in Europe allocated about 4% of GDP to protect households and companies from the effects. A few, including Poland and the Baltics, are now spending big on guns and soldiers. President Joe Biden wants to forgive as much student debt as he can before America's presidential election in November.

How long can the firehose keep blasting? At first glance, it looks like it could keep going for a while. Markets are on a tear, which will boost tax receipts. And a government's debt sustainability does not change solely owing to what happens to the budget deficit. It is also a product of overall public debt, economic growth, inflation and interest rates. Since the end of the pandemic, inflation has been high and growth has been solid. Although interest rates have risen, they remain fairly low by historical standards.

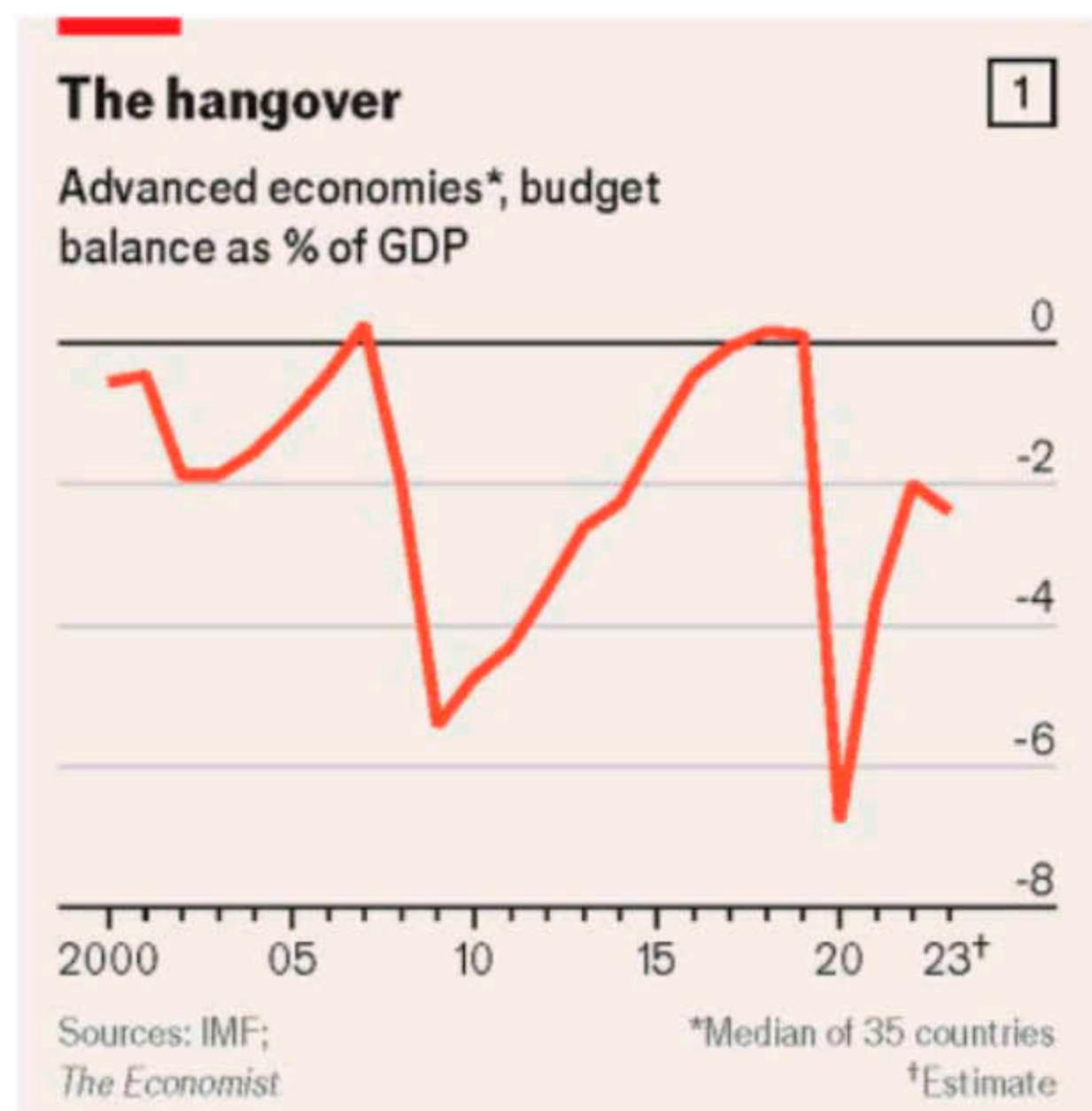
These conditions put politicians in a fiscal sweet spot (see chart 2). We calculate that in 2022-23 the median rich country was able to run a primary deficit of about 2% of GDP and still cut its public-debt-to-GDP ratio. The nominal value of debt



would have risen, but, helped by inflation, the size of the economy would have risen by even more. A few countries faced an even more favourable environment. Italy's debt ratio has fallen by about ten percentage points of GDP since 2021, despite its loose fiscal policy. France's ratio has edged down, too. Greece—combining favourable economic conditions with tight fiscal policy—has seen its debt-to-GDP ratio fall by a stunning 50 percentage points.

Now conditions are changing, however. Interest rates facing governments are not yet falling, even as economic growth and inflation have come down. In America investors are trimming their bets on rate cuts by the Federal Reserve (see story after next). All told, the fiscal arithmetic is becoming more daunting. For instance, whereas last year the Italian government could have run a primary deficit of up to 2% of GDP and still cut its debt ratio, now it needs to run a surplus of 1% of GDP. America is in a similar position. Further falls in inflation, a slowdown in growth or higher rates would make it more difficult still for governments to stabilise their debt.

Small wonder that talk of fiscal consolidation has become louder. The Italian government believes it will soon be reprimanded by the EU for its stance. In Britain the Labour Party, which hopes to take power before long, promises fiscal rectitude. The French government has discussed cuts to health spending and unemployment benefits. America is the outlier. In the world's leading economy, the conversation still has not turned. Ahead of the election, Donald Trump and Mr Biden promise tax cuts for millions of voters. But fiscal logic is remorseless. Whether politicians like it or not, the era of free-spending governments will have to come to an end. ■



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Economic warfare

Behind enemy lines

Ukrainian drone strikes are taking a toll on the Russian oil industry

SELLING MORE oil at higher prices ought to be the stuff of dreams for a petro-state. But for Russia it is a sign of a new, punishing phase in its war with Ukraine. Months of Ukrainian drone strikes on refineries have crimped Russia's ability to produce refined fuels, such as diesel and petrol, and turned the world's third-largest oil producer into an importer of petrol. Energy firms have tried to pare their losses by selling unrefined oil overseas, pushing exports to a ten-month high in March.

In Ukraine's most recent attack on April 2nd, its planners extended their reach. They managed to land explosives on a refinery 1,115km from the border. Their attack set fire to a unit responsible for 3% of Russia's refining capacity. Although it left no lasting damage, others have been more successful. All told, Ukraine's barrage has knocked out a seventh of Russian refining capacity, according to S&P Global, a data firm. Maintenance work and flooding in the city of Orsk on April 8th has taken more capacity offline. Wholesale prices on the St Petersburg International Mercantile Exchange have spiked. Ukraine, which has itself been the target of strikes on energy infrastructure, hopes the assaults will slow the flow of dollars into its enemy's war machine and dent support for the war.

Russia's oil giants are suffering the most. Refineries that normally produce petrol and diesel for overseas clients at a premium have been diverted to domestic



Peaceful, for now

▶ production. The volume of diesel due to pass out of Russian ports has hit a five-month low. At the same time, oil barons are seeking new customers for their excess crude, on which they will stomach losses of \$15 or so for every barrel that could have been exported as a refined product, says Sergey Vakulenko, a former oil executive.

Although Ukraine's attacks have slowed since Vladimir Putin's re-election in March, Ukraine has given no indication that they will stop. It can lob drones faster and more cheaply than Russia can repair its refineries. Some facilities, like the NORSI refinery in the city of Nizhny Novgorod, have been particularly slow and expensive to fix, in part because access to equipment is stymied by Western sanctions. As of this month, Russian oil producers must also reduce the amount they pump from the ground by about 5% as part of a production cap agreed with OPEC+, an oil cartel.

Motorists have so far been shielded from Ukraine-inflicted "unplanned maintenance" (as Russia's energy ministry puts it). The government has kept a lid on prices by banning petrol exports for six months from March 1st, and striking a deal with Belarus, its client state. Russia imported 3,000 tonnes of fuel from Belarus in the first half of March, up from zero in January. Fearing that may not be enough, officials have also asked neighbouring Kazakhstan to set aside a third of its reserves, equivalent to 100,000 tonnes, should Russia need them, according to Reuters. If attacks continue, they could start to push up prices.

The consequences for Russia's public finances should be limited, even though oil revenues represent 34% of its budget. Rosneft, the state oil company, will dispense a smaller dividend if it cannot make up its lost revenues, but many doubt these dividends make it to state coffers at all. The government will even save some cash by paying out fewer per-barrel subsidies to refineries. Russia's biggest money-earners are resource taxes. And because these are levied as royalties at the well-head, the government is indifferent between oil exported as crude or as refined fuel, says Mr Vakulenko. As long as Russia is able to export crude, it can collect royalties.

Observers outside Russia are watching to see if Ukraine's attacks will affect the global oil market. They have yet to have much impact, but the price of Brent crude has risen by 19% this year to just under \$90 a barrel, owing to OPEC+ supply curbs, better-than-expected global economic conditions and disruptions in the Red Sea. Few observers have more at stake than Joe Biden, who faces an election in November. His administration has urged Ukraine to halt its attacks, fearing they will provoke tough retaliation from Russia and drive petrol prices higher. Ukraine's leaders are willing to take the risk. ■

American inflation

Put the axe away

WASHINGTON, DC

When will those rate cuts arrive?

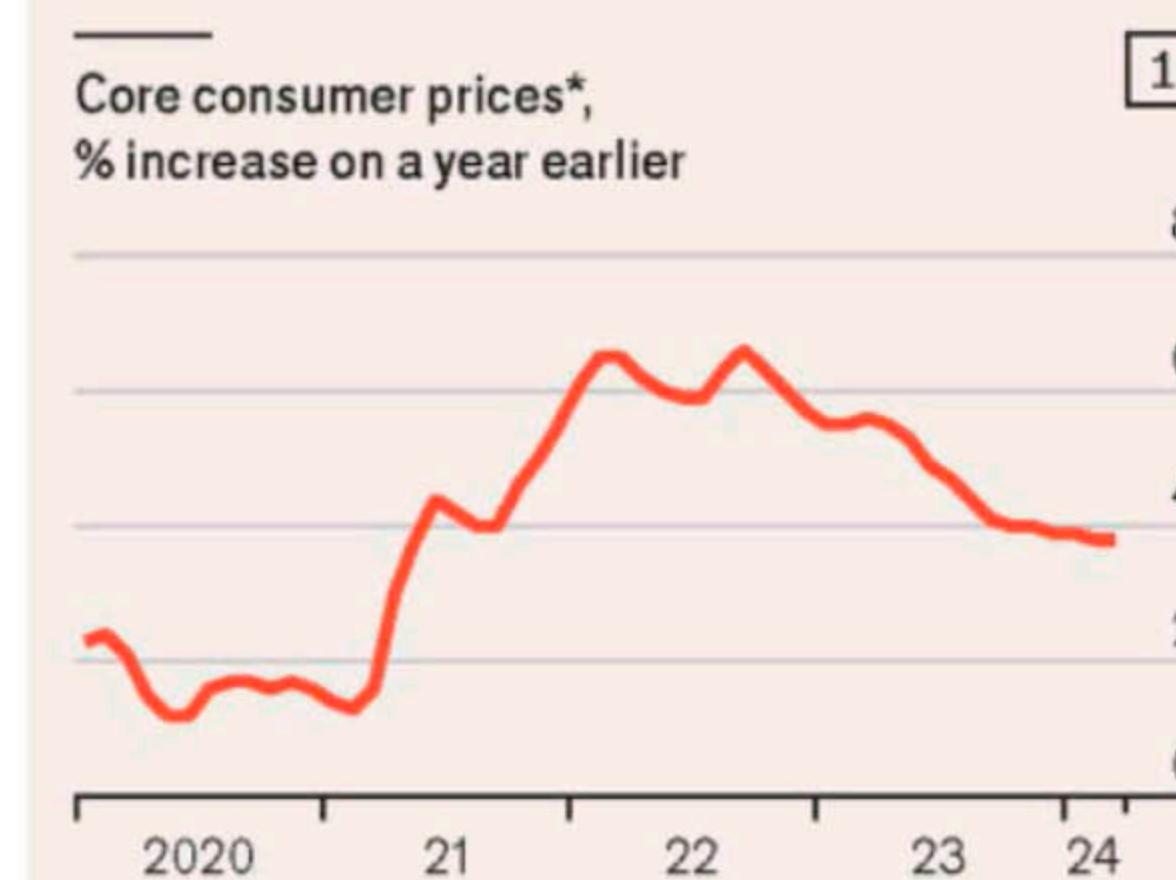
PERHAPS IT WAS always too good to be true. The big economic story of 2023 was the seemingly painless disinflation in America, with consumer-price pressures receding even as growth remained resilient, which underpinned surging stock prices. Alas, the story thus far in 2024 is not quite so cheerful. Growth has remained robust but, partly as a result, inflation is looking stickier. The Federal Reserve faces a dilemma about whether to start cutting interest rates; investors must grapple with the reality that monetary policy will almost certainly remain tighter for longer than they had anticipated a few months ago.

