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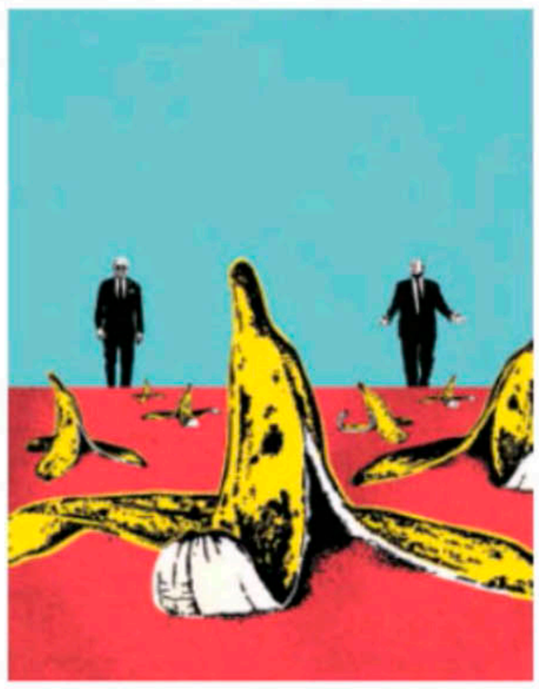

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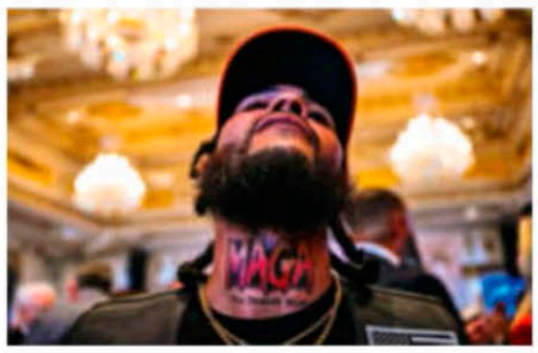

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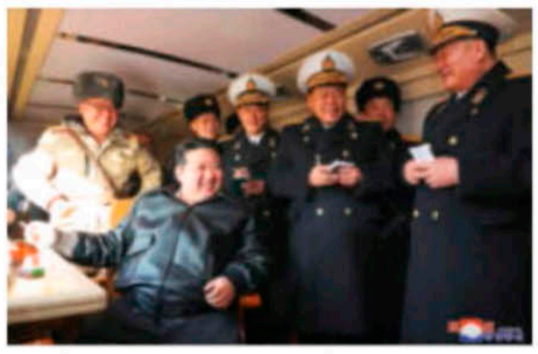

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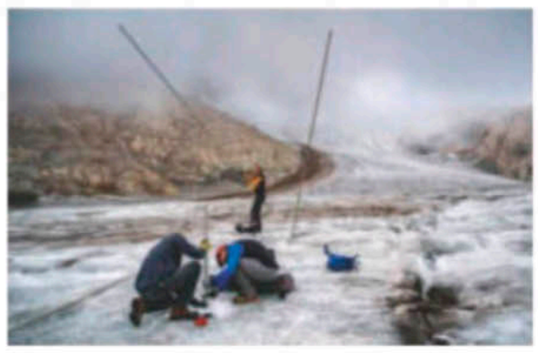

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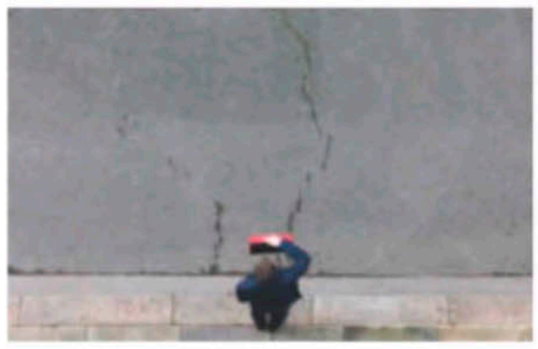

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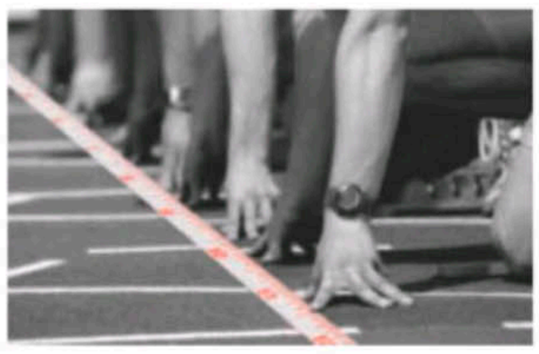

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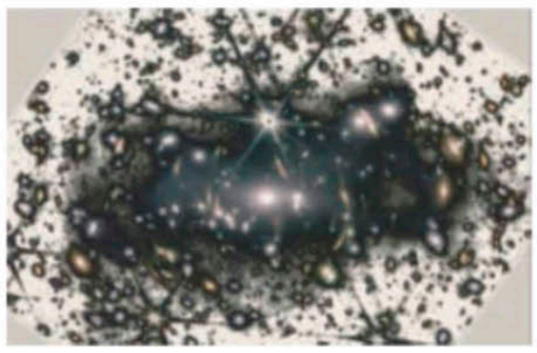

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Nikki Haley pulled out of the Republican presidential nomination race after Donald Trump won 14 of the 15 primary elections on **Super Tuesday**. Ms Haley did not endorse Mr Trump, but urged him to reach out to her supporters. He responded on social media that she "got trounced". Earlier, the **Supreme Court** ruled that individual states could not kick Mr Trump off the ballot. In a unanimous decision it found that the ad hoc removal of federal candidates from elections would cause chaos.

Benny Gantz, a centrist member of **Israel's** war cabinet, visited Washington, where he met Kamala Harris, America's vice-president, and London, where he met David Cameron, Britain's foreign secretary. Mr Gantz's reception was a sign of growing frustration in Western capitals with Binyamin Netanyahu, Israel's prime minister, over the war in **Gaza** and ensuing humanitarian crisis. America has air-dropped emergency aid into northern Gaza and urged Israel to increase the flow of humanitarian supplies. Mediators in Cairo were hopeful that Israel and Hamas would agree to a temporary truce before the start of Ramadan.

Turnout was low in **Iran's** parliamentary elections. Many voters stayed away in protest against a poll in which opposition figures were excluded from the ballot.

Ghana's president, Nana Akufo-Addo, said he would not sign into law a bill that would imprison people who say they are gay until the Supreme Court has ruled on whether it violates constitutional rights. America imposed financial sanctions on **Zimbabwe's** president, Emmerson Mnangagwa, and other senior Zimbabwean officials for their alleged involvement in human-rights abuses and corruption. It has also lifted existing sanctions on Zimbabwe to make it clear its actions are aimed at specific people and not Zimbabweans in general.

The **German** government was engulfed by an embarrassing national-security scandal, after Russian media leaked a phone call among senior air-force officials discussing the provision of Taurus cruise missiles to Ukraine. Details of British and French assistance to Ukraine were also discussed. Russian intelligence intercepted the call because one of the participants dialled in to the encrypted conference via an unsecure link from a hotel in Singapore.

Even in death he mocks me

Thousands of Russians defied Vladimir Putin by attending **Alexei Navalny's** funeral in Moscow. Hundreds more queued to pay their respects over the following days. America has imposed sanctions on three people in connection with the opposition leader's death, including the prison warden of the penal colony where he was found dead.

The International Criminal Court issued arrest warrants for two **Russian commanders** for directing attacks on Ukraine's electricity infrastructure from October 2022 to March 2023. Targeting civilian rather than military objects is a war crime. Meanwhile a Russian missile exploded in **Odessa** near where Volodymyr Zelensky, Ukraine's president, was holding a meeting with Kyriakos Mitsotakis, the Greek prime minister.