The latest troublesome data came from higher-than-expected inflation for March, which was released on April 10th. Analysts had thought that the core consumer-price index (CPI), which strips out food and energy costs, would rise by 0.3% month on month. Instead, it rose by 0.4%. Although that may not sound like much of an overshoot, it was the third straight month of CPI readings exceeding forecasts. If continued, the current pace would entrench inflation at over 4% year on year, double the Fed's target—based on a slightly different inflation gauge—of 2% (see chart 1).

Back in December, at the peak of optimism, most investors had priced in six or seven rate cuts this year. They have since dialled back those expectations. Within minutes of the latest inflation figures, market pricing shifted to implying just one or two cuts this year—a dramatic change (see chart 2). It is now possible that the Fed will not cut rates before the presidential election in November, which would be a blow to the incumbent, Joe Biden.

Transitory disinflation

United States



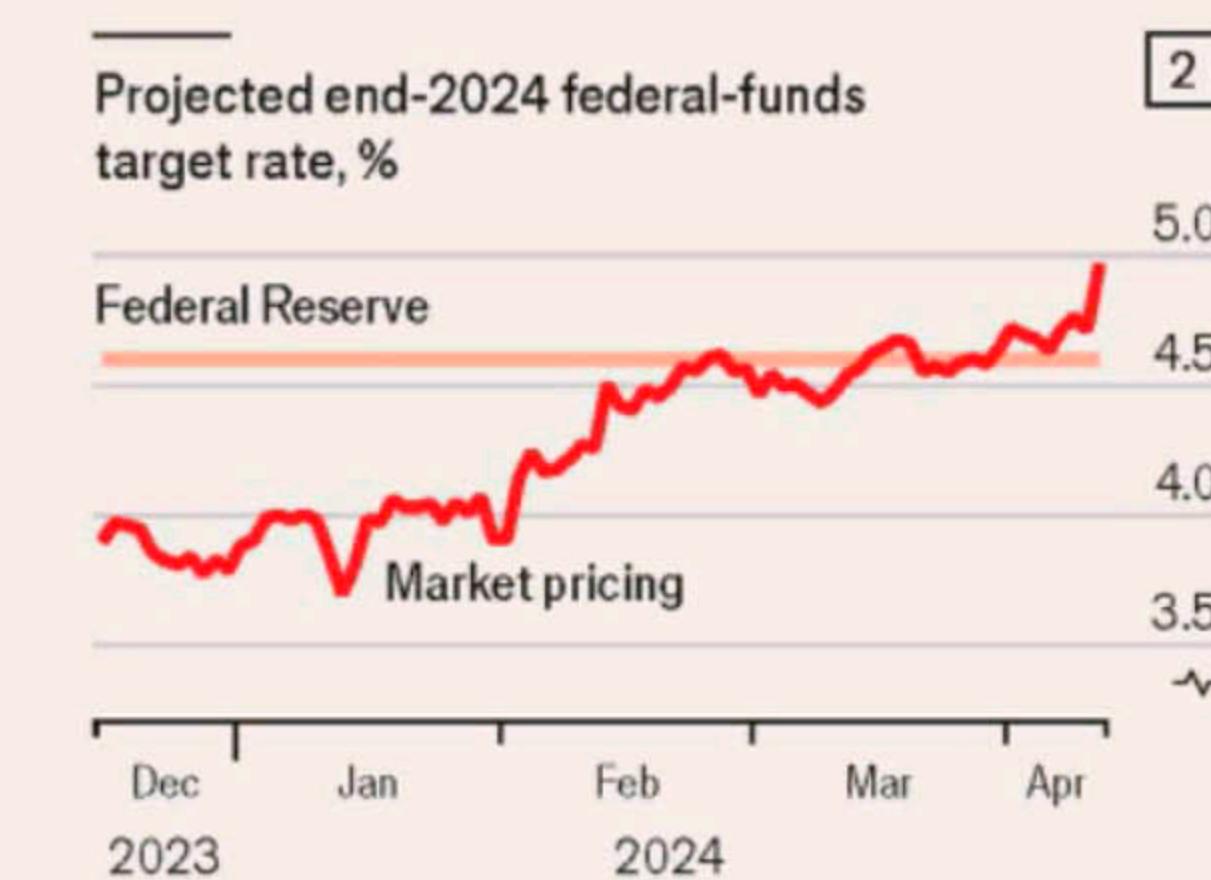
Sources: CME Group; Federal Reserve; Bureau of Labour Statistics

Jerome Powell, the Fed's chairman, has remained consistent. He has always insisted that the central bank will take a data-dependent approach to setting monetary policy. But rather than bouncing up and down in reaction to fresh figures, he has also counselled patience. At the start of this year, even after six straight months of largely benign price movements, he said the Fed wanted more confidence that inflation was going lower before starting to cut rates. Such caution risked seeming excessive. Today it looks appropriate.

The volatility of market pricing has also changed the Fed's positioning relative to the market. At the end of last year, when investors foresaw as many as seven rate cuts this year, officials had pencilled in just three, appearing hawkish. In their more recent projections, published less than a month ago, officials still pencilled in three cuts, which now appears doveish. The Fed will next update its projections in June.

In the meantime the Fed will be watching more than the CPI. Its preferred measure for inflation, the core personal consumption expenditures price index (PCE), will be released in a few weeks, and is expected to come closer to 0.3% month on month in March. Several of the items that drove up CPI, particularly motor-vehicle insurance and medical services, are defined differently in PCE calculations. The Fed may also be comforted by data showing wage growth has continued to moderate.

Nevertheless, trying to explain away uncomfortable numbers by pointing to this or that data quirk is redolent of 2021, when inflation denialists thought that fast-rising prices were merely a transitory phenomenon. The general conclusion today is that although growth has remained impressively strong, it now appears to be bumping up against the economy's supply limits, and is therefore translating into persistent inflationary pressure. That calls for tight, not loose, monetary policy. The Fed, already cautious about cutting rates when inflation figures were more co-operative, is likely to be even more wary now. ■



*Excludes energy and food

Socialist takeover

Xi's healthy appetite

WUHAN

China's state is eating the private property market

AT AN UPMARKET housing development in Wuhan, sales agents want to make clear that their state-owned firm has severed all its ties to the private sector. The firm had at first partnered with Sunac, a private developer, until it defaulted in 2022. A saleswoman explains that the firm's owner also controls the city's waterworks and electricity provider. If this type of firm collapses, she says with a grin, "then the whole country has no hope".

More than three years into China's property crisis, the biggest private builders are folding under the strain of enormous debts. New-home sales in 30 large cities fell by 47% in March, year on year. Revenues for the 100 biggest developers were down 46% in the same month. Housing investment dropped to 8.4trn yuan (\$1.2trn), a quarter below its peak in 2021. Although millions of families are waiting for developers to finish building their flats, it would take 3.6 years to sell China's glut of inventory, including homes still under construction, reckon analysts at ANZ, a bank.

All this presents an opportunity for state-owned firms. Only by securing access to funding can developers survive. Some private companies have found help via a government programme that approves housing projects for state funding, but it has been slow to deploy capital. State firms, on the other hand, have long enjoyed tight links with banks. This means they are buying more land, building more homes and selling more of them than their private counterparts. At a time when most private companies face some form of restructuring, a few state-owned firms are miraculously eking out profits. Moreover, their actions provide hints as to the plans of Xi Jinping, China's leader, for the next decade of the country's property industry.

As part of those plans, the state is set to become China's biggest home-builder. The country's leaders want to construct millions of "social housing" units for low-income households, which cannot be resold like normal commercial units. Such is the scale of the planned construction, social homes will come to dominate overall housing supply by 2030. As much as 4trn yuan will be spent on social housing and other state building this year and next, estimates S&P Global, a credit-rating agency. According to Capital Economics, a research firm, just as construction by developers began to plummet year on year in late 2021,



building by other types of companies, mainly local-government firms, soared (see chart). As a result, 30-40% of new housing supply will be social homes by next year, up from just 10% currently.

Local governments may also become the largest buyers of the country's housing stock. The city of Zhengzhou recently announced that it would purchase 10,000 homes to make them social units. Many will be rented out. Although there is no estimate of how big a landlord local governments will become, several other cities have announced similar plans.

A few powerful state-owned firms are on the rise. CR Land, owned by the central



Castles in the sky

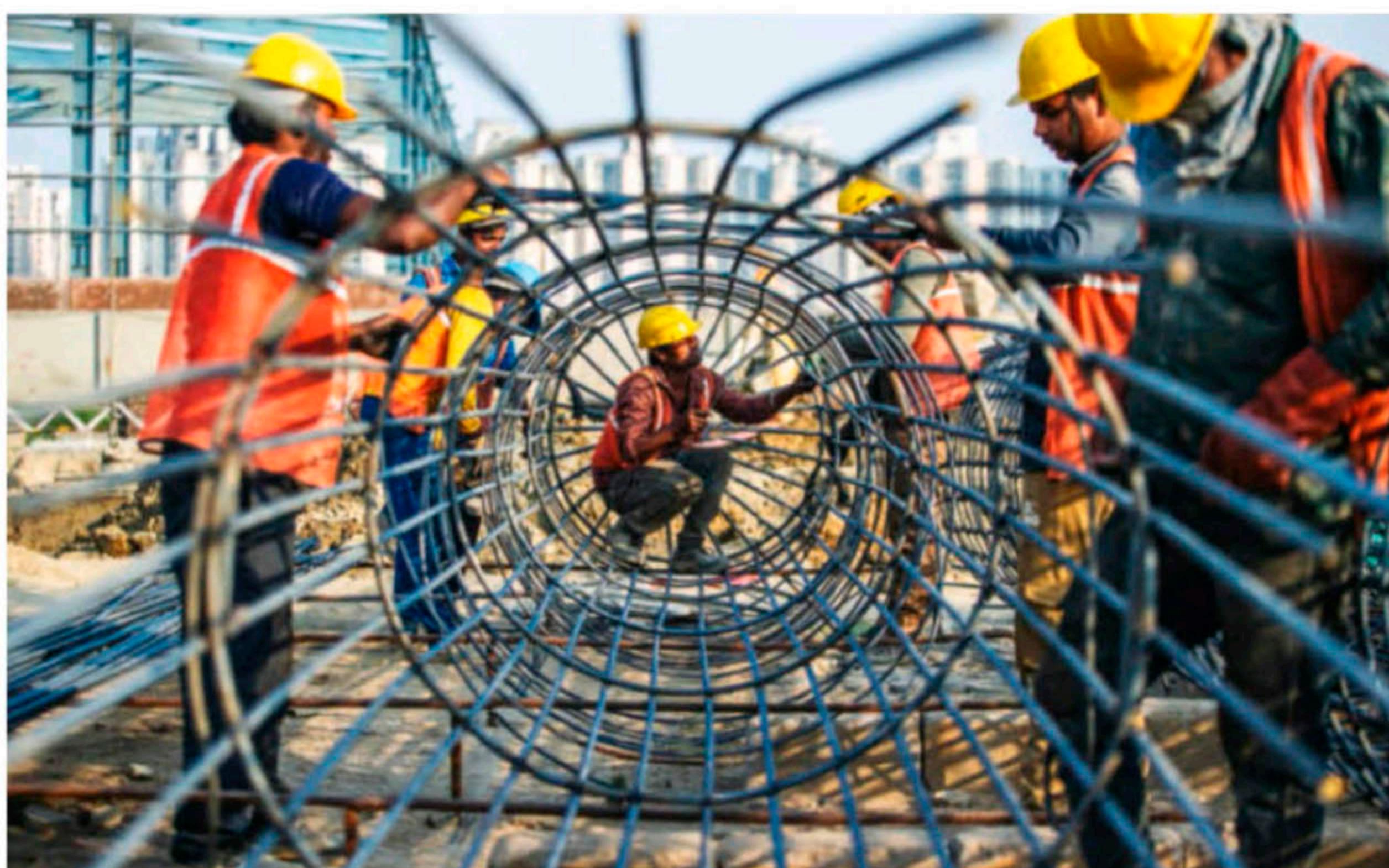
government, notched a 3% year-on-year increase in its core profits—an astonishing accomplishment when most of its peers have lost money or collapsed. COLI, another centrally controlled giant, saw profits fall by a very respectable 3%. As the crisis has played out, home sales by the largest state firms fell by only 25% between mid-2021 and mid-2023, while those at the largest private ones tumbled 90%.

This reflects official preferences. On April 8th a state bank called for the liquidation of Shimao, a private developer that defaulted in 2022, over a \$200m unpaid loan. Needless to say, this would hinder Shimao's attempts to restructure its debts and continue building unfinished homes. By contrast, in March regulators asked banks and bondholders to help save Vanke, a developer with a powerful state-backed shareholder. Chinese policymakers are much happier to offer bail-outs to institutions over which they have influence.

With the state set to consume China's property industry, what could go wrong? For a start, state firms face dangerous debts. Local-government firms sit on estimated collective debt of 75trn yuan, or about 60% of GDP. When such firms buy land from local governments they merely shift money from one pocket to another. These transactions have kept money flowing into local coffers, but are building up unsustainable burdens. Some local-government firms have started to issue bonds for the sole purpose of paying off other companies' debts. Analysts fear that this level of spending cannot continue much longer, especially in poorer provinces.

Additional debts might appear to policymakers to be a price worth paying for control over China's most important asset. The future of the housing market, the thinking goes, would include fewer boom-and-bust cycles if sober state firms were in charge. Cheaper accommodation should also help Mr Xi fight China's widening wealth gap. Yet state dominance will also mean a less efficient market. China's private homebuilders are masters of supply chains. Their ability to organise labour for construction is unparalleled. The state, in contrast, is a lousy builder. As state firms take on a bigger and bigger role, the quality of new homes is likely to fall.

The intervention will also shake the foundations of the market. Homebuyers will probably become reluctant to buy a home at commercial rates when the same unit may later be available at subsidised ones. Market-watchers suspect officials want to conserve funds to buy up homes on the cheap, taking advantage of the struggles of private firms. As a consequence, the rapid growth of social housing will probably cause an even deeper crisis among private companies. That may not be quite what Mr Xi has in mind. ■



Data debates

Getting the right frame

MUMBAI

The mystery behind India's superfast economic growth

OPTIMISM ABOUT India tends to spike now and again. In 1996, a few years after the country opened to foreign capital, the price of property in Mumbai, India's financial hub, soared to the highest of any global city, according to one account. In 2007 the country's economy grew at an annual rate of 9%, leading many to speculate that it might hit double digits. Yet after each of these booms, hopes were dashed. The late-2000s surge made way for financial turbulence in the 2010s.

Today India again appears to be at the start of an upswing. In the year to the fourth quarter of 2023, GDP growth roared at 8.4%. But such figures tend to be treated with a pinch of salt. Economists inside and outside the government are debating just how fast the economy is growing—a question that has particular piquancy ahead of a general election that begins on April 19th. So what is India's actual growth rate? And is the economy accelerating?

To answer these questions, start with the 8.4% figure. Nominal GDP growth in the same period was 10.1%, implying that inflation was only 1.7%. Although that may seem suspect, given that India's consumer prices rose by 5.4% over the year, it can be explained. Like many other countries, India's GDP deflator puts a lot of weight on wholesale producer prices. These are volatile and grew by only 0.3% over the year.

India's approach does have oddities, however. In 2015 the country changed its GDP calculation, starting with figures from

2011, from one that measured real GDP directly by observing changes in production quantities to one that measured nominal GDP through surveys and financial reports, before then deflating them to obtain real GDP. It is a complex process: some sectors, such as manufacturing and mining, are deflated using a wholesale price index (WPI); services use a mix of the WPI and consumer prices; other sectors, including construction, use a quantity-based method.

In 2017 Arvind Subramanian, then India's chief economic adviser, observed that the country's GDP figures were falling out of line with indicators such as credit, electricity use and freight traffic. In 2019 he published a paper suggesting India's GDP growth in 2011-16 had been overestimated



by a few percentage points a year. The numbers have since been mired in controversy, not least because the methodological change came with a revision to historical data that reduced the growth rates achieved by the previous government.

Few people suspect foul play in India's GDP calculations. The old approach struggled to capture changes in the quality of goods, rather than quantities, says Pronab Sen, India's first chief statistician. But the new method has disadvantages of its own. "Earlier, the chances were we were measuring real GDP growth more accurately, and today we are measuring nominal GDP more accurately," says Mr Sen.

The disadvantages reflect two issues: the choice of deflator, and how the deflation is carried out. More sectors use WPI as their deflator than consumer prices. Indeed, even though WPI does not contain service prices, it is still used for a number of industries, such as hotels, that ought to incorporate them. This is a growing problem. Service sectors already make up more than half India's GDP and are expanding faster than the rest of the economy. By our calculations, India's consumer price index, which puts greater weight on services, grew by 20 percentage points more than its GDP deflator from 2011 to 2019—the largest gap in any big economy. From 2003 to 2011, by contrast, it grew by three percentage points less.

Then there is how deflation is done. Most countries use a method called "double deflation", where input and output prices are deflated separately. Consider a manufacturer importing oil for use in production. If oil prices fall, output prices do not and quantities stay the same, real value added should not change. But if the same deflator is used for inputs and outputs, as in India, it would look as if the manufacturer had become more productive.

This is what seems to have happened during the 2010s. Oil prices were steady at \$90-100 a barrel from 2011 to 2014, before crashing to below \$50 over the next two years. India is reliant on oil imports, as the world's third-biggest consumer of oil, 85% of which is brought in. Although India's manufacturing sector struggled in this period, GDP data concealed its difficulties.

The good news is that since the covid-19 pandemic, the divergence between WPI and consumer prices no longer appears as significant. From December 2011 to 2019, consumer prices grew at a 5.8% annual rate and WPI grew at a 2.6% annual rate. Yet in the four years to December 2023, both measures have grown at around 5.7%. WPI remains volatile, which is why quarterly GDP figures, such as the recent 8.4% growth rate, should be treated with a degree of caution. The number was also boosted by a one-time reduction in subsidy payments and an increase in indirect

► tax collections, which is why the trend is more likely to be closer to 6.5%—the growth rate of gross value added.

India's government is working towards incorporating services into its price indices. The road to a fully fledged producer-price index and double-deflation will be a long one, however. Mr Sen says many Indian companies would rather not share data on their costs with the government. Statisticians are often reluctant to force the private sector to comply. Meanwhile, collect-

ing wholesale prices is much easier because traders are happy to report them.

Do existing data suggest a boom? Since December 2019, real GDP has grown by 4.2% at an average annual rate, meaning that India, like many other countries, has not recovered to its pre-pandemic trend. Corporate and foreign investment remain weak. But looked at since December 2021, India's overall economy seems robust, having grown at 7.1% annually. Alternative indicators, from electricity use to freight

traffic, are strong; surveys of purchasing managers for both manufacturing and services have hit their highest levels in over a decade. Forecasters expect 6.5% annual growth over the next five years. Although real GDP growth from 2011 to 2019 was also officially 6.5% a year, the underlying rate was probably lower, implying genuine acceleration may be under way. The data is noisy, the picture is mixed and yet most government economists would be satisfied with that outcome. ■

BUTTONWOOD

Bitten by the goldbug

What China's central bank and Costco shoppers have in common

GOLD HAS always held an allure. The earliest civilisations used it for jewellery; the first forms of money were forged from it. For centuries kings clamoured to get their hands on the stuff. Charlemagne conquered much of Europe after plundering vast amounts of gold from the Avars. When King Ferdinand of Spain sent explorers to the new world in 1511, he told them to "get gold, humanely if you can, but all hazards, get gold." Ordinary men also clamoured for it after James Marshall, a labourer, found a flake of gold while constructing a saw mill in Sacramento, California, in 1848.

People are once again spending big on the precious metal. On April 9th its spot price hit a record of \$2,364 an ounce, having risen by 15% since the start of March. That gold is surging makes a certain degree of sense: the metal is seen to be a hedge against calamity and economic hardship. It tends to rally when countries are at war, economies are uncertain and inflation is rampant.

But only a certain degree. After all, why is it surging precisely now? Inflation was worse a year ago. The Ukraine war has arrived at something of a stalemate. In the month after Hamas's attack on Israel on October 7th, the price of gold rose by just 7%—half the size of its more recent rally. Moreover, investors had only recently appeared to have gone off the stuff. Those who thought gold would act as a hedge against inflation were proven sorely wrong in 2022 when prices slipped even as inflation spiralled out of control. Cryptocurrencies like bitcoin—often viewed as a substitute for gold—have gained popularity. Longtime gold analysts are puzzled by its ascent.

An investor who cannot understand a rally on the basis of fundamentals must often consider a simpler rationale: there

have been more eager buyers than sellers. So, who is buying gold in bulk?

Whoever it is, they are not using exchange-traded funds, or ETFs, the tool most often used by regular folk through their brokerage accounts, as well as by some institutional investors. There have, in fact, been net outflows from gold ETFs for more than a year. After tracking each other closely throughout 2020 and 2021, gold prices and ETF inflows decoupled at the end of 2022. Although prices are up by around 50% since late 2022, gold held by ETFs has dropped by a fifth.

That leaves three buyers. The first, and biggest, are central banks. In general, central bankers have been increasing the share of reserves that are stored in gold—part of an effort to diversify away from dollars, a move that gathered pace after America froze Russia's foreign-exchange reserves in response to its invasion of Ukraine. Nowhere is this shift clearer than in China, which has raised the share of its reserves held in gold from 3.3% at the end of 2021 to 4.3%. Trading has picked up in the so-called over-the-counter market, in

which central banks buy much of their gold. China's central bank added 160,000 ounces of gold, worth \$384m, in March.

The second is big institutions, such as pension or mutual funds, which may have been making speculative bets or hedges on gold—in case inflation does come back or as protection against future calamities. Activity in options and futures markets, where they tend to do most of their trading, is elevated.

The third potential buyer is the most intriguing: perhaps private individuals or companies are buying physical gold. In August it became possible to buy hunks of the metal at Costco, an American superstore beloved by the cost-conscious middle classes for selling jumbo-size packs of toilet paper, fluffy athletic socks and rotisserie chickens, all at super-low prices. The retailer started selling single-ounce bars of gold, mostly online, for around \$2,000—just a hair higher than the spot value of bullion at the time. It sold out almost immediately, and continues to do so whenever it restocks. Analysts at Wells Fargo, a bank, estimate that shoppers are buying \$100m-200m worth of gold each month from the superstore, alongside their sheet cakes and detergent.

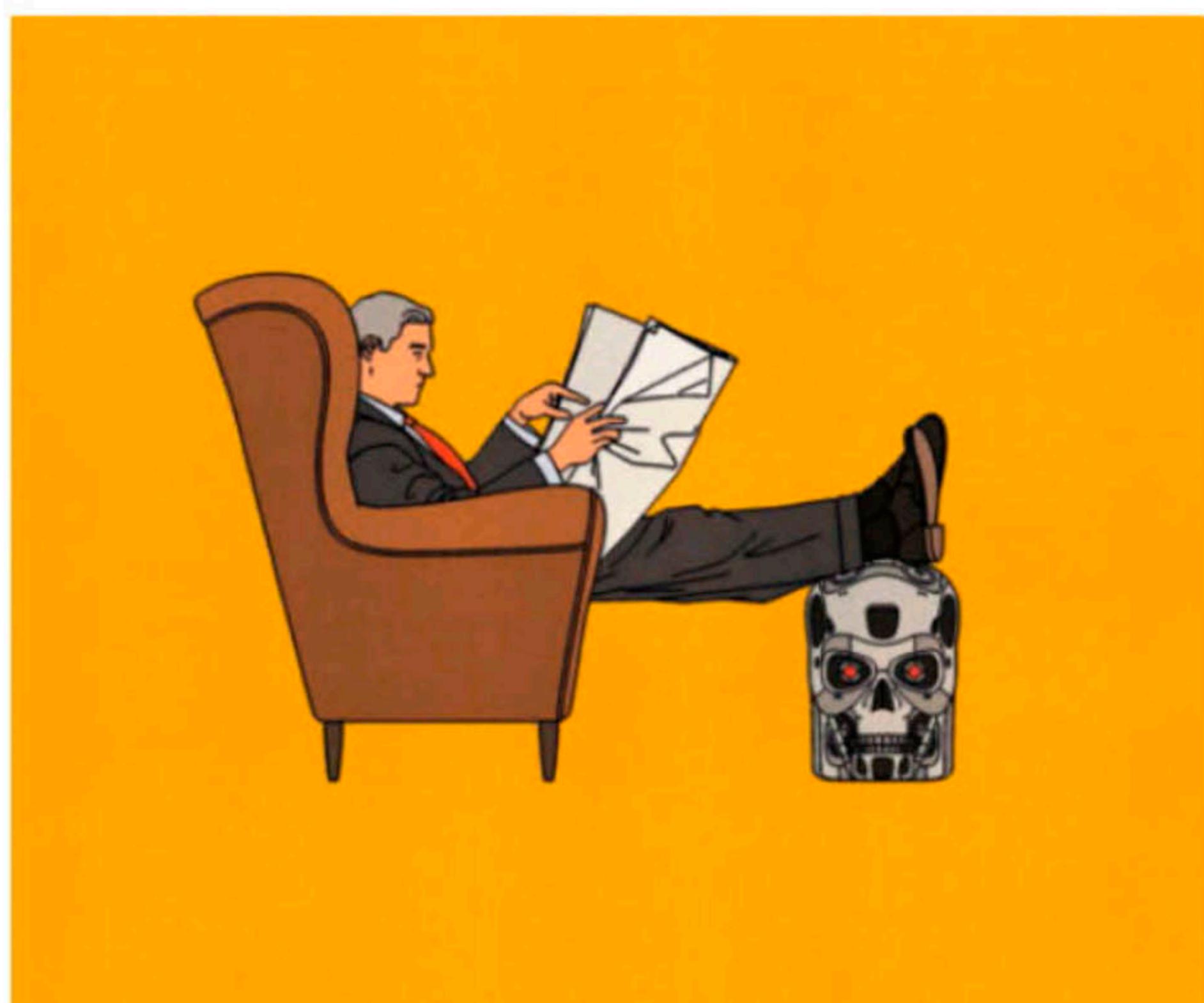
That would be 40,000 to 80,000 ounces of gold each month; or, in other words, up to half as much as the Chinese central bank. Such behaviour is perhaps a harbinger of a trend. Inflation in America is creeping up again. It has overshot expectations for three consecutive months, and would reach 4% in 2024 if current trends were to continue. Medium-term expectations, which had dropped, have begun climbing. As shoppers peruse Costco's wares, worrying about the cost of living, is it any wonder they are tempted by a bit of bullion?



FREE EXCHANGE

Utopian dystopia

What will humans do if artificial intelligence solves everything?



IN “PERMUTATION CITY”, a novel by Greg Egan, the character Peer, having achieved immortality within a virtual reality over which he has total control, finds himself terribly bored. So he engineers himself to have new passions. One moment he is pushing the boundaries of higher mathematics; the next he is writing operas. “He’d even been interested in the Elysians [the afterlife], once. No longer. He preferred to think about table legs.” Peer’s fickleness relates to a deeper point. When technology has solved humanity’s deepest problems, what is left to do?