France became the first country in the world to explicitly enshrine the constitutional right to an abortion, after parliament voted overwhelmingly to support it. Some wondered whether this smacked of American-style culture wars: proponents of the measure had pointed to the rolling back of legal abortion in America.

In **Britain** George Galloway won a by-election in Rochdale, reducing the Labour Party, which had held the seat, to fourth place. Mr Galloway, a former Labour MP, ran a pro-Palestinian campaign aimed at the town's large Muslim community (Labour had withdrawn support for its candidate over his remarks about Jewish people). The next day the prime minister, Rishi Sunak, gave a big speech warning against activists who "spew hate on protests or seek to intimidate people", after MPs' homes were targeted by pro-Palestinian supporters.

At the annual meeting of **China's** parliament, the prime minister, Li Qiang, laid out an ambitious GDP growth target of "around 5%". Mr Li admitted that it will be tough to meet. The government is reluctant to crank up stimulus, even though the economy faces "many lingering risks and hidden dangers", as Mr Li put it. It was also announced that Mr Li will not give a press conference at the close of the week-long event, ending a tradition dating back to the 1980s and highlighting the absolute power of China's leader, Xi Jinping.

The Philippines accused the Chinese coast guard of harassing vessels that were trying to supply Filipino troops on the Second Thomas Shoal, one of the many disputed areas in the **South China Sea**. The Chinese fired a water cannon, slightly injuring four Filipino crew. A Chinese coast-guard ship also ran into a Philippine one.

Thousands of farmers in **India** renewed their attempt to march on Delhi, the capital. The farmers want the government to guarantee minimum payments for their crops and scrub out their debts. They had suspended their protest last month.

The government in **South Korea** increased the pressure on junior doctors to end their strike by threatening to cancel their medical licences. Representatives from the Korean Medical Association were questioned by the police regarding claims that medical law had been broken.

The scant remnants of **Haiti's** government were on the point of collapse. Murderous gangs control the capital, Port-au-Prince, and are waging gun-battles with the police for control of the airport. America's State Department asked Ariel Henry, the prime minister, to agree to a new transitional government. Few can get out of the country, or into it. For days Mr Henry was holed up in Puerto Rico. A proposed peacekeeping mission is not yet under way.

Alberto Otárola resigned as prime minister of **Peru** amid corruption allegations. He denies wrongdoing. The country's president, Dina Boluarte, replaced him with Gustavo Adrianzén, a human-rights lawyer and Peru's representative to the Organisation of American States.

Unfree and unfair

Venezuela's electoral commission set July 28th as the date for a presidential election, much earlier than expected. The opposition to Nicolás Maduro's autocratic regime now has until only March 25th to register a candidate. María Corina Machado, who won the opposition primary, has been disqualified by the Supreme Court. America says it will reimpose sanctions if she cannot run.

OpenAI hit back at **Elon Musk's** claim that he had been "induced" to make contributions to the startup, which he helped to found, on the basis that it would remain a non-profit organisation. Mr Musk has filed a lawsuit against OpenAI and Sam Altman, its chief executive, alleging that its partnership with Microsoft breaks a deal to make artificial intelligence free to the public. In a blog post OpenAI said that Mr Musk had "wanted us to merge with Tesla or he wanted full control" and left to create a rival AI business. "We're sad that it's come to this," the post said, "with someone whom we've deeply admired."

In reverse

Tesla's sales in China slumped by 19% in February from the same month last year, according to the China Passenger Car Association. This was in part because Chinese new year fell in February, but the news focused investors' attention on the weakening demand for **electric vehicles** and Tesla's stock fell sharply. A new price war is under way in China to tempt buyers. Tesla reduced the price of its Model 3 and Model Y cars in January. This week BYD slashed the prices of the newer version of its best-selling Yuan Plus car and its cheapest model, the Seagull.

Adding to **Tesla's** woes this week, the company stopped production at its factory near Berlin following an arson attack claimed by a far-left group. Local environmentalists have opposed the factory from the start, saying it soaks up local water supplies and damages woodland.

Tesla is not the only business struggling in China. **Apple's** sales of iPhones in the country plunged by 24% in the first six weeks of 2024, year on year, according to data from Counterpoint Research. Smartphone sales fell by 7% overall, though Huawei's grew by 64%. Apple's share price, already under pressure over its lack of direction on AI, fell further.

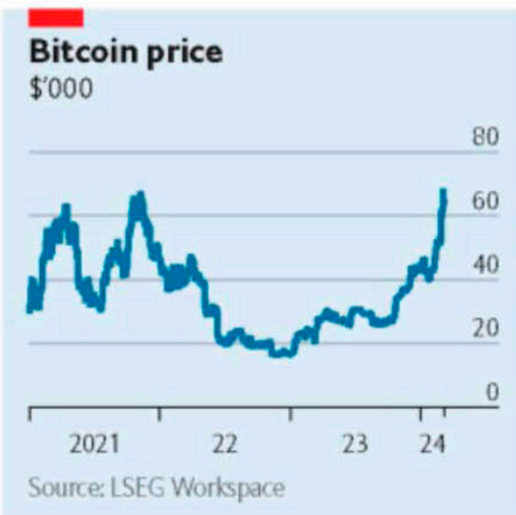
Meanwhile, Apple was fined €1.8bn ($2bn) by the European Commission for restricting its **music-streaming** rivals from telling customers about their pricing models on Apple's app store. It is the first competition fine levied against Apple by the European Union. The commission said the size of the penalty, the third-largest it has ever imposed in an antitrust matter, would act as a deterrent against similar practices. Apple is to appeal against the ruling.

The British government unveiled its **budget**, the highlight of which was a two percentage-point cut to national insurance, a payroll tax. It also increased the duty on business-class travel and extended a windfall tax on oil and gas companies. In another pivot, foreign nationals will no longer be able to avoid paying tax on money made overseas if they live in Britain for more than four years. An election is due later this year.

Egypt's central bank floated its currency and lifted interest rates by six points. The Egyptian pound plummeted to a record low. The IMF, which had called for a more flexible currency regime, promptly increased its loan arrangement with the country from $3bn to $8bn. Egypt has also secured $35bn in investment deals from the United Arab Emirates.

Australia's economy grew by 1.5% in the fourth quarter, year on year, the slowest pace since the pandemic. That adds more pressure on the central bank to cut interest rates.

Increased activity in mining helped **South Africa** avoid a recession in the last three months of 2023, though the economy grew by just 0.6% over the whole year. As well as rolling power cuts and creaking infrastructure, businesses are contending with logistical problems at ports, which are hampering trade.