That is one question considered in a new publication by Nick Bostrom, a philosopher at the University of Oxford, whose last book argued that humanity faced a one-in-six chance of being wiped out in the next 100 years, perhaps owing to the development of dangerous forms of artificial intelligence (AI). In Mr Bostrom’s latest book, “Deep Utopia”, he considers a rather different outcome. What happens if AI goes extraordinarily well? Under one scenario Mr Bostrom contemplates, the technology progresses to the point at which it can do all economically valuable work at near-zero cost. Under a yet more radical scenario, even tasks that you might think would be reserved for humans, such as parenting, can be done better by AI. This may sound more dystopian than utopian, but Mr Bostrom argues otherwise.

Start with the first scenario, which Mr Bostrom labels a “post-scarcity” utopia. In such a world, the need for work would be reduced. Almost a century ago John Maynard Keynes wrote an essay entitled “Economic Possibilities for Our Grandchildren”, which predicted that 100 years into the future his wealthy descendants would need to work for only 15 hours a week. This has not quite come to pass, but working time has fallen greatly. In the rich world average weekly working hours have dropped from more than 60 in the late 19th century to fewer than 40 today. The typical American spends a third of their waking hours on leisure activities and sports. In the future, they may wish to spend their time on things beyond humanity’s current conception. As Mr Bostrom writes, when aided by powerful tech, “the space of possible-for-us experiences extends far beyond those that are accessible to us with our present unoptimised brains.”

Yet Mr Bostrom’s label of a “post-scarcity” utopia might be slightly misleading: the economic explosion caused by superintelligence would still be limited by physical resources, most notably land. Although space exploration may hugely increase the building space available, it will not make it infinite. There are also intermediate worlds where humans develop powerful new forms of intelligence, but do not become space-faring. In such worlds, wealth may be fantastic, but lots of it could be absorbed by housing—much as is the case in rich countries today.

“Positional goods”, which boost the status of their owners, are also still likely to exist and are, by their nature, scarce. Even if AIs surpass humans in art, intellect, music and sport, humans will probably continue to derive value from surpassing their fellow humans, for example by having tickets to the hottest events. In 1977 Fred Hirsch, an economist, argued in “The Social Limits to Growth” that, as wealth increases, a greater fraction of human desire consists of positional goods. Time spent competing goes up, the price of such goods increases and so their share of GDP rises. This pattern may continue in an AI utopia.

Mr Bostrom notes some types of competition are a failure of co-ordination: if everyone agrees to stop competing, they would have time for other, better things, which could further boost growth. Yet some types of competition, such as sport, have intrinsic value, and are worth preserving. (Humans may also have nothing better to do.) Interest in chess has grown since IBM’s Deep Blue first defeated Garry Kasparov, then world champion, in 1997. An entire industry has emerged around e-sports, where computers can comfortably defeat humans. Their revenues are expected to grow at a 20% annual rate over the next decade, reaching nearly \$11bn by 2032. Several groups in society today give us a sense of how future humans might spend their time. Aristocrats and bohemians enjoy the arts. Monastics live within themselves. Athletes spend their lives on sport. The retired dabble in all these pursuits.

Everyone’s early retirement

Won’t tasks such as parenting remain the refuge of humans? Mr Bostrom is not so sure. He argues that beyond the post-scarcity world lies a “post-instrumental” one, in which AIs would become superhuman at child care, too. Keynes himself wrote that “there is no country and no people, I think, who can look forward to the age of leisure and of abundance without a dread. For we have been trained too long to strive and not to enjoy...To judge from the behaviour and the achievements of the wealthy classes today in any quarter of the world, the outlook is very depressing!” The Bible puts it more succinctly: “idle hands are the devil’s workshop.”

These dynamics suggest a “paradox of progress”. Although most humans want a better world, if tech becomes too advanced, they may lose purpose. Mr Bostrom argues that most people would still enjoy activities that have intrinsic value, such as eating tasty food. Utopians, believing life had become too easy, might decide to challenge themselves, perhaps by colonising a new planet to try to re-engineer civilisation from scratch. At some point, however, even such adventures might cease to feel worthwhile. It is an open question how long humans would be happy hopping between passions, as Peer does in “Permutation City”. Economists have long believed that humans have “unlimited wants and desires”, suggesting there are endless variations on things people would like to consume. With the arrival of an AI utopia, this would be put to the test. Quite a lot would ride on the result. ■

Science & technology



AI at war

A calculated defence

Artificial intelligence is playing a growing role in the war in Ukraine

IN THE RUN-UP to Ukraine's rocket attacks on the Antonovsky Bridge, a vital road crossing from the occupied city of Kherson to the eastern bank of the Dnipro river, security officials carefully studied a series of special reports. It was the summer of 2022 and Russia needed the bridge to resupply its troops west of the Dnipro. The reports contained research into two things: would destroying the bridge lead the Russian soldiers, or their families back home, to panic? And, more important, how could Ukraine's government maximise the blow to morale by creating "a particular information environment"?

This is how Sviatoslav Hnizdovsky, the founder of the Open Minds Institute (OMI) in Kyiv, describes the work his research outfit did by generating these assessments with artificial intelligence (AI). Algorithms sifted through oceans of Russian social-media content and socioeconomic data on

things ranging from alcohol consumption and population movements to online searches and consumer behaviour. The AI correlated any changes with the evolving sentiments of Russian "loyalists" and liberals over the potential plight of their country's soldiers.

The highly sensitive work is still shaping important Ukrainian decisions about the course of the war, says Mr Hnizdovsky. This includes potential future strikes on Russia's Kerch Bridge, the only direct land link between Russia and Crimea.

Ukraine, outgunned by Russia, is

increasingly seeking an edge through the use of AI. A Ukrainian colonel involved in arms development says drone designers commonly query ChatGPT as a "start point" for engineering ideas, like novel techniques for reducing vulnerability to Russian jamming. Another military use for AI, says the colonel, who requested anonymity, is to identify targets.

As soldiers and military bloggers have wisely become more careful with their posts, simple searches for any clues about the location of forces have become less fruitful. By ingesting reams of images and text, however, AI models can find potential clues, stitch them together and then surmise the likely location of a weapons system or a troop formation. Using this "puzzle-pieces" approach with AI allows Molfar, an intelligence firm with offices in Dnipro and Kyiv, to typically find two to five valuable targets every day, says Maksym Zrazhevsky, an analyst with the firm. Once discovered, this intelligence is quickly passed along to Ukraine's army, resulting in some of the targets being destroyed.

Targeting is being assisted by AI in other ways. SemanticForce, a firm with offices in Kyiv and Ternopil, a city in the west of Ukraine, develops models that scrutinise online or uploaded text and images in response to prompts. Many of Semantic-

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▶ Force's clients use the system commercially to monitor public sentiments about their brands. Molfar, however, uses the model to map areas where Russian forces are likely to be low on morale and supplies, which could make them a softer target. The AI finds clues in pictures, including those from drone footage, and from soldiers belching on social media.

It also cobbles together clues about Russian military weaknesses using a sneaky proxy. For this, Molfar employs SemanticForce's AI to generate reports on the activities of Russian volunteer groups that fundraise and prepare care packages for the sections of the front most in need. The algorithms, Molfar says, do a good job of discarding potentially misleading bot posts. (Accounts with jarring political flip-flops are one tip-off.) The firm's analysts sometimes augment this intelligence by using software that disguises the origin of a phone call, so that Russian volunteer groups can be rung by staff pretending to be a Russian eager to contribute. Ten of the company's 45-odd analysts work on targeting, and do so free of charge for Ukrainian forces.

Spy versus AI

Then there is counter-intelligence. The use of AI helps Ukraine's spycatchers identify people whom Oleksiy Danilov, until recently secretary of the National Security and Defence Council (NSDC), describes as "prone to betrayal". Offers to earn money by taking geolocated pictures of infrastructure and military assets are often sent to Ukrainian phones, says Dmytro Zolotukhin, a former Ukrainian deputy minister for information policy. He recently received one such text himself. People who give this "market for intelligence services" a shot, he adds, are regularly nabbed by Ukraine's SBU intelligence agency.

Using AI from Palantir, an American firm, Ukrainian counter-intelligence fishes for illuminating linkages in disparate pools of data. Imagine, for instance, an indebted divorcee at risk of losing custody of his children whose phone has been detected near a site later struck by missiles. If, say, the hypothetical divorcee has strong personal ties to Russia and has begun to take calls from someone whose phone use suggests a higher social status, then AI may use such "social-network analysis" to increase his risk score.

Such AI assessments of interactions among a network's nodes have impressed experts for over a decade. Kristian Gustafson, a former British intelligence officer who advised Afghanistan's interior ministry in 2013, recounts the capture of a courier transporting wads of cash for Taliban bigwigs. Their ensuing phone calls, he says, "lit up the whole diagram". Subsequent algorithmic advances for calculating

things like "betweenness centrality", a measure of influence, make those days look, as another former intelligence officer puts it, "pretty primitive".

In addition, network analysis helps Ukrainian investigators identify violators of sanctions on Russia. By connecting data in ship registries with financial records held elsewhere, the software can "pierce the corporate veil", a source says. Mr Zolo-

tukhin says hackers are providing "absolutely enormous" caches of stolen business data to Ukrainian agencies. This is a boon for combating sanctions-busting.

The use of AI has been developing for some time. Volodymyr Zelensky, Ukraine's president, called for a massive boost in the use of the technology for national security in November 2019. The result is a strategically minded model built and run by the ➤

Prisoners' health

Death at the exit

The first week after prison is the deadliest for ex-inmates

EVERY YEAR more than 30m people are released from behind bars. Many leave much as they enter—in very poor health. People who end up in prison have higher rates of infections such as HIV and hepatitis; cognitive disabilities; mental illness and addictions. Prisoners tend to have several of these problems, often rooted in abuse or other trauma. Unsurprisingly, ex-prisoners die earlier than those who have never been incarcerated. What is striking is how many deaths occur within days of release.

A paper in the *Lancet* on April 10th by an international research consortium led by Rohan Borschmann from the University of Melbourne and Stuart Kinner from Curtin University, in Perth, sums up an analysis of the records of nearly 1.5m prisoners released between 1980 and 2018 in America, Australia, Brazil, Canada, New Zealand, Norway, Scotland and Sweden. These ex-prisoners were followed up by consortium mem-

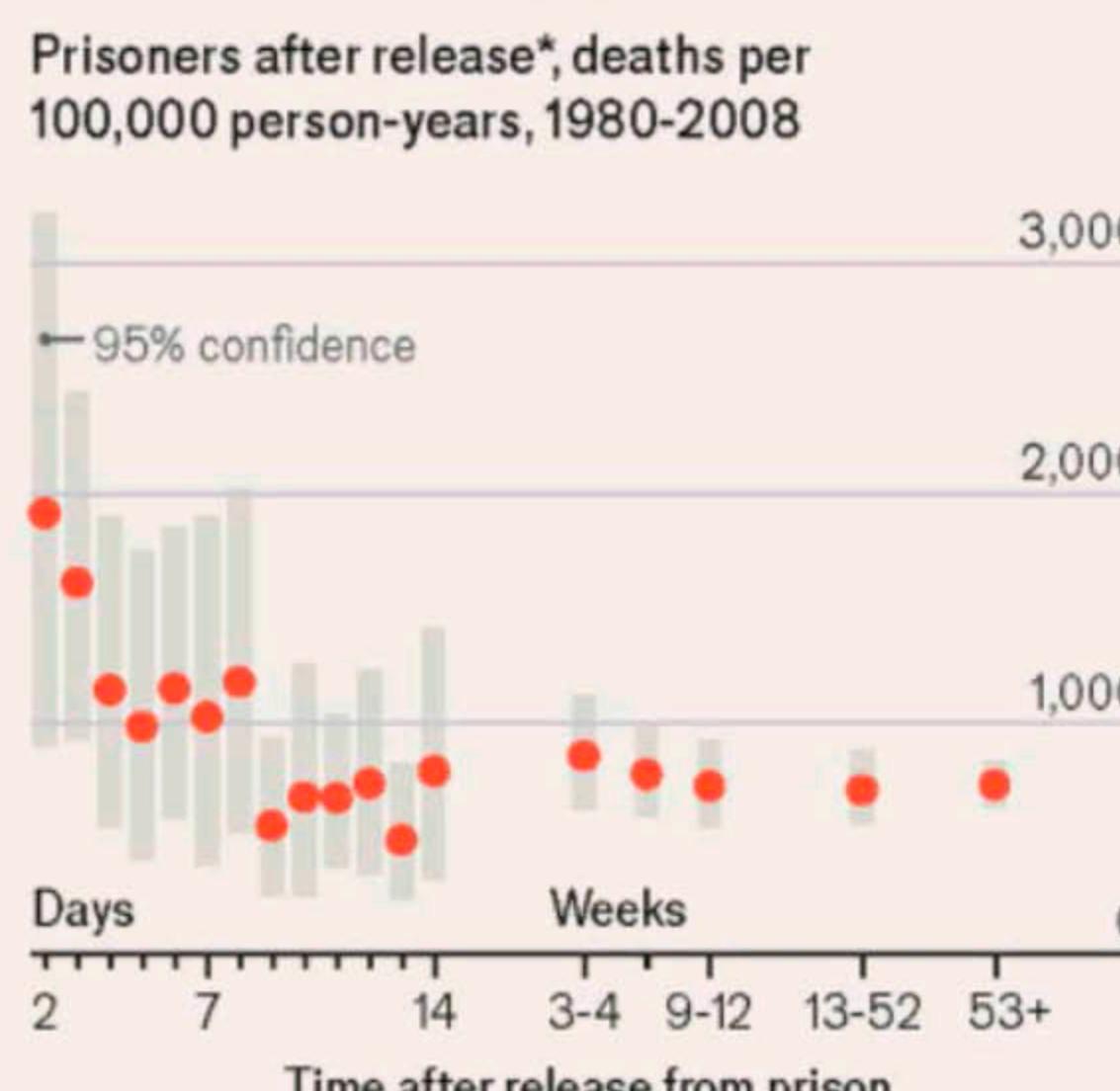
bers for an average of seven years. The researchers found that mortality was highest in the first week following release and fell dramatically after that (see chart). In the first week it was more than twice as high as it was a month later. (The researchers excluded the spike in deaths on day one, which they discovered was partly due to recording errors for inmates who had died in custody.)