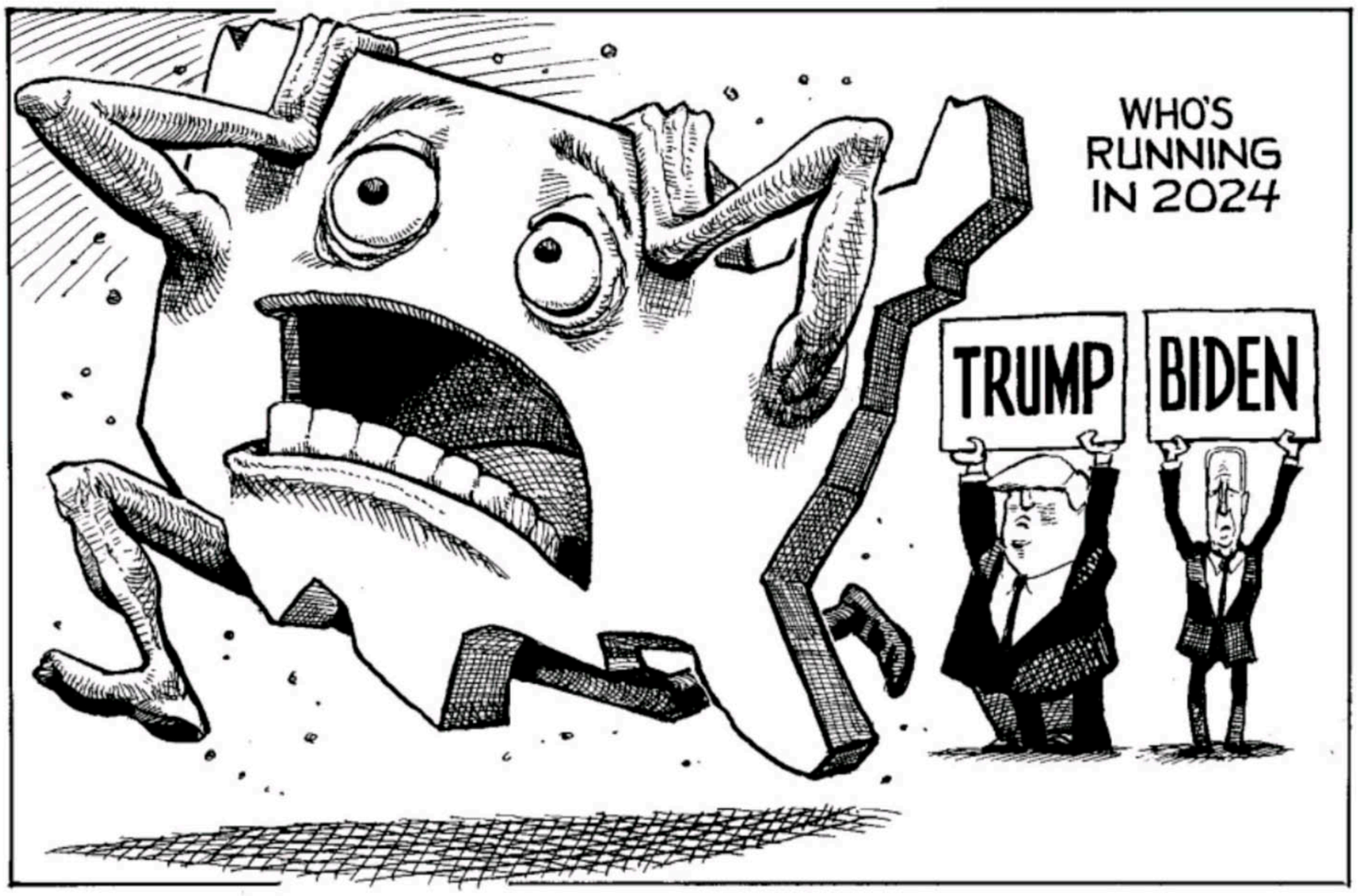
Bitcoin hit a new intraday record of $69,202 before falling back. The price of the cryptocurrency has surged this year, spurred in part by institutional investors piling into new American-listed exchange-traded funds in bitcoin.

Markets shrugged off the decision by OPEC+, which includes Russia, to extend to July cuts to **oil production** that were due to expire this month. The cartel is hoping to boost prices for the commodity by curtailing its output, but America and Canada are expanding their oil production, filling gaps in the market.

Target's revenue fell last year for the first time since 2016. Still, the retailer's share price surged after it announced a turnaround programme to entice shoppers and said it would invest in new stores.

The muppet show

Controversy ensued when Sesame Street's Cookie Monster tweeted that "Me hate **shrinkflation**! Me cookies are getting smaller". Joe Biden mentioned the comment in a speech on fighting "corporate rip-offs". A new bill from Elizabeth Warren and Bob Casey, two Democratic senators, would allow regulators to punish companies that reduce the size of their products but charge the same price.



And they're off

Three sources of uncertainty could upend America's presidential election

AND SO IT is confirmed. After Super Tuesday, it seems clear that the presidential election of 2024 will be a rematch—the first time a former president has challenged a sitting one since 1912. The candidates are exceptionally well-known, yet about 12% of voters have yet to choose between them. Those swing voters may decide what is shaping up to be a tight race. In the six elections before the year 2000, the average margin of victory in the popular vote was nine points. In the six since 2000 it has been three points. Even that understates how close presidential elections are these days. Just six states will be competitive in November. Last time round 160m Americans voted, but Joe Biden won Wisconsin, the tipping-point state, by 20,000 votes, or 0.013% of the total votes cast. When elections are this close, small differences in the inputs can have world-changing effects.

Because of this, any one of a dozen things could tip the election to President Biden or Donald Trump. There are the issues: the economy, the border, abortion. There are the turnout and persuasion operations, the donors and the volunteers. But in this election there are also three other big areas of uncertainty.

The first is the role of third parties (see Briefing). Many Americans find both main parties a bit weird. In theory, breaking their duopoly would be wonderful. In practice, a glance at the existing third-party candidates is a cure for that line of thinking. This year's crop includes Jill Stein, an environmentalist whose singular contribution to America may have been to ease Mr Trump's victory in 2016 and his withdrawal from the Paris climate agreement. It includes Cornel West, a left-wing professor who thinks there is not much difference between Mr Biden and Mr Trump. And then there is Robert Kennedy junior.

The two big parties jealously guard their duopoly. Since 2000, when Ralph Nader took enough votes in Florida to tip that state for George W. Bush, the parties have tightened the rules around who can get on the ballot for a presidential election. Ms Stein and Mr West are unlikely to qualify in every state (though they could still hurt Mr Biden). Mr Kennedy is different. In polls that include third parties he gets 12% of the vote. That suggests he ought to get enough signatures to put him on the ballot in most states. And if those polls translated into vote share in November, it would be by far the highest third-party score since Ross Perot in 1992.

It is hard to be precise about whom Mr Kennedy would draw more votes from. The surname suggests he would attract more Democrats, yet Republicans like him more. His environmentalism and vaccine-scepticism mix issues of left and right. His cheerleaders are Silicon Valley bros who think disruption is an intrinsic good. All of which means that a scenario in which Mr Kennedy helps Mr Trump to victory is disturbingly possible.

A second big uncertainty that is peculiar to this election concerns Mr Trump's trials. This week the Supreme Court sent a clear signal, in its 9-0 ruling against the state of Colorado, that it would rather keep out of this election. Mr Trump will therefore be on the ballot everywhere. Over the past couple of years there has been speculation that he might be imprisoned before the election or that, if re-elected, he might even have to govern from a cell. That will not happen. Most of the trials he faces will not be concluded, with appeals, by November 5th. The one case most likely to be decided in time is the most trivial: Mr Trump's trial for paying Stormy Daniels, a porn star, to keep schtum in 2016 and disguising this as legal expenses.

That is not the same as saying the trials are irrelevant. In our *Economist*/YouGov polls, a third of Republican voters say being "a criminal" is not a desirable trait in a candidate. Negative partisanship—the conviction that whatever your own side does, the other lot are worse—means that a huge majority of those who voted for Mr Trump before will do so again. But once the trial over his role in the riot of January 6th 2021 begins, there will be regular reminders of how his first term ended, just as undecided voters are weighing whether to give him another one. Yes, most Republican voters will find a way to rationalise the charges against Mr Trump. But the trials are still a drag on him.

The third area of uncertainty is the candidates' age. Mr Biden and Mr Trump will be the oldest and second-oldest nominees on record, making the odds of what is politely called a "health event" higher than usual. On the Republican side, Mr Trump has no political heir. He is installing his campaign manager as the party's chief operating officer and his daughter-in-law as its co-chair (see United States section). That is a brittle kind of strength. He so dominates the party that there would be chaos if he were incapacitated.

There is, by contrast, a debate among Democrats about whether Mr Biden is capable of winning a campaign because of his age. His poll numbers remain oddly low given the strength of the economy. The White House's answer is that the polls are wrong and that the president's fortunes will turn round when more voters start paying attention. Maybe. But 85% of Americans and 70% of Democrats think he is too old to serve another term. That is unlikely to change.

Slip road

If he is still behind in swing-state polls before the party's nominee is crowned at the convention in August, the main argument for Mr Biden—that he is the best defence against a second Trump term—will be hard to sustain. Replacing him then would be risky and could be chaotic. Mr Biden would have to stand aside voluntarily, which seems unlikely. Kamala Harris, the vice-president and likely successor, could be an even weaker candidate.

One way around that problem would be for Democrats to hold a talent contest at the convention. The risk is that the candidates would be dragged to the left to please an audience of activists. An alternative would be for party grandees to settle on a young governor such as Gretchen Whitmer in Michigan, or a charismatic speaker like Senator Raphael Warnock of Georgia. They would then have two months to campaign, in a blizzard of media attention, while Mr Trump is on trial over January 6th.

It may seem inevitable that the election of 2024 will be between Mr Biden and Mr Trump. But given the oddities specific to this contest, there is more uncertainty than you might think. ■

China

Power and paralysis

Xi Jinping sidelines his prime minister—and his new economic plan won't end deflation

As China's political system becomes ever more closed, set-piece public events offer one of the few remaining windows into decision-making. The most important such annual gathering, of the rubber-stamp parliament, is under way in Beijing. The top leaders and thousands of delegates will attend for a week. So far the signals are not reassuring. They suggest that China lacks a robust plan to deal with its economic slump and that some of its targets are fanciful. Power is being concentrated even further in the hands of President Xi Jinping.

Start with the economics. In a speech to the assembly China's prime minister, Li Qiang, unveiled a GDP growth target of around 5% in 2024 (see China section). He also laid out a long-term blueprint under the slogan "new productive forces". This emphasises shifting from a bloated property sector, debt-financed investment and basic manufacturing to high-productivity industries, such as green energy, artificial intelligence and digital services. China's rulers believe they have been appropriately tough about the property crisis, disciplined at responding to the slowdown, and have a coherent vision.

But look closer and the picture falls apart. The target exceeds the average of economists' growth forecasts, of 4.6%. To hit it, China needs more stimulus. Yet the fiscal-deficit target of 3% for 2024, which will be augmented by long-term bond issuance and other off-budget funds, is too small. Mr Li also set a de facto ceiling for inflation of 3%, in line with past practice. But unlike before, China now faces a deflationary crisis: consumer prices fell by 0.8% year on year in January. China used to set targets and beat them. Now its targets are semi-detached from reality.

To reinvigorate its economy China needs to harness the private sector. Private investments are half of the national total but fell by 0.4% in 2023, largely because of the property slump. But given its unstable regulation and official paranoia, the government has no good way to repair confidence among gloomy entrepreneurs. Multinational investment is at a 30-year low. Investors are so disillusioned that the valuation discount on Chinese shares compared with American ones has reached 54%.

Amid this malaise the political choreography suggests Mr Xi is ever less willing to share power even with his hand-picked subordinates. In his speech Mr Li mentioned his boss more often than previous premiers did. And breaking a convention dating back to the 1980s, Mr Li will not be allowed to conduct a press conference at the congress. That had been the only opportunity for ordinary people to hear such a senior politician respond to questions. Now even this small nod to transparency has gone. Meanwhile, technocrats are marginalised and unflattering data suppressed. The less convincing China's economic strategy becomes, the more Mr Xi tightens control.

Although the meeting is a domestic affair, it can affect China's relations with America. With the race for the White House so uncertain, China's rulers are trying not to stir up controversy. Mr Li's speech mentioned the "peaceful development" of relations with Taiwan and downplayed exports as an engine of growth, presumably to avoid provoking protectionists abroad.

Yet there were plentiful clues that China's regime sees itself in a long-term cold war. Defence spending will rise by 7% this year, above most forecasts for nominal GDP. Central-government spending on science is soaring. As the meeting began China signed a new defence agreement with the Maldives, raising tensions in the Indian Ocean. Chinese politics is more opaque than ever, but the real message is unmistakable: the economy is misfiring, power is concentrating and Mr Xi is focusing unwaveringly on the contest with America. ■

Britain's budget

Jam today, ingredients tomorrow

The chancellor cut taxes on the promise of productivity gains. That is the wrong way round

Jeremy Hunt, Britain's chancellor of the exchequer, was appointed for his technocratic manner by a government that increasingly resents technocracy. That tension was on display when he delivered a budget on March 6th. The speech was full of progress towards sensible aspirations: to fix a nonsensical benefit system for parents; reform the tax regime for temporary "non-dom" immigrants; and make workers, pensioners and landlords pay the same rate of tax. Yet the budget was ultimately governed by Mr Hunt's baser political instincts, or at least those of the ruling Conservative Party. Those instincts called for big tax cuts to win votes in a general election to be held by January.

Mr Hunt therefore pruned national insurance, a payroll tax, by two percentage points, replicating a cut he announced in November. Because only workers pay national insurance and it sits atop tax on income of most kinds, this is a step towards the equal treatment to which Mr Hunt aspires. Yet the cut is expensive and comes at a time when the public finances are under pressure. It seems affordable only because of projections for future public spending that look less like a plan than a fantasy.

To see why, consider the growing demands on the British state. Rising interest rates mean that servicing the national debt costs 3-4% of GDP, up from 1-2% before the pandemic. An ageing population requires more outlays on health care and the state pension, which together cost nearly 15% of GDP, compared with 12% in 2007. With war raging in Ukraine and geopolitics fraught, the government hopes to raise defence spending from about 2% ▸▸

to 2.5% of GDP. Taxes have risen to over 36% of GDP, the highest since 1949, and the government is following its loosest-ever guidelines for keeping its finances in order. Yet public services are in an awful state: the National Health Service (NHS) has huge waiting lists, strikes are frequent, the courts are backlogged and the roads have more potholes than the Moon has craters.

Mr Hunt has been able to loosen the purse-strings anyway, for two main reasons. One is that he is leaving less of a budgetary buffer to guard against nasty surprises. Another is that his spending plans are so tight. After the election Mr Hunt envisages raising spending on public services by 1% a year in real terms, which, given Britain's growing population, means spending per person would be flat. Even if services were running smoothly, that would be ambitious, because the public-sector wage bill tends to rise in real terms as overall incomes grow.

Fear not, argues Mr Hunt. Public-sector productivity—a slippery, albeit measurable, concept—has fallen by nearly 6% since before the pandemic. Boosting it would mean having to spend much less, thus making his plan achievable. To that end, Mr Hunt sensibly increased investment spending, especially on the NHS, which is committed to raising labour productivity by 1.9% a year. Advances in artificial intelligence and other technologies should help reduce the amount of time staff spend on paperwork; he promises upgrades to MRI scanners, for example, which will help doctors diagnose conditions faster.

Such investments are worth trying. The trouble is that Mr Hunt is banking the pay-off before it is assured. There are many reasons to doubt his optimism. Since 2010 the government has already tried to eke out every possible saving from the public sector. Nobody at Microsoft, let alone in the NHS, yet knows how best to put generative AI to use—and would you trust ChatGPT to fill out medical forms on your behalf? Past infusions of cash into the NHS that were intended for investment have instead been spent on fighting fires. Britain's record on transforming public-sector computer systems is chequered, to say the least.