In the first few weeks on the outside alcohol and drug poisoning represented the leading cause of death in every country except for Brazil (where deaths from violence predominated). One possible explanation is that enforced abstinence when in prison makes an addict's body less able to handle their usual dose, increasing the risk of fatal intoxication thereafter. Deaths from alcohol and drugs remained high beyond the first week of freedom but were eventually overtaken by the combined deaths from suicides, accidents and disease.

These results, if put to use, could save lives. Upon their release, prisoners with opioid addiction could be provided with naloxone, a drug that treats opioid overdose. This has been tried in parts of Canada since 2016, with naloxone kits given to prisoners upon release, on the assumption that either they or a close contact would be likely to need it. (The consequences of this intervention were outside the scope of this week's paper.) Ensuring better access to mental-health services in the first weeks after release could also be beneficial.

A study from the Netherlands published in 2021 found that prison has no net effect on inmates' pre-existing health. Someone who goes in unwell, in other words, comes out unwell. Appropriate care behind bars could change that, helping prisoners better face what awaits them outside.

Suspended sentence



*Australia, Brazil, Canada, New Zealand, Norway, Scotland, Sweden and United States
Source: "Rates and causes of death after release from incarceration among 1,471,526 people in eight high-income and middle-income countries", by R. Borschmann et al., *The Lancet*, 2024

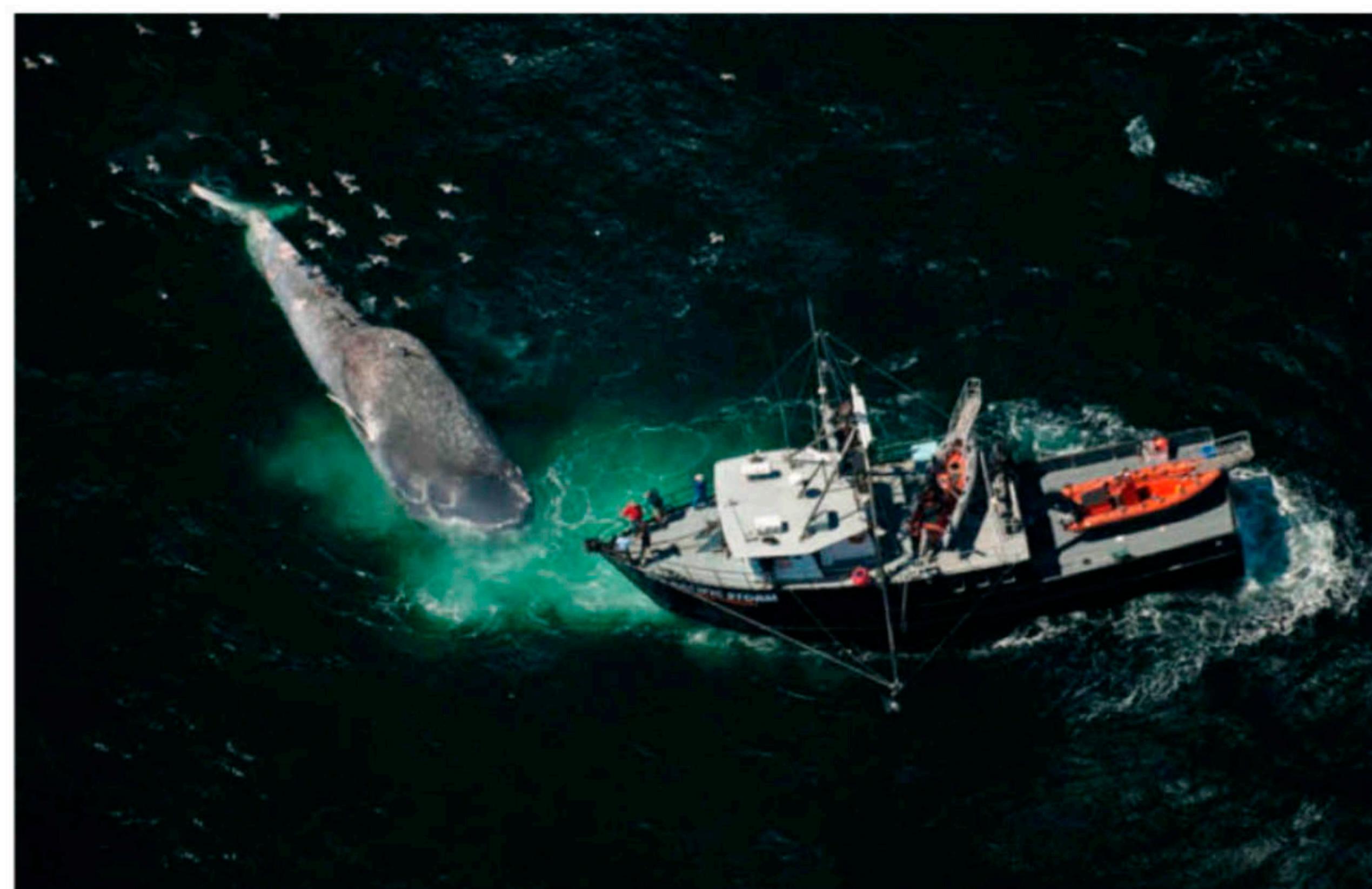
NSDC that ingests text, statistics, photos and video. Called the Centre of Operations for Threats Assessment (COTA), it is fed a wide range of information, some obtained by hackers, says Andriy Ziuz, NSDC's head of staff. The model tracks prices, phone usage, migration, trade, energy, politics, diplomacy and military developments down to the number of weapons in repair shops.

Operators at COTA call this model a "constructor". This is because it also ingests output from smaller models such as Palantir's software and Delta, battlefield software that supports the Ukrainian army's manoeuvre decisions. COTA's "bigger picture" output provides senior officials with guidance on sensitive matters, including mobilisation policy, says Mykola Dobrysh, NSDC's chief technologist. Mr Danilov notes that Mr Zelensky has been briefed on COTA's assessments more than 130 times, once at 10am on the day of Russia's full invasion. Access to portions (or "circuits") of COTA is provided to some others, including insurers, foreign ministries and America's Department of Energy.

Ukraine's AI effort benefits from its society's broad willingness to contribute data for the war effort. Citizens upload geotagged photos potentially relevant for the country's defence into a government app called Diia (Ukrainian for "action"). Many businesses supply Mantis Analytics, a firm in Lviv, with data on everything from late deliveries to call-centre activity and the setting off of burglar alarms. Recipients of the platform's assessments of societal functioning include the defence ministry and companies seeking to deploy their own security resources in better ways.

How much difference all this will ultimately make is still unclear. Evan Platt of Zero Line, an NGO in Kyiv that provides kit to troops and who spends time at the front studying fighting effectiveness, describes Ukraine's use of AI as a "bright spot". But there are concerns. One is that enthusiasm for certain AI security applications may divert resources that would provide more bang for the buck elsewhere. Excessive faith in hyped models is another risk.

More dramatically, might AI prove to be a net negative for Ukraine's battlefield performance? A few think so. One is John Arquilla, a professor emeritus at the Naval Postgraduate School in California who has written influential books on warfare and advised Pentagon leaders. Ukraine's biggest successes came early in the war when decentralised networks of small units were encouraged to improvise. Today, Ukraine's AI "constructor process", he argues, is centralising decision-making, snuffing out creative sparks "at the edges". His assessment is open to debate. But it underscores the importance of human judgment in how any technology is used. ■



Conservation

Saving the whales

New monitoring technology can stop ships from colliding with endangered whales

ON MARCH 3RD a whale calf washed ashore in Georgia, on America's east coast, bearing slash marks characteristic of a ship's propeller. Less than a month later another whale, a recent mother, was found floating off the coast of Virginia. Her back was broken from the blunt-force trauma of a ship collision; her calf, missing and still meant to be nursing, is not expected to live. Three deaths within weeks is not good news for the North Atlantic right whales, of which only about 360 remain.

They are dying mainly because of human activity, and they are not alone. Ship collisions threaten whale populations worldwide, killing up to 20,000 individuals annually. With global ocean traffic forecast to rise by at least 240% by 2050, the problem will balloon. But a new movement is using technology to fight back. On April 11th a Californian strike-prevention programme expanded operations across North American waters. Other countries are following suit.

Whale Safe launched in 2020, two years after the number of whales killed by collisions in California reached a record high of 14. Callie Leiphardt, the scientist leading the project at the Benioff Ocean Science Laboratory, says that for every killed whale found, ten more are thought to die unrecorded. That so many were dying despite voluntary speed limits suggested more robust interventions were needed. The team reasoned that by alerting ships to whales,

and publicising which shipping companies ignored the speed limit, they might increase compliance and bring down deaths.

Their approach rests on listening for whales underwater using microphone-equipped buoys capable of separating low-frequency whale calls from the ocean's background noise. Vetted detections are then fed into Whale Safe's alert tool, alongside sightings and model-based predictions, to tell nearby skippers to slow down. The team then monitors ships' speeds within established slow zones via a widespread GPS-tracking system and awards parent companies marks from A to F, visible online. With this week's expansion to the east coast, Whale Safe will now assess companies across all slow-speed zones in North America.

How many whales have been saved is hard to say. But since Whale Safe first launched, Californian collisions seem to be decreasing: only four were reported in 2022, compared with 11 the year before. In the Santa Barbara channel, a collision hotspot, the proportion of ships that slow down has also been rising—from 46% in 2019 to 63.5% in 2023.

The idea is also catching on elsewhere. In 2022 Chile moored its first acoustic buoy to alert ships to blue, sei, humpback and southern-right whales. That same year Greek researchers published the results of a trial using buoys to detect sperm whales in the Mediterranean and to pinpoint their

► location in three dimensions, informed by work on the black boxes of lost planes. Another European project, led by a consortium of NGOs and naval companies, is developing detection boxes that use thermal and infrared cameras, alongside other sensors, to help ships spot whales early.

For Mark Baumgartner at Woods Hole Oceanographic Institution in Massachusetts, who pioneered the use of acoustic buoys, the real solution lies in changing ships' behaviour. After all, spotting a whale is useful only if the ship is moving slowly enough to react. This is why Canada has expanded mandatory speed restrictions to ever more areas where right whales live; America is considering doing the same. The International Maritime Organisation, a UN agency, created a "Particularly Sensitive Sea Area" in the north-western Mediterranean last summer, the first such area

explicitly created to mitigate ship strikes. Several companies are now rerouting ships away from sperm-whale habitats there. Similar efforts are under way in Sri Lanka and New Zealand.

It will not all be plain sailing. Some overlap between ships and whales is inevitable in busy ports. What's more, slow container ships can still kill whales, as can smaller boats. Many coastal communities, whose economies rely on their ports and harbours, often resist stricter measures, such as mandatory speed limits or no-go areas. With all that in mind, it is easy to feel pessimistic on behalf of a species like the North Atlantic right whale. But like all whales that used to be hunted for meat and blubber, it has bounced back from the brink of extinction before. According to Dr Baumgartner, "Everyone that works on right whales has hope." ■

Apiculture

Comb improvement

Different colonies of bees preserve distinct architectural traditions

WHEN IT COMES to architectural accomplishments, humans like to think they stand at the top of the pyramid. That is to underestimate the astonishing achievements of social insects: termites raise skyscraping nests and honeybees fashion mesmerisingly geometric combs. The true master builders of the insect world, however, are the hundreds of species of stingless bee, native to the tropics and subtropics, which weave combs of unparalleled variety and intricacy inside hollow tree trunks or other cavities.

Now a group of evolutionary biologists led by Viviana Di Pietro at KU Leuven, in Belgium, reports that, like humans, these tiny-brained creatures are capable of building according to different architectural traditions which are then handed down over generations.

The finding, published in *Current Biology*, is the clearest demonstration yet of cultural differences spontaneously appearing in insects. Insect culture would once have been thought impossible, says behavioural biologist Andrew Whiten of the University of St Andrews, who was not involved in the research. "Less than a century ago, culture was thought to be uniquely human."

To collect their data, Ms Di Pietro and her colleagues observed more than 400 colonies of the stingless bee species *Scaptotrigona depilis* in a large apiary in Brazil over two extended periods in 2022 and 2023. Around 95% of the colonies exhibited

combs built up in horizontal layers, like tiered wedding cakes, while the remainder adopted a spiral structure. In each case the tradition was maintained over many generations of worker bees.

Since *S. depilis* shows a strong preference for a horizontal-layer comb structure, it is surprising that spiral combs occur at all. Capturing the insects' behaviour on video, the team established that there was no difference in average cell-building rate



L'esprit de l'escalier

between the two styles, and hence no efficiency advantage to either.

In order to rule out a genetic explanation for the different styles, the researchers transplanted workers from colonies that built in one tradition to colonies that built in the other, having first emptied the host structures of their indigenous adults. The imported workers soon switched to the local style, which was then perpetuated by the colony's own larvae as they eventually matured into workers.

Tom Wenseleers, who runs the lab in which Ms Di Pietro is a doctoral student, hypothesised that the bees may switch styles as a way of coping with the build-up of minuscule construction errors made by their predecessors. Such a process, in which multiple organisms indirectly affect each other's behaviour through the traces they leave on their environment, is known as stigmergy. To test whether stigmergy was in fact responsible for the stylistic schism between bee colonies, the researchers introduced a hint of helicity to otherwise perfect horizontal-layer combs, and found that it did indeed prompt the bees to switch to building spirals. That is strong evidence in favour of Dr Wenseleers's hypothesis.