The public finances are too fragile for tax cuts paid for by a speculative plan. Only 18 months ago Britain faced a bond-market meltdown. The path of interest rates remains uncertain. The debt-to-GDP ratio ratchets up with every crisis—and the world is becoming more crisis-prone. A prudent government would therefore earn the right to cut taxes. But the present one has its eyes firmly fixed on the election, and every incentive to leave its likely successors in the Labour Party in a tight spot. As the population ages, Britain is becoming more financially frail, too. ■

Obesity drugs

The real skinny

Novo Nordisk and Eli Lilly are printing money now. But a wave of competition is coming

WEIGHT-LOSS JABS have turned out to be blockbusters. And for good reason. For one thing, after centuries of false promises and quackery, these drugs actually work. With nearly half the world's population expected to be obese or overweight by 2030, demand for them is assured. And, more excitingly, they may be approved for a broader set of uses. Clinical trials suggest that they could reduce the risk of heart attacks, kidney disease and perhaps even Alzheimer's. By the end of the decade annual sales of obesity medicines could hit $80bn, making them one of pharma's biggest classes of drugs (see Business section).

No wonder enthusiasm for the makers of these drugs, Novo Nordisk and Eli Lilly, is at fever pitch. Since the start of 2023 Novo, maker of Wegovy (and its sibling Ozempic), has seen its market capitalisation soar by 87% to $560bn, making it Europe's most valuable company. Meanwhile the market value of Lilly, maker of Zepbound (and its sibling Mounjaro), has more than doubled to $740bn. One of these drugmakers could be the first to attain a market value of a trillion dollars, joining an elite club mostly made up of tech firms.

Add in the limited volumes and high prices for these drugs today, and you might think that this nascent industry is on course to be a price-gouging duopoly. In fact, the market will soon look drastically different from what you see now.

Right now the drugs are in short supply. Shortages of their active ingredients, like semaglutide for Wegovy, and of the skinny "pens" used to inject the medicine, are a constraint on production. And with a list price of almost $16,000 a year, these treatments are not cheap. Although a few users may be able to afford the cost themselves, most will need help from insurers or health services—many of which have yet to be convinced that the benefits are worth the drugs' eye-watering prices.

Access will be an even bigger problem in much of the emerging world, which is projected to experience the largest increases in obesity as incomes rise and diets change. So far most of Lilly's and Novo's sales have been in America, with the rest going mainly to Europe. Nor does it help emerging-world patients that the jabs need to be refrigerated, making them unsuitable for use in countries with less developed supply chains.

Yet there are good reasons to think that in future the market will see expanded supply, lower prices and a more global patient base. For a start, investment by Lilly and Novo to expand production should ease bottlenecks over time. Both firms are pouring billions of dollars into boosting supply by building their own capacity and teaming up with other manufacturers. Lilly and Novo are also racing to gain an edge over each other. Novo has already developed a pill that is about as effective as its injectable version. Lilly expects to launch its own obesity pill in a few years. Both companies also have newer versions of the drugs in the late stages of development which are more efficacious or have fewer side-effects.

More important in the long term, however, is the array of competitors preparing to enter the market. Wegovy, Zepbound and their ilk are less protected by patents than, say, Humira, a blockbuster anti-inflammatory drug that has reaped more than $200bn in sales over 20 years.

Already more than 70 companies are running close to 100 clinical trials for obesity drugs. These include big pharma firms (Amgen and Boehringer Ingelheim) and smaller biotechs ▸▸

(Viking Therapeutics and Structure Therapeutics) in the West, as well as Chinese drugmakers such as Sciwind Biosciences and Eccogene. Many are testing versions that are distinct enough from Wegovy and Zepbound that patent protections will not apply, allowing them to come to market within a few years, should they gain regulators' blessing.

Some candidates in the pipeline could be more effective than existing treatments; others might do away with the inconvenience of today's drugs, which require patients to inject themselves once a week and to continue taking them indefinitely to keep their weight down. Viking's experimental drug, for example, has been shown to help patients shed more weight than existing jabs. Amgen is testing a treatment that does not require patients to be on the drugs indefinitely. And Structure is developing a promising-looking pill.

Healthy competition

This frenzy of innovation is welcome. Lilly and Novo may lose their lead in the long term if cheaper alternatives arise; or they may themselves furiously innovate to reduce costs. Either way, prices should come down, making the drugs more accessible to patients around the world. Today the two pharma firms are reaping the rewards from their blockbuster drugs. But in time it will be consumers who benefit most of all. ■

American universities

Course correction

The Ivy League's supremacy is being undermined by bad leadership

America's grandest universities have had a humbling few months. Administrators—many of whom had embraced social-justice activism and often promulgated their views on current affairs—went strangely mute after Hamas's attack on October 7th, in which about 1,200 Israelis were killed. Loud opposition to oppression of all kinds turned timid when one of the oldest prejudices, antisemitism, reared its ugly head on elite campuses. Donors revolted. The president of the University of Pennsylvania resigned in December after widely derided testimony before Congress, in which she struggled to say whether students who call for the genocide of Jews ought to be punished. The similarly hapless president of Harvard, who in addition faced accusations of plagiarism, was forced to do the same.

On their own, these embarrassments are not an existential threat to the standing of America's most vaunted universities. Their ability to anoint America's aspiring elites remains intact—as do their eye-wateringly large financial endowments. But the fiascos of recent months have exposed serious failings at the country's top universities (see International section).

This matters because these institutions are engines of America's intellectual and economic prowess. They have helped make the country a magnet for global talent and they are critical to its lead in scientific innovation. But their credibility, built up over hundreds of years, is now being eroded.

Many Americans have noticed that they are hypocritically unmeritocratic in their admissions, censorious towards conservatives and flat-footed in dealing with antisemitism. On the first point, the Supreme Court has ordered universities to stop considering race when deciding whom to admit. But many continue to favour the offspring of alumni. These "legacy" preferences are deeply regressive and make a mockery of high-minded commitments to diversity, equity and inclusion (DEI), which—to a greater extent than any other American institutions—elite universities have espoused.

The DEI enforcers at such colleges not only seek to regulate student speech; many also require applicants for academic jobs to write diversity statements signalling adherence to progressive ideas, thus weeding out diversity of thought. And this supposedly oppression-eradicating bureaucracy has failed dismally to deal with antisemitism as it erupts on elite campuses. On February 26th a mob of protesters at the University of California, Berkeley, forcibly cancelled a speech by a visiting Israeli lawyer and intimidated Jewish students attending the event.

Ignoring these problems raises two serious risks. The first is domestic. Although they are mostly private institutions, top universities depend on billions of dollars of public funding, in the form of research grants and loan assistance. The steady leftward drift of their administrations has imperilled this. Republican lawmakers are not just threatening the preferential tax rates on university endowments. They also aim to fight illiberalism with illiberalism by banning the teaching of certain ideas.

The second threat is to the global standing of America's elite institutions. Internecine conflict over social-justice ideology saps the appeal of American universities, not just to Americans but to potential students from other countries too.

There is some fledgling resistance within the academy, which wise administrators should not ignore. A newly formed group of professors called Faculty for Yale argue that their university must return to its original mission and "insist on the primacy of teaching, learning and research as distinct from advocacy and activism". A few years ago, such a statement would have been utterly uncontroversial; that this is now considered brave dissent is dismaying.

Earning back public trust is possible. Elite universities need to make admissions fairer by eliminating ancestral privilege and reintroducing the consideration of standardised test scores, which are less easily gamed by the children of the wealthy. They need to embrace academic freedom at all times—not just when it suits them—and stop policing the views of students and faculty. Compulsory diversity statements should be scrapped. The rapidly expanding administrative apparatus that has enabled all this dysfunction should be scaled down. So, too, should many universities' overstuffed corporate boards. They should employ fewer cheerleaders for the university president and more tough, independent voices.

If America's great universities wish to remain pre-eminent for centuries more, they must correct course now. Credibility often diminishes slowly—and then all at once. ■

Who owns AI?

Ben Sobel's diatribe against "anti-human" copyright law because it poses a "profound threat" to generative artificial intelligence missed some critical steps (By Invitation, February 16th). One of the main reasons the holders of copyright want protection of their work is so that they can continue to exercise their moral rights, including the right to attribution and to stop their work from being used in a derogatory way. This is of critical importance in the world of deep fakery.

However, those companies that are developing AI-powered tools in the fields of law, medicine and research have to be as sure as possible about the authoritative provenance of the works they are using in training. Copyright is a great tool for this purpose, because it provides a chain of evidence leading directly back to the author-publisher. From here a judgment can be made as to whether the work is true (did the judge really make that statement?) or false (did a large language model hallucinate a medical research finding?).

If copyright is taken out of the AI equation this heredity is difficult if not impossible to determine and the world will be a less fair and more dangerous place as a result.

RICHARD MOLLET
Chiddingfold, Surrey

Anthropomorphising is a problem as society debates AI. The term "hallucination" is used for when the AI is "just plain wrong". You say this is better described as having the "qualities of a great bullshitter" ("Silicon dreamin'", March 2nd). But such a person has, at heart, an intent, such as to evade criminal prosecution or to win an election (or both). Large language models do not have intent, but as you pointed out, merely produce the most probable next word for a certain input.

Our intent as users of AI may be to use a reliable tool, marketed as a useful assistant or alternative to reading Wikipedia. The AI boosters' intent is to sell a product or support ever larger valuations of their companies. Who's the real bullshitter there?

SETH HAYS
Editor
Asia AI Policy Monitor
Taipei, Taiwan

War and genocide

Paul Moss wondered whether the Holocaust should be viewed outside the context of war, as many of its atrocities took place away from the battlefield (Letters, February 24th). Without war, the Holocaust couldn't have happened the way it did. The Nazis saw the second world war itself as an opportunity to purify the Aryan race and to make a living space for its people (*Lebensraum*). The conflict provided opportunities for experiments in brutality. With conquest these methods were exported to murder millions of people depicted as racial enemies using the language and cover of war. The murder of the mentally ill began in October 1939 but was backdated to September 1939 to give it the appearance of a wartime measure.

For the Nazis, the war against the Allies was also a war against the Jews. To separate the war from the genocide leaves out key parts of each. Only with Germany's defeat did it end.

ALEXANDER MCPHERSON
Toronto

Populists v conservatives

You proposed distinguishing "national conservatives" from "old-style conservatives" ("The peril of national conservatism", February 17th). You say these so-called "national conservatives" are fine with big government, hostile to elites, and think their country has been the victim of exploitation by a shadowy cabal of international organisations, bankers and elites. That's not conservative. That's reactionary. Donald Trump is not a conservative. The Americans who vote for Mr Trump are not conservatives. They are populist reactionaries.

This political position is not new and has a long tradition in American politics (Huey Long, for example). It is not stable, because the belief that everything is rigged against "the people" eventually undermines faith in democracy and promotes the view that progress is only possible through some supreme leader. So populist reaction collapses very quickly into a form of authoritarianism known as fascism. We don't need a new political category to describe this. Moreover, the "old-style" conservatives were also nationalists, they just took a wider view of the national interest.

MATTHEW DRAPER
San Diego

Umberto Eco's article, "Ur-Fascism", published in the *New York Review of Books* in 1995, identified 14 characteristics of fascist movements. All the national-conservative parties in the various countries you mentioned tick most of those boxes. The tolerance of contradictions, the faux traditionalism, the plot obsession, the macho posturing, the appeal to a frustrated middle class, the covert (and sometimes not so covert) racism, the anti-intellectualism, and the rejection of democracy and enlightenment values. Listening to the speeches made by their leaders with Eco's list in hand is a depressing game of bingo.

PAUL JOHNSON
Fareham, Hampshire

A Ukrainian abroad

Charlemagne wrote about Ukraine's refugees (February 24th). I am one of them, residing in Switzerland rather than the EU. My situation is atypical. I was already in Switzerland as a tourist visiting family when the war began. I quickly secured a job at the same international firm I worked for in Ukraine, never seeking social assistance and covering all my expenses independently. Much like other expats in Zurich, I live in a good flat, travel, pay taxes and contribute to social security. However, my employer prefers to keep me on the Ukrainian programme permit for simplicity.

The prospect of these programmes coming to an end concerns me deeply. I don't want to return to a home with constant Russian threats, a society experiencing profound trauma, a struggling economy and limited corporate job opportunities. It raises the question of what European governments will do with individuals like me once they close the Ukrainian scheme.

ANNA KUZMENKO
Zurich (originally from Zaporizhia, Ukraine)

As time goes by

I thoroughly enjoyed the piece on when events become history ("The present as prologue", February 10th). I find myself, born in England in 1943, increasingly thinking that my own past is now history. Many young people might add "ancient" to that. It's not that I object or find it alarming. It is just a strange sensation to know that I was there when this, that or the other thing happened. It is said that old age is not for sissies, but nobody tells you how curiously fascinating it can be.

GEOFF GIFFIN
Surrey, Canada

Investment advice disclaimer

What is my preferred measure of when to shift into safer investments (Buttonwood, February 24th)? An index incorporating the number of published articles declaring that "this time is different" and the number of relatives offering stock tips based on their day-trading activities.