These results have left observers of animal culture abuzz, as they suggest that stingless bees can transmit different building traditions across generations without individuals needing to be instructed by their peers. This is a more expansive way of thinking about culture, which is often rigidly defined as behaviour directly transmitted from individual to individual until it becomes characteristic of a group.

For Dr Whiten, the new finding indicates that more complex animal behaviours—the building of dams by beavers or nests by chimpanzees, for instance—may also have arisen through such indirect transmission. Though it is too early to know for certain, say scientists, it is possible that some human traditions could have stigmergic roots too.

Bees may not be done confounding expectations. In recent laboratory experiments with bumblebees, Lars Chittka, a behavioural ecologist at Queen Mary University of London, found that they were capable of learning cumulatively—that is, adopting and expanding upon the innovations of previous generations. The team trained "demonstrator bees" to open a complicated two-step puzzle box (in which blue and red tabs had to be pushed out of the way to reveal a solution of sucrose), and then observed other insects learning the right technique from the demonstrators. Such cumulative culture, which does require social learning, was previously thought to be unique to humans. It may be long past time to make room at the top of that pyramid. ■

Culture



Political polarisation

Return to Gettysburg

In a bitter election year, Americans are turning to stories of civil war, both real and imagined

CALIFORNIA AND Texas, calling themselves the Western Forces, have seceded from the Union. Other states are following suit. The president, installed for an unconstitutional third term, vows that the uprising will be quashed quickly. He harnesses the full strength of America's army and authorises the use of drone strikes on civilians. The Western Forces march on, determined to take the White House.

"Civil War" arrives in cinemas on April 12th. The film does not offer an explanation of how this fictional version of America descended into chaos; instead, it follows a group of journalists and immerses the viewer in the fog of war. According to Alex Garland, the writer-director, anyone who has followed American politics in recent years will "know exactly what the fault lines and pressures are". Perhaps he sees no need to point out the country's bitter polarisation, the loss of faith in the organs of government or the threat posed by a former president who thinks democratic norms are for other people.

In the wake of the attacks of January 6th 2021—when a mob of Donald Trump's supporters stormed the Capitol in an attempt to block the transfer of power—the threat of insurrection has felt uncomfortably real. A full-scale civil war remains wildly improbable, given the strength of America's institutions and the professionalism of its armed forces. Yet according to a poll conducted by YouGov in 2022, 43% of Americans think such a war is "at least somewhat likely" to break out in the coming decade. Nearly 25% want their home state to secede from the Union. Marjorie

Taylor Greene, a Trumpier-than-Trump congresswoman from Georgia, has said that: "We need to separate by red states and blue states." In 2021 the *Nation*, a left-wing magazine, ran an essay titled "The case for blue-state secession".

For some Americans, then, "Civil War" offers a horrifying vision of the future. "This isn't just a film. It's a premonition," one person wrote underneath the trailer on YouTube. Trump fans have declared that the movie is "predictive programming" as "there will be a civil war after they use illegals to steal the 2024 election."

The film joins a burgeoning genre: writers are gripped by the idea of a second American civil war. In a novel from 2017 by Omar El Akkad, some southern states secede after the federal government bans fossil fuels. In "DMZ" (2022), a miniseries, America is divided between the United States and the secessionist Free States.

In "Flyover", an absorbing novel by Douglas Kennedy which came out last year in France (it is awaiting publication in English), the United States has been succeeded by the United Republic and the United Confederacy. The United Republic is an offshoot of the Democratic Party and a purported bastion of progressivism on the coasts; the United Confederacy, its Republican counterpart, is a Christian theocracy spanning the Midwest and the South. "What I am trying to do is just say, 'Pay attention here,'" Mr Kennedy reflects. ►

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It is not just storytellers, either. Academics have also been ringing alarm bells in books such as "How Civil Wars Start" (2022) by Barbara Walter, a political scientist, and "The Next Civil War" (2022) by Stephen Marche, an essayist. Both assert that the Union is in a fragile, rancorous state. "The United States is a textbook example of a country headed towards civil war," Mr Marche has claimed, pointing to, among other things, Americans' lack of faith in the merits of democracy. (According to the Pew Research Centre, a pollster, last year public trust in the federal government reached a near-record low.)

Many Americans prefer accounts of their country's actual civil war to speculation about a future one. Some 60,000 books have been published on that conflict—more than the number of soldiers who died at Gettysburg, the war's bloodiest battle. The fighting in 1861–65 "holds a central place in the American imagination", says Fredrik Logevall, a professor of history at Harvard University. "Each generation since 1865 has assessed and then reassessed the meaning of the civil war."

Andrew Preston, a historian at Cambridge University, says the war "is a touchstone whenever Americans are in a crisis". In the 1930s, amid the Great Depression, Franklin Roosevelt repeatedly invoked the conflict to underline the seriousness of the economic situation. He also intended to provide some comfort to the American people, for if their ancestors could go through hell and survive, they could too.

During the civil-rights movement of the 1960s American politicians looked to Abraham Lincoln as someone who abolished slavery and acted "with malice toward none; with charity for all; with firmness in the right". In 1963 Martin Luther King chose to deliver his "I Have a Dream" speech on the steps of the Lincoln Memorial in Washington, to invoke the legacy of the president and to show that the fight for racial equality that Lincoln had championed was not yet finished. Yet, as divided as America looked in the 1930s and 1960s, Professors Logevall and Preston insist there was never any serious talk that a second civil war would erupt.

Today, breathless histories of the civil war advertise their lessons for the present day. In "The Demon of Unrest", published later this month, Erik Larson adroitly chronicles the events in the lead-up to the South's secession in 1861. He follows a cast of characters and uses diaries and letters to trace their thinking. "What I was trying to chronicle, really, is the forces that caused Americans to actually begin to imagine the wholesale killing of one another, and how that came to pass."

During the research, Mr Larson says he was struck by the similarities in political discourse between the mid-19th century

and today. Several novelists envisioned that a civil war would break out between northern and southern states. Much as Mr Trump's followers are convinced that the election of 2020 was stolen from him, southern states did not recognise Lincoln as the legitimate president, even though he had been democratically elected. This era of history is not "some dusty old thing from the past. This is the story for now," says Mr Larson.

In looking to that past, many today yearn for a political leader like Lincoln. In 2022 Jon Meacham released "And There Was Light", a paean; last October "Differ We Must", an admiring biography by Steve Inskeep, became a bestseller shortly after publication. Both books emphasise that lawmakers have much to learn from Lincoln's ability to reach across divides.

A prudent assessment of the risks facing modern America would focus on less dramatic ones, such as Mr Trump's probable undermining of democratic institutions during a second presidency, or the spread of hate-fanning falsehoods. But civil war makes for more exciting movies. In Mr Garland's film, the Western Forces eventually reach Washington, DC, and a bomb goes off at the Lincoln Memorial, ripping out the neoclassical columns. ■

Saving small languages

The endangered speeches

JOHNSON
ON LANGUAGE



Language City. By Ross Perlin.
*Atlantic Monthly Press; 432 pages; \$28.
Grove Press; £19.99*

OF THE WORLD'S 7,000-odd languages, almost half are expected to disappear by the end of the 21st century. Two culprits are usually considered responsible for this decline. The first is colonialism: when great powers conquered countries, they imposed their language in government and schools and relegated local ones (or banned them outright). The second is capitalism. As countries grow and industrialise, people move to cities for work. They increasingly find themselves speaking the bigger language used in the workplace rather than the smaller one used at home.

English, as the most dominant language in the history of the world, often stands as a symbol of homogenisation and



the steamrolling of smaller cultures. So it may come as a surprise that the most linguistically diverse spot on Earth spans a few square miles in New York. Ross Perlin's new book, "Language City", is the story of what he has learned as the co-founder of the Endangered Language Alliance, a non-profit organisation that has managed to identify some 700 languages spoken in New York, a number vastly greater than the 100 or so listed in America's official census.

Mr Perlin profiles speakers of six languages. Each tongue is threatened by different, larger neighbours. (English is by no means the only linguistic juggernaut.) Seke, from Nepal, is squeezed by Nepali and Tibetan. Wakhi, from Central Asia, sits between Chinese, Persian and Russian; its speakers also usually speak Tajik with others from their home country.

Nahuatl—though not a tiny language, as it is spoken by more than 1.6m indigenous Mexicans—is giving way to Spanish. N'Ko, a sort of alphabet-cum-written-standard meant to serve several closely related Manding languages of west Africa, must compete with French, the language of prestige in the region. Yiddish is losing out to English in New York and to Hebrew in Israel. As the language of secular Ashkenazi Jews it is nearing extinction (though it is flourishing among the ultra-Orthodox).

The people Mr Perlin meets are multilingual by necessity. Together they speak more than 30 languages; each person has "to move nimbly from one linguistic ecology to another", he writes. They refuse to stop using their cherished language—despite incentives to do so—in order to preserve something of the associated culture.

The death of languages often follows the same pattern. Conquest and colonisation lead to poverty, and sometimes an internalised shame. As a result, parents often

► choose to raise their children in a bigger language for their own economic benefit. Whether a language disappears altogether is determined by the next generation: many assimilate and their language is lost for good. But sometimes they may try to reverse the decline.

Can outsiders aid preservation? Many speakers of small languages treat them as a kind of sacred or scarce good that outsiders do harm to by learning and documenting; they do not think of their languages as objects of scientific curiosity. So those trying to help, including Mr Perlin, are learning to tread carefully. (In the book he describes an initially wary encounter with the last known native speaker of Lenape, New York's own indigenous language.)

Tim Brookes, a British writer and the executive director of the Endangered Alphabets Project, another non-profit group, describes his own approach in his recent book, "Writing Beyond Writing". He makes a persuasive case that linguists have long neglected writing systems in their well-intentioned push to give dignity to spoken as well as written languages. Linguists have tended to ignore the wonderful and hugely varied scripts that are threatened by behemoths including the Latin, Arabic, Devanagari and Chinese systems. As well as research and advocacy, Mr Brookes makes beautiful wood carvings in the scripts he describes. Like Mr Perlin, he is careful always to put the native users of a language at the heart of the story. The field has no time for white-saviour narratives anymore.

Julia Sallabank, a linguist at the School of Oriental and African Studies at the University of London, has described how experts have historically approached languages in danger of extinction. In decades past a Western linguist would show up, learn as much as possible, then publish the results back home. In time, academics came to assist the language community by producing grammar books, dictionaries and recordings for speakers to use and pass down. Next came collaboration. Scholars and activists would sit down together to work out exactly what the group needed for the language to thrive.

The final step has proved to be the hardest: work by the language community, with leaders taking charge of the process and outsiders providing funding and advice. It is the platonic ideal of language revitalisation but is far from the universal one. It is possible in places like America and Australia, rich countries starting to recognise the wrongs done to their indigenous peoples. But much language loss is going on, often in undemocratic countries with little time for troublesome minorities. What Western experts certainly can do is raise the alarm—and show what they have learned from their own past. ■

Exploration

Cook's last tour

The Wide Wide Sea. By Hampton Sides.
Doubleday; 432 pages; \$35. Michael Joseph; £25

UNTIL RECENTLY Captain James Cook was not a particularly controversial figure. But in January a statue of the 18th-century British explorer was toppled in Melbourne and the words "The colony will fall" spray-painted on the plinth. In Hawaii an obelisk in Cook's memory has been splattered with red paint and the message "You are on native land." Cook has joined Edward Colston and Cecil Rhodes as a focal point for anti-colonialist ire.

Yet Cook was neither a slave trader nor much of an imperialist. He was, first and foremost, a brilliant navigator and cartographer. Acting under Admiralty orders, he undertook three pioneering voyages in the Pacific between 1768 and 1779. His map-making transformed Europeans' knowledge of the world's largest ocean.

An excellent new book draws on Cook's letters and notebooks to tell the story of his third and final trip. Cook was almost 50 when he set off on *HMS Resolution* in July 1776. Among the crew he took were William Bligh (later captain of the *Bounty* before the mutiny in 1789) and Mai, a Tahitian prince noted for being painted by Sir Joshua Reynolds. Cook had secret instructions from the Admiralty not only to claim new territory for Britain, but to search for a

north-west passage via the Bering Strait (a task even someone with his navigational experience found impossible).

The author, Hampton Sides, focuses on Cook's return to Australia and New Zealand—countries the explorer had first encountered almost a decade earlier—his discovery of the Society Islands (today part of French Polynesia) and his time in Hawaii. It was there, in February 1779, that he was killed after a botched attempt to kidnap a local chief in response to the theft of a longboat.

Cook was a man of his era. He believed Europe would have a civilising influence on many benighted folk in the Pacific. He was cruel when meting out punishments, to his own crew as well as to any indigenous people who opposed him.

At the same time, Cook admired many of the people and places he encountered in the South Pacific. Unlike the Spanish, he had no interest in religious conversion. He tried hard to stop his men from spreading venereal disease. For the most part, his land claims were aimed not at promoting a British empire but forestalling grabs by its rivals, France and Spain.

As the author makes clear, there is a balance to be struck between justified admiration for Cook's seamanship and a legitimate resentment of the colonialism that followed indigenous peoples' first contact with Europeans. Today many Western countries are divided over how to think about such vexed legacies. In 2020 half of Britons thought it was right that Colston's statue was removed (though many disapproved of it being dumped in Bristol harbour). Cook's statue still stands in London, as does Rhodes's in Oxford. The question is whether they will enjoy their perches much longer. ■



Captain Cook, looking for adventure

New fiction

Barely gettin' by

Help Wanted. By Adelle Waldman.
W.W. Norton; 288 pages; \$28.99. Serpent's Tail; £16.99

ADELLE WALDMAN'S sharp-eyed observations of intellectuals in Brooklyn chasing book deals and bedmates made her first novel, "The Love Affairs of Nathaniel P." (2013), a hit. For her follow-up, she has traded the excesses of the urban elite for the struggles of unskilled workers farther afield. This may sound dreary, but "Help Wanted" is a lively, humane book.

To write about the employees of a big-box store in upstate New York, Ms Waldman spent months working at one herself, earning \$12.25 an hour unloading trucks of merchandise at 4am. Many of her colleagues had been working at the shop for years, but their hours were limited and unpredictable, which made it hard for them to make plans, get a second job or reliably cover their bills.

Town Square, the shop in "Help Wanted", is a rare source of jobs in a town that has seen better days. The fictional Potters-town still hasn't recovered from losing an office of IBM, a computer firm, to Mexico decades ago. The employees who show up to the "dungeon-like" warehouse in the small hours are not thrilled by their lives, but they are grateful to be there.

Ms Waldman probes the needs of this motley morning team, such as Nicole, a young mother with an unemployed fiancé, who hides her anxiety about how she will feed her daughter beneath "an air of boredom and free-floating hostility". These affectionate portraits chronicle the rough luck of people who cannot afford university and who struggle to make ends meet or, in some cases, to stay out of prison.

Yet the book's light tone and brisk pace keep it from getting bogged down. The novel's drama comes from a scheme the workers concoct to get rid of their cartoonishly terrible manager by getting her promoted, which would also open up a rare managerial job at the store. Each character dreams of the life they might lead if only they had a salary and benefits.

The employees of Town Square enjoy their shared rituals and take pleasure in their "sense of mastery" as they expertly stack boxes and arrange displays. Their pride is real but fragile, threatened by greedy employers, monopolistic e-tailers and the prospect of automation, which looms ominously near the end of the book. ■



World in a dish

A steep rise

Flat whites are Australia's greatest culinary export—even better than Vegemite

ON ANY GIVEN day Shoreditch, a trendy part of London's East End, is a flurry of hipsters clutching artfully designed takeaway cups. Between April 11th and 14th some 30,000 caffeine-keen people will descend on the area for the London Coffee Festival. Many visitors will be ordering flat whites. The drink has rapidly gained popularity among those who want to taste their beans rather than temper them.

Flat whites, which originated in Australia and New Zealand in the 1980s, are powerful yet smooth. Two shots of espresso are combined with between 140 and 180 millilitres of gently steamed milk and crowned with a sliver of "microfoam". The result is punchy and, if done well, a little sweet: less milky than a latte and not as frothy as a cappuccino.

Australia's coffee-making prowess is fairly recent. Tea was the preferred beverage for British settlers in the 18th century; as a result, no one seemed to know how to make a decent cup of joe. Beans were not roasted, but boiled. To improve the taste, people added chicory, a bitter endive, egg shells or mustard. In a letter to a newspaper in 1939, one man complained that Australia's coffee "punishes the drinker".

During the second world war, American servicemen stationed in the Pacific refused to drink such concoctions and demanded that the Antipodeans up their game. The Greek and Italian immigrants

who arrived after the war brought expertise. Commercial espresso-makers reached the country in the 1950s. Peter Bancroft had tasted proper coffee on holiday in London and, with the help of his father, began importing Italian machines.

Australia's cafés take in A\$10bn (\$6.6bn) a year, the most per person of any country outside Europe. Some 95% of the country's 14,000 cafés are independently owned. It is a market in which Starbucks has struggled. The firm opened 84 shops in 2000, but has closed many; it posted a profit in Australia for the first time last year.

Much of the country has an unfavourable climate for coffee plants, so it imports far more beans than it sells. However, along with avocado toast and Vegemite, flat whites are one of Australia's great culinary exports. In the past year one in three British consumers ordered the beverage; Pret A Manger alone sold 8m to thirsty Brits. (The company sold 9m cappuccinos, but says the gap between the pick-me-ups is shrinking.) Americans are increasingly sipping flat whites, too.

At COP, the UN's annual climate summit, the Australian pavilion has become a social hub. Not because of the country's green credentials—it is one of the world's top exporters of coal and natural gas. Instead, what makes Australia so popular is the barista the delegation brings along. Call it flat-white diplomacy. ■

Subscriber-only live digital event

Israel and the Middle East: elusive peace

Thursday April 18th
4pm BST / 11am EDT / 8am PDT

Pressure is mounting for a ceasefire, as the humanitarian crisis in Gaza deepens and America tries to exert its influence on Israel. Hostages taken by Hamas remain captive and Binyamin Netanyahu is increasingly isolated. How might the violence end? Our editors discuss the conflict, the role of America and Arab powers and prospects for peace.



Edward Carr
Deputy editor

Josie Delap
Middle East editor

Gregg Carlstrom
Middle East correspondent

Anton La Guardia
Diplomatic editor



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Loneliness

All by myself

Three books examine the drawbacks and benefits of being alone

WILLIAM SHAKESPEARE, that great coiner, is given credit for the word “lonely”. Coriolanus, one of his heroes, compares going into exile to a “lonely dragon” retreating to his lair. The Roman general was talking about a physical state: someone who was lonely was simply alone.

Then, thanks to the Romantic poets, the word took on emotional overtones. Loneliness became a condition of the soul. For William Wordsworth, who famously “wandered lonely as a cloud”, the natural world offered a reprieve from negative feelings of isolation—a host of daffodils could provide “jocund company”.

By the early 20th century loneliness was considered one of the defining afflictions of urban life. Hannah Arendt, a political theorist, lamented that a feeling that was “once a borderline experience usually suffered in certain marginal social conditions like old age, has become an everyday experience of the ever-growing masses”.

Her concerns resonate today, as loneliness is frequently identified as a serious public-health problem, an epidemic even, that besets the elderly and young alike. During the covid-19 pandemic half of Britons reported often feeling lonely; those aged between 16 and 24 struggled the most. Smartphones, social media, online dating and working from home are all blamed for feelings of alienation. Three recent books have taken on the subject.

All the Lonely People. By Sam Carr. *Picador*; 256 pages; £11.99. To be published in America in December; \$28.99

Solitude. By Netta Weinstein, Heather Hansen and Thuy-vy Nguyen. *Cambridge University Press*; 300 pages; \$25.95 and £20

The Triumph of the Slippers. By Pascal Bruckner. Translated by Cory Stockwell. *Wiley*; 118 pages; \$19.95. *Polity*; £16.99

In “All the Lonely People” Sam Carr, a psychologist, collects stories of individuals who feel cut off or forsaken. A teenage Afghan refugee struggles to blend in at school in Somerset. An octogenarian languishes in a retirement home. Mr Carr handles this material sensitively, weaving their experiences together with his own, in particular his role as a single parent.

The author evokes the pain of bereavement, heartbreak and childhood trauma and underlines the stigma attached to being withdrawn and friendless. Somehow, the book is not an unbearably bleak read, but you do wonder whether loneliness is just an unavoidable part of the human condition. The range of testimonies also suggests that loneliness is not a single feeling so much as a name for a medley of emotions and unsatisfied appetites.

For “Solitude” Netta Weinstein and Thuy-vy Nguyen, two psychology professors, have teamed up with Heather Han-

sen, a science journalist, to ponder the rewards of time spent alone. They begin with an account of the mythology of solitude created by figures such as Michel de Montaigne, an essayist, and Edward Hopper, a painter. They then draw on laboratory work, interviews and surveys to illuminate how being alone really affects the human psyche.

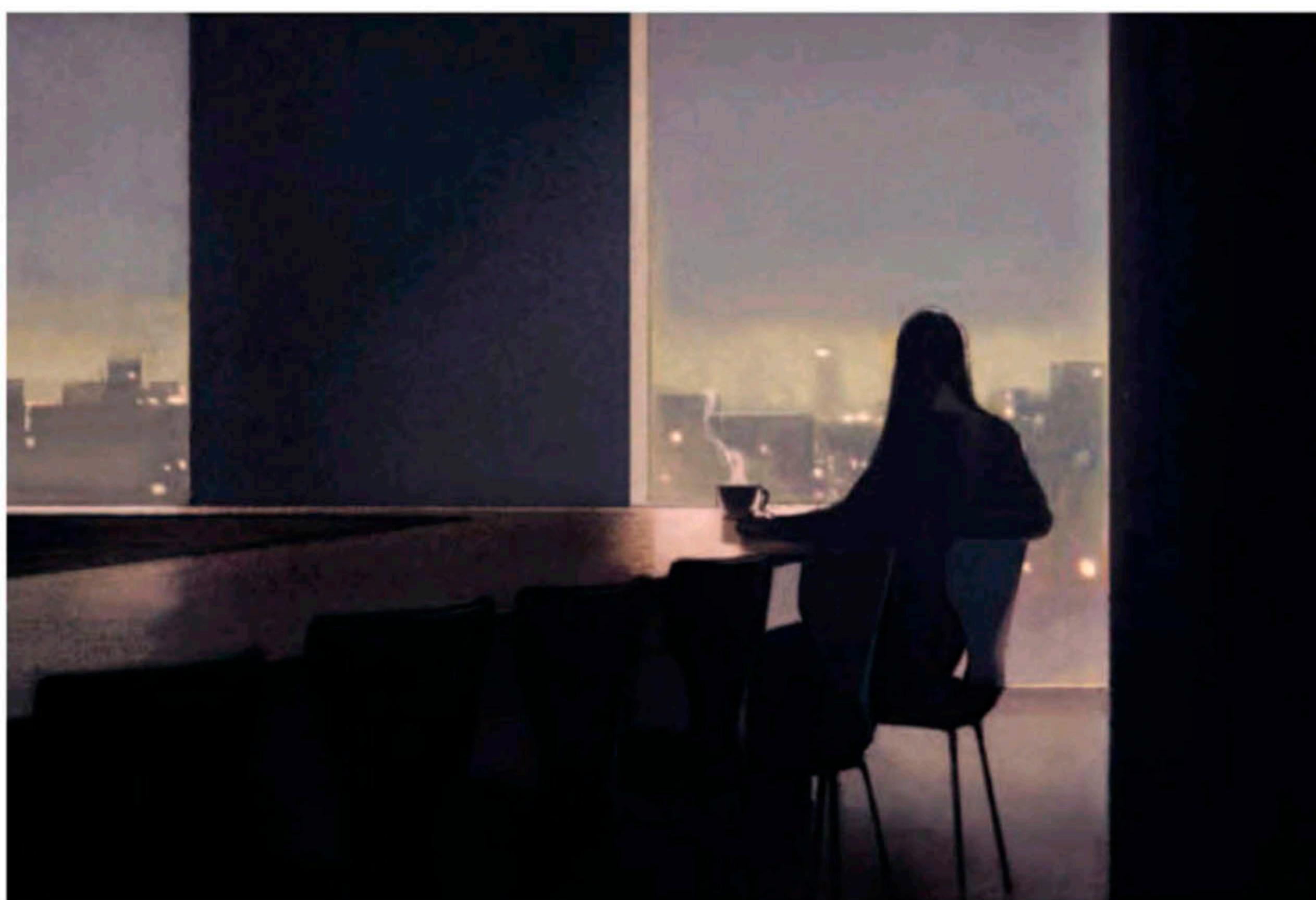
It is common to treat loneliness and solitude as synonyms, but they are not. The authors suggest that what is negatively portrayed as one state can be positively reframed as the other. To this end they emphasise the restorative possibilities of being alone and include practical guidance. In a noisy and crowded world, they argue, people should make time to be by oneself, away from attention-grabbing stimuli.

The book’s interviewees mostly regard a lack of company as conducive to autonomy. But this depends on whether solitude is elective or enforced. If it is enforced, as it is for social outcasts and some prisoners, for instance, it is often wretched. Elective solitude, by contrast, above all in natural settings, affords space for reflection. It can open the door to “peak experiences” such as wonder, awe, harmony, even ecstasy. (In a hyper-connected digital age, many readers may not fancy their chances of ever being unplugged long enough to have such experiences.)

Pascal Bruckner sees a world shrinking from sociability in favour of snug seclusion. “The Triumph of the Slippers” is grounded not in research but in the French tradition of witty social criticism. Mr Bruckner, a philosopher and polemicist, dubs the present period “a Great Withdrawal”. As he sees it, the openness of the late 20th century is over, and “the closing of minds and spaces is well under way.” People may like living in “authorised sloppiness”, yet it is hard to imagine heroes and trailblazers wearing dressing gowns: “While it’s nice to be comfortable, you can’t build a civilisation on softness.”

With a mixture of playfulness and grandiosity, he describes a society where most tasks can be completed without leaving the house. His book overflows with soundbites—the public sphere, for example, is dominated by “orgies of pettiness”—and he peppers his short chapters with references to Nietzsche, Plato and Rousseau.