GRANT LEWIS
Washington, DC

Letters are welcome and should be addressed to the Editor at
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More letters are available at:
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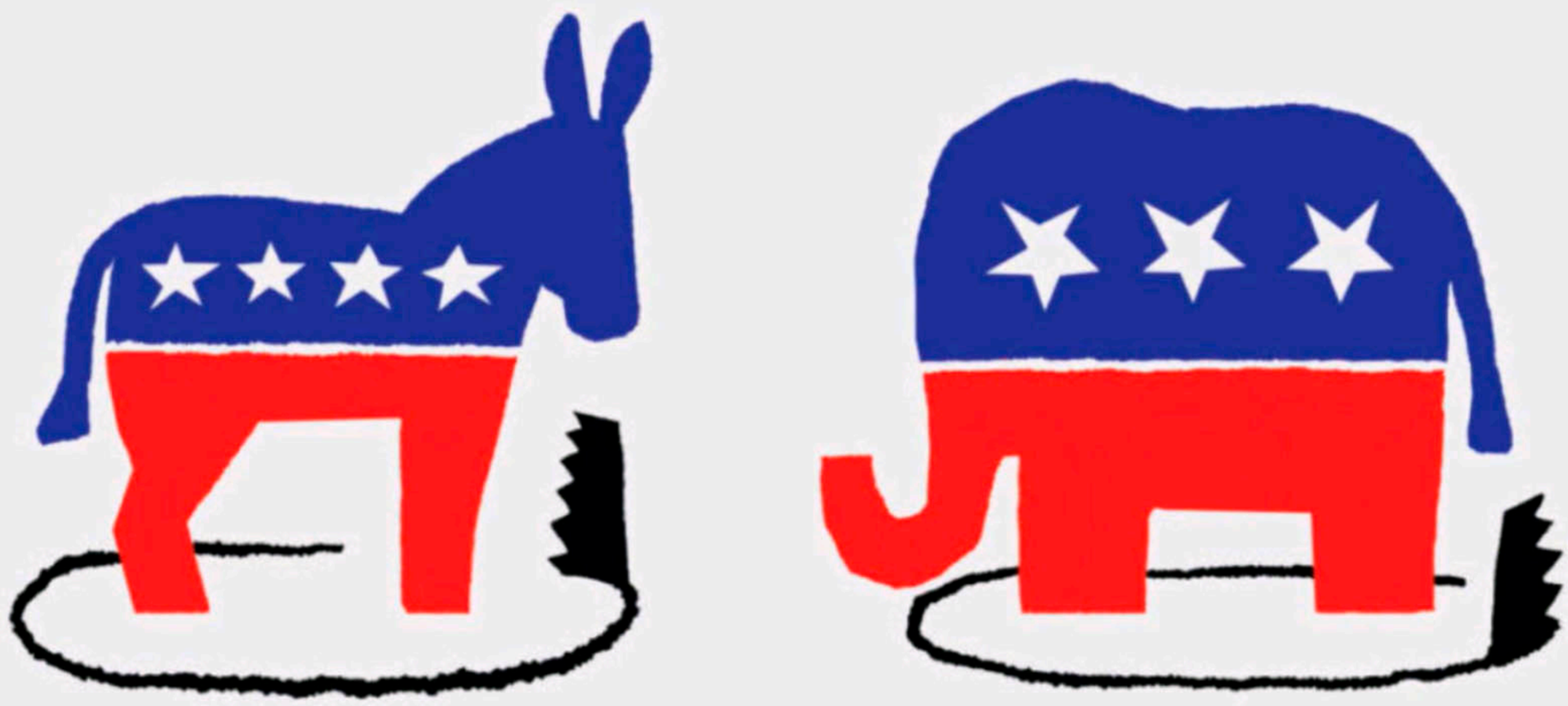


Spoilers

WASHINGTON, DC

Third-party candidates could tip the election either way

When the Democratic candidate, Al Gore, narrowly lost the presidential election of 2000, Joe Biden, a senator at the time, directed his fury at one of the also-rans, Ralph Nader. The left-leaning Mr Nader won 97,488 votes in Florida, far more than Mr Gore's losing margin of 537. "Nader cost us the election," Mr Biden concluded.

Nearly a quarter of a century later, Mr Biden is the Democratic candidate in a race that is also likely to be close. With Nikki Haley, Donald Trump's final adversary in the Republican primaries, suspending her campaign this week, he has in effect secured the Republican nomination (see United States section). That sets up a rematch between Mr Biden and Mr Trump. But several other candidates have also vowed to run and are trying to get themselves on the ballot. Given the closeness of the polls, it is quite possible that these third parties could tip the election either way.

Mr Nader, for one, appears worried. He has always rejected the idea that he was responsible for Mr Gore's loss and remains a critic of America's two-party system. He says he would never tell a third-party candidate not to run, but also seems resigned to the fact that one cannot win in 2024. He certainly cannot bring himself to endorse Mr Biden, whom he calls "Genocide Joe" over his support for Israel. Nonetheless, he says, "The singular goal is to stop the Trumpsters and the fascism that they bring with them." For a repeated and unrepentant third-party candidate, that almost sounds like reluctance to cast a vote that might help return Mr Trump to the White House.

Land of, say, three

Americans often say they are unhappy with their limited political options and would like a wider choice. This year two-thirds of them are "tired of seeing the same candidates in presidential elections and want someone new", according to a poll conducted in January by Ipsos. The same survey showed only a quarter of Americans "satisfied" with the two-party system.

Yet third-party candidates never win American presidential elections. The Republicans and Democrats have had a lock on the office since the civil war. No third-party candidate has so much as won a state since George Wallace carried five southern ones with a segregationist platform at the height of the civil-rights movement in 1968. Only two third-party candidates have taken more than 5% of the national vote in the past 50 years: John Anderson, a Republican congressman, who won 6.6% in 1980, and Ross Perot, a Texan businessman, who won 19% in 1992 and 8.4% in 1996.

It is not that voters are lying to pollsters about their openness to alternatives. The problem is America's first-past-the-post electoral system, which makes life much more difficult for smaller parties than a proportional system would. Rational voters must consider not only how much they like a candidate's policies, but also how likely he or she is to win. Although some voters may cast protest votes for third-party candidates, the vast majority opt for someone who has a real chance to govern. In presidential elections, that is always the Democrat or the Republican.

But even if third parties can't win the ▸▸

presidency, they can still influence the outcome of an election. Their ability to do so depends on two variables in addition to how many votes they receive: whether they draw support disproportionately from one side and how close the race between the two main parties is.

Even when third parties do well, they do not necessarily determine the result. For instance, although Mr Perot won a far higher share of the vote in 1992 than Mr Nader did in 2000 (19% v 3%), it is not clear that he swung the election. He ran as a centrist, and seems to have taken votes in roughly equal measure from both the Republican candidate, George Bush senior, and the Democrat, Bill Clinton. By the same token, in 2016, even though votes for two third-party candidates easily exceeded the winning margins in the handful of swing states that decided the election, the interlopers do not seem to have determined the outcome. That is because most of their supporters would probably not have bothered to vote at all if they had not been on the ballot and because the pair largely cancelled one another out, with one on the left and one on the right.

Mr Nader, in contrast, ran squarely to the left of Mr Gore. Although he doubtless attracted some voters who would not have cast a ballot if he had not been running, most of them would have been natural Gore supporters. What is more, the election was extraordinarily close. Only 0.55% of his backers in Florida would have had to have voted for Mr Gore to change the outcome. Had Mr Nader not been on the ballot, Mr Gore would almost certainly have become president.

Through the populous fight

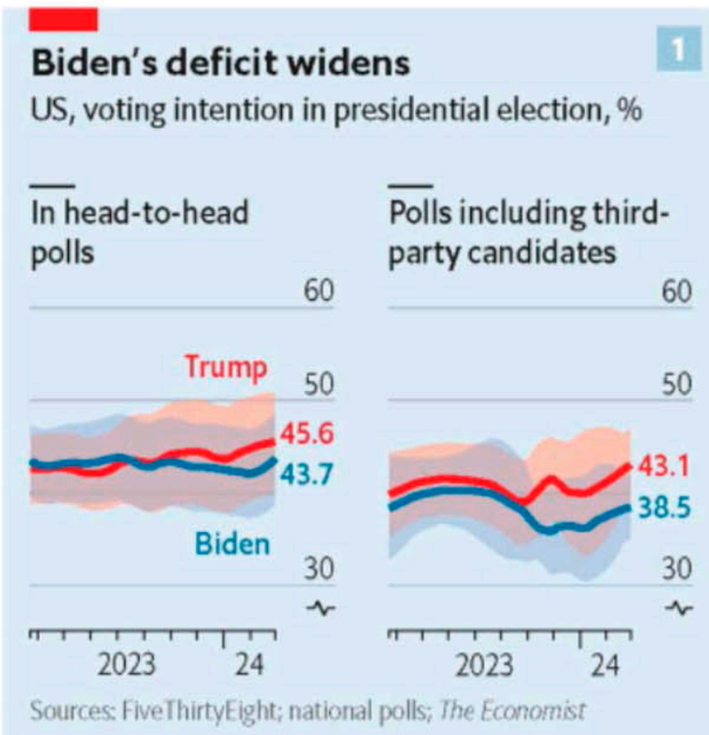
A similar upset is possible this year, for several reasons. First, polling suggests the election is likely to be close. *The Economist*'s poll tracker has Mr Trump ahead of Mr Biden by less than two percentage points, well within the margin of error. Second, there are plenty of third-party candidates in the race. The Green and Libertarian parties are both planning to field a candidate. So might No Labels, a well-funded group trying to counter partisanship in American politics. Cornel West, a left-wing academic, is running, too. And another independent candidate, Robert Kennedy junior, is polling especially highly, at as much as 18% in some recent soundings.

It is hard to know whether Mr Biden or Mr Trump should be more nervous. On the one hand, other factors being equal, the greater uncertainty generated by the presence of third parties in the race should help Mr Biden, as the narrow but consistent underdog. On the other hand, only 23% of Democratic primary voters are enthusiastic about Mr Biden's candidacy whereas 48% of their Republican counterparts are excited about Mr Trump, according to a recent *New York Times*/Siena College survey. The Democrats' half-heartedness might mean that Mr Biden's supporters are more likely to defect to a third party.

What is more, several of the third-party candidates are clearly left-leaning. Jill Stein, the Green candidate in 2012 and 2016 (when she was accused of depriving the Democratic candidate, Hillary Clinton, of victory), is running again. Jason Call, her campaign manager, insists that her goal is to become president, but acknowledges that even winning 5% nationally would "be a big thing for us in terms of gaining more major party status and getting some federal funds to come along with it for the 2028 election". She is polling around 2%. So is Mr West, a public intellectual and first-time candidate, who has been attacking Mr Biden as too militarist, too soft on Israel and too close to corporate America, among other failings.

Both Mr West's and Ms Stein's campaigns insist that if Mr Trump wins the election, the fault will not lie with their candidate, but with Mr Biden. Anthony Karefa Rogers-Wright of the West campaign fulminates, "You are managing to contemporaneously piss off your entire base in one election cycle. To go and then blame any electoral damage that comes from that on third parties is disingenuous and irresponsible." In other words, third parties do not hurt mainstream candidates; bad mainstream candidates create an opening for third parties. What is more, both candidates hope to entice lots of new voters to cast ballots. Roughly a third of those eligible did not turn out last time, after all.

Nonetheless, it is hard to escape the conclusion that, to the extent Mr West's or Ms Stein's participation in the race hurts either main candidate, Mr Biden is more likely to suffer. The same cannot be said with certainty of Mr Kennedy, whose appeal seems to be much broader. As the son of Robert Kennedy, a former attorney-general and senator who was assassinated in 1968 while vying for the Democratic nomination for president, he is Democratic royalty. He ran initially in the Democratic primary himself, but pulled out in October, complaining that the competition was stacked in Mr Biden's favour.



Mr Kennedy's quixotic views seem more Trump-y than Bidenesque, however. He decries forever wars, vaccine mandates and unaffordable housing. BlackRock, the world's largest asset manager, and Volodymyr Zelensky, Ukraine's president, are recurring bogeymen in his stump speech. He speaks highly of Joe Rogan, a right-ish podcast host, and can sound like Mr Trump when decrying the media. Although he is an environmental activist, he has attracted attention in recent years mostly for propagating conspiracy theories about vaccines.

In January *The Economist*'s regular poll with YouGov found that neither Republicans nor Democrats see Mr Kennedy as one of their own. Only 14% of Democrats consider him a liberal while 34% describe him as a conservative. Yet only 10% of Republicans call him a conservative, while about a third think of him as a liberal.

For the moment, however, Mr Kennedy is more popular with Republicans: 61% view him favourably, compared with just a third of Democrats. Last year he even received an invitation to speak at the Conservative Political Action Conference, a big fixture in the Republican calendar. But that may simply be because he had been making Mr Biden's life difficult by mounting a primary challenge. Some surrogates for Mr Trump have taken to attacking him since he withdrew from the primary.

Even harder to gauge than the effect of Mr Kennedy is that of No Labels, which is due to decide on March 8th whether to field a presidential candidate. For months it has been promising "to ensure Americans have the choice to vote for a presidential ticket that features strong, effective and honest leaders". In practice, that means conjuring up a bipartisan ticket to challenge the main parties' duopoly. The group has published a "commonsense agenda" with 30 ideas meant to appeal to the political centre.

But No Labels seems to be having a hard time finding a standard-bearer. Larry Hogan, a former Republican governor of heavily Democratic Maryland, was a contender but chose to run for the Senate instead. Joe Manchin, who is about to retire as a Democratic senator from heavily Republican West Virginia, has decided against joining the ticket. So has Mrs Haley. Chris Christie, a former Republican governor of New Jersey, has expressed interest, but may have difficulties in some states owing to "sore loser" laws, which bar candidates from running for president after losing a primary. The group seems to have plenty of money (since it is not a political party, it does not have to disclose donations), so could conceivably have an im-

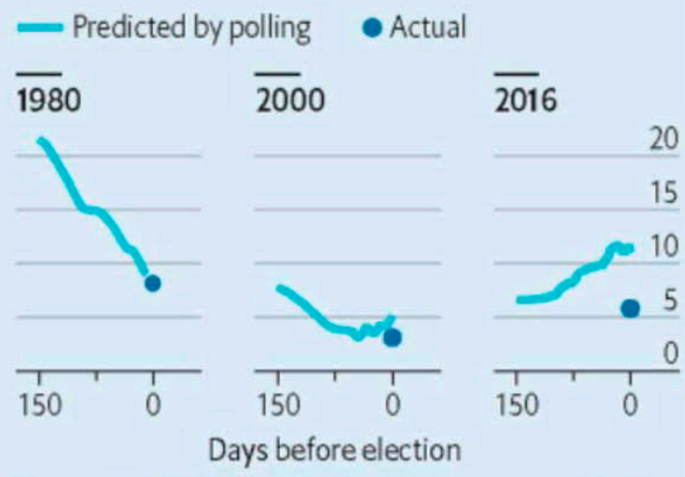
pact. But without a candidate, it is impossible to judge what the impact will be.

One way to test which of the main candidates is harmed by all the also-rans is by comparing surveys that only feature Mr Trump and Mr Biden with those that also include third-party candidates. In our head-to-head average Mr Biden trails Mr Trump by 1.9 percentage points. When named third-party candidates are included in the polling this gap grows to 4.6% points (see chart 1 on previous page). Should this effect persist, Mr Biden will struggle to win the election.

This far out from the voting, however, polls are typically poor predictors of the final result—and that is especially true for third-party candidates. Scarlett Maguire of JL Partners, a polling and research firm, expects Mr Kennedy's support, in particular, to wilt. The intractable arithmetic of the two-party system presumably becomes harder for voters to ignore as the election looms. At any rate, support for third-party candidates tends to dwindle in the polls or to end up lower than the polls predicted or both (see chart 2). In 2016, for instance, 11% of Americans told pollsters that they would vote for third parties. When push came to shove, however, only 6% did.

Appealing but perishable 2

United States, vote share for third-party presidential candidates, %



Sources: FiveThirtyEight; "Election polling errors across time & space", by W. Jennings et al., *Nature*, 2018; Gallup; *The Economist*

So proudly we railed

This year this effect may be especially strong. The widespread dissatisfaction with the choice of Mr Biden or Mr Trump may cause voters to consider other candidates, such as Mr Kennedy. Yet when they actually cast their ballots, the sense that the race has especially high stakes may induce them to stick with one of the main candidates after all. In the five *Economist*/YouGov polls conducted since the end of January, the average support for a generic third-party candidate was only 5.7%. And unlike 2016, support for such a candidacy is uniformly low across age, race, education and sex. Voters