Though his argument spins off in many directions, Mr Bruckner’s main theme is the need for people to relearn the art of intimacy. “Interactive solitude”, enabled by technology, is no substitute for “the great theatre of the world”. Mr Bruckner supplies a checklist for warding off enduring, corrosive feelings of loneliness: “Have we loved enough, given enough, lavished enough, embraced enough?” If these books are right, many readers will find themselves answering “No.” ■



Economic & financial indicators

	Gross domestic product			Consumer prices		Unemployment rate		Current-account balance		Budget balance		Interest rates		Currency units		
	% change on year ago latest	quarter*	2024†	% change on year ago latest	2024†	%	%	% of GDP, 2024†	% of GDP, 2024†	% of GDP, 2024†	% of GDP, 2024†	10-yr govt bonds latest,%	change on year ago, bp	per \$ Apr 10th	% change on year ago	
United States	3.1	Q4	3.4	2.0	3.5	Mar	2.7	3.8	Mar	-2.8	-6.1	4.5	114	-	-	
China	5.2	Q4	4.1	4.7	0.1	Mar	1.0	5.3	Feb‡	1.4	-4.6	2.1	53.0	7.23	-4.8	
Japan	1.2	Q4	0.4	1.3	2.8	Feb	2.3	2.6	Feb	2.7	-4.7	0.8	33.0	153	-13.7	
Britain	-0.2	Q4	-1.2	0.4	3.4	Feb	2.6	3.9	Dec††	-2.8	-4.2	4.1	65.0	0.80	nil	
Canada	0.9	Q4	1.0	1.7	2.8	Feb	2.5	6.1	Mar	-0.6	-0.3	3.7	80.0	1.37	-1.5	
Euro area	0.1	Q4	-0.2	0.8	2.4	Mar	2.4	6.5	Feb	2.7	-3.1	2.4	19.0	0.93	-1.1	
Austria	-1.7	Q4	0.2‡	0.5	4.3	Mar	3.5	4.7	Feb	2.4	-2.4	2.9	3.0	0.93	-1.1	
Belgium	1.5	Q4	1.4	1.1	3.8	Mar	2.2	5.5	Feb	-0.5	-4.4	2.9	5.0	0.93	-1.1	
France	0.7	Q4	0.2	0.9	2.5	Mar	2.7	7.4	Feb	-0.7	-4.9	2.9	22.0	0.93	-1.1	
Germany	-0.2	Q4	-1.1	0.3	2.3	Mar	2.1	3.2	Feb	6.2	-1.5	2.4	19.0	0.93	-1.1	
Greece	1.1	Q4	0.6	2.8	3.4	Mar	3.4	11.0	Feb	-5.7	-1.9	3.3	-75.0	0.93	-1.1	
Italy	0.6	Q4	0.7	0.6	1.3	Mar	1.7	7.5	Feb	0.9	-5.3	3.7	-32.0	0.93	-1.1	
Netherlands	-0.4	Q4	1.4	0.9	3.1	Mar	2.4	3.7	Feb	8.3	-2.4	2.6	7.0	0.93	-1.1	
Spain	2.0	Q4	2.3	1.7	3.2	Mar	2.9	11.5	Feb	1.8	-3.5	3.2	-1.0	0.93	-1.1	
Czech Republic	0.2	Q4	1.8	1.2	2.0	Mar	2.1	2.7	Feb‡	-0.5	-2.5	4.0	-44.0	23.6	-9.5	
Denmark	3.5	Q4	10.8	1.3	0.9	Mar	1.8	2.9	Feb	9.4	1.2	2.4	-10.0	6.94	-1.7	
Norway	0.5	Q4	6.2	1.0	3.9	Mar	2.6	3.9	Jan††	14.4	12.0	3.7	75.0	10.8	-3.6	
Poland	1.0	Q4	nil	2.8	1.9	Mar	4.1	5.3	Mar§	nil	-5.2	5.5	-53.0	3.97	8.1	
Russia	4.9	Q4	na	1.9	7.7	Mar	6.4	2.8	Feb§	2.2	-1.8	13.5	259	93.5	-13.1	
Sweden	-0.1	Q4	-0.2	0.3	4.5	Feb	2.4	8.5	Feb§	5.6	-0.9	2.5	37.0	10.7	-2.6	
Switzerland	0.6	Q4	1.2	1.0	1.0	Mar	1.4	2.3	Mar	9.0	-0.3	0.7	-41.0	0.91	-1.1	
Turkey	4.0	Q4	3.9	3.1	68.5	Mar	52.3	9.8	Jan§	-3.1	-4.5	25.6	1,494	32.3	-40.4	
Australia	1.5	Q4	1.0	2.0	4.1	Q4	2.7	3.7	Feb	0.5	nil	4.1	82.0	1.53	-2.0	
Hong Kong	4.3	Q4	1.8	3.2	2.1	Feb	2.2	2.9	Feb††	7.0	-1.4	3.9	70.0	7.83	0.3	
India	8.4	Q4	8.0	6.6	5.1	Feb	4.8	7.6	Mar	-0.8	-5.3	7.1	-11.0	83.2	-1.6	
Indonesia	5.0	Q4	na	5.1	3.0	Mar	2.9	5.3	Q3§	-0.1	-2.4	6.6	-4.0	15,845	-5.9	
Malaysia	3.0	Q4	na	4.4	1.8	Feb	2.6	3.3	Feb§	1.9	-4.4	3.9	-7.0	4.75	-7.4	
Pakistan	nil	2023**	na	1.0	20.7	Mar	21.0	6.3	2021	-2.9	-7.2	14.2	+++	-100	278	2.3
Philippines	5.5	Q4	8.7	5.7	3.7	Mar	2.7	4.5	Q1§	-2.2	-6.1	6.3	12.0	56.5	-3.7	
Singapore	2.2	Q4	4.8	2.4	3.4	Feb	3.1	2.0	Q4	18.5	0.1	3.3	50.0	1.35	-1.5	
South Korea	2.2	Q4	2.5	2.3	3.1	Mar	2.5	3.2	Feb§	1.9	-1.3	3.5	27.0	1,355	-2.6	
Taiwan	4.9	Q4	9.7	3.3	2.1	Mar	2.0	3.4	Feb	14.4	0.1	1.5	28.0	32.0	-4.6	
Thailand	1.7	Q4	-2.3	3.2	-0.5	Mar	1.2	1.0	Feb§	3.0	-3.5	2.8	26.0	36.4	-6.9	
Argentina	-1.4	Q4	-7.3	-3.5	276	Feb	258.3	5.7	Q4§	0.2	-1.1	na	na	865	-75.6	
Brazil	2.1	Q4	-0.1	1.8	3.9	Mar	4.1	7.8	Feb§††	-1.5	-7.2	11.2	-164	5.07	-0.2	
Chile	0.4	Q4	0.4	2.0	3.2	Mar	3.6	8.5	Feb§††	-3.9	-2.5	6.0	58.0	954	-15.1	
Colombia	0.3	Q4	0.1	1.2	7.4	Mar	5.8	11.7	Feb§	-3.1	-5.1	10.7	-104	3,813	19.8	
Mexico	2.5	Q4	0.3	2.3	4.4	Mar	4.5	2.6	Feb	-0.6	-4.7	9.8	94.0	16.5	10.6	
Peru	-0.4	Q4	0.9	2.4	3.0	Mar	2.6	7.6	Feb§	-0.4	-2.9	7.2	-32.0	3.71	1.4	
Egypt	2.7	Q3	na	2.6	33.4	Mar	30.5	6.9	Q4§	-2.1	-10.9	na	na	47.5	-34.5	
Israel	-4.6	Q4	-20.7	1.9	2.5	Feb	2.8	3.3	Feb	4.9	-6.3	4.5	67.0	3.74	-3.5	
Saudi Arabia	-0.8	2023	na	2.0	1.8	Feb	2.1	4.4	Q4	0.7	-1.9	na	na	3.75	nil	
South Africa	1.2	Q4	0.2	1.6	5.5	Feb	4.7	32.1	Q4§	-2.0	-5.7	10.5	66.0	18.7	-2.7	

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. §Not seasonally adjusted. ‡New series. **Year ending June. ††Latest 3 months. §§3-month moving average. §§5-year yield. +++Dollar-denominated bonds. Note: Euro area consumer prices are harmonised.

Markets

	% change on:				% change on:			
	Index	one week	Dec 29th 2023		Index	one week	Dec 29th 2023	
In local currency	Apr 10th							
United States S&P 500	5,160.6	-1.0	8.2	Pakistan KSE	70,314.8	3.8	12.6	
United States NAScomp	16,170.4	-0.7	7.7	Singapore STI	3,237.5	0.5	-0.1	
China Shanghai Comp	3,027.3	-1.4	1.8	South Korea KOSPI	2,705.2	-0.1	1.9	
China Shenzhen Comp	1,720.3	-2.7	-6.4	Taiwan TWI	20,763.5	2.1	15.8	
Japan Nikkei 225	39,581.8	0.3	18.3	Thailand SET	1,408.2	2.4	-0.5	
Japan Topix	2,742.8	1.3	15.9	Argentina MERV	1,233,950.0	1.8	32.7	
Britain FTSE 100	7,961.2	0.3	2.9	Brazil Bovespa	128,053.8	0.6	-4.6	
Canada S&P TSX	22,199							

OBITUARY

Rose Dugdale

The heiress who became an IRA bombmaker died on March 18th, aged 82



HER HAIR was curled. Her skin was powdered. Her white organdie gown had been tailor-made by the House of Worth. Her gloves, as all debutantes' must, reached to the elbow. Her posture was from Miss Ironside's School for Girls in Kensington ("Shoulders back! Stand up straight! Speak clearly!"). Rose Dugdale—heiress, debutante, beauty—was very well put together.

Her bombs would be well put together too. Take the ones she dropped from the helicopter she helped hijack in Northern Ireland. They had a milk churn for the main casing. A core of gelignite. Fertiliser around that. Wire round the top to keep it all in. She worked with ingenuity and care—and food would be a feature of her DIY destruction: she would later use packets of digestive biscuits to dampen the recoil on grenade launchers. That, the police thought, was clever. You had to understand physics to do that.

But then Rose was clever. And for a time—after the ball gowns but before the bombs—she had excelled. She'd only agreed to that gown so that her parents would let her apply to Oxford. Soon, she was studying philosophy, politics and economics there. Later, she would specialise in philosophy and in Wittgensteinian "simples": categories of objects that were one single, simple thing. Though little was simple about Rose: debutante-terrorist; heiress-thief; oxymoron incarnate. Her father would blame that education. "Never", he warned, "send your daughter to Oxford."

He certainly had not meant to. Rose had been born into that English class for whom ignorance was less an accidental state than an ideal. At Miss Ironside's School for Girls, mistresses instructed the girls less in science than in sitting up straight: getting the right answer mattered far less than getting "Mr Right". At home, Rose was expected to dress for dinner, curtsy to guests and hunt both deer and a husband. And above all she had to do "the season", that "upper-class version of a puberty rite" as the writer Jessica Mitford called it, when four hundred girls in pearls curtseyed before the queen. Or, as Princess Margaret put it, when "every tart in London" did. Rose was repelled: it was no more than a pornographic marriage market.

Oxford, by contrast, had felt so modern. Her female tutor, Peter Ady, particularly so. Peter had breeches, Burmese ancestry,

dark eyes, a boy's name (her mother had hoped for a son) and a habit of passionately kissing other women on the mouth. Students had watched, fascinated, as Peter stalked up to the philosopher Iris Murdoch and kissed her on the lips. A little later, as Sean O'Driscoll records in his biography, Rose had kissed Peter too. Peter had responded and soon they were in bed. After, Rose lay on Peter and Peter stroked her hair. They weren't lesbians, Rose thought, or trying to be feminist fundamentalists or anything. They were just trying to be in love.

And for a time she was. With Peter, and with social change. Later, after Rose had been arrested—first for burgling her father's house, then for stealing art from another one, and for that hijacking—people would wonder why an Oxford-educated deb had turned to terrorism. It was the wrong question: she was not a rebel despite her advantages but because of them. Oxford had liberated her from her sex and class. There, she had stopped curtseying and started to wear men's shirts. She and a friend had even disguised themselves as men (wigs, glasses, grunting) to crash the all-male Oxford Union. Though her liberation was not total: when the BBC came to interview her about it, Rose meekly made them tea.

Still, the revolution was coming. And when Bloody Sunday happened in 1972, and 13 civilians were killed by British soldiers, Rose decided to hasten it along. She turned against Britain—the "filthy enemy"—and became a militant. Whereupon her upper-class education suddenly came into its own. All that hunting and shooting was ideal rifle practice for a terrorist. Years of crawling on her belly stalking deer made her the perfect guerrilla fighter. Hadn't Mao said that political power grew from the barrel of a gun? Well, Rose knew how to wield one. And a stint in a French finishing school turned out to be splendidly handy for an art heist.

On April 26th, 1974, a little after 9.15pm, a car drove up to Russborough House in Ireland. Inside the house were Sir Alfred and Lady Beit and an expensive art collection. Inside the car were three masked men, two AK-47 rifles and Rose, pretending to be a French tourist whose "voiture" had broken down. Within minutes Sir Alfred and Lady Beit had been tied up at gunpoint. Rose walked round the house, telling her men which paintings to steal (still speaking, as Mr O'Driscoll's book notes, in that accent).

She wanted "Zis one" (a Goya) "and zis one" (a Velázquez) and definitely "zis one" (a Vermeer). The spell at finishing school and youthful trips to the Louvre had given her a discerning eye: "Non! Not zat one!" She didn't regret the heist: the pictures could be used to ransom IRA prisoners and the Beits were capitalist pigs; they deserved it. Besides, the Vermeer was just beautiful. History, she knew, would absolve her.

The legal system was less lenient: after she was caught, she was sentenced to nine years in prison. History would be less forgiving than expected too: Rose would be remembered largely for violence and for failure. That heist merely ended in arrest, while those carefully made milk-churn bombs failed to detonate properly: one bounced off a roof; another splashed harmlessly into a river. A British major said the army had begun assessing an interesting new weapon, the AGMIC: the "Air-to-Ground Milk-Churn".

The AGMIC didn't catch on. The IRA eventually handed over its weapons. But Rose, who was let out of prison in 1980, was unrepentant. Towards the end of her long life she was asked what its best day had been. She thought for a moment and then answered: the day when she had dropped those bombs. That had been the happiest day of her life. ■

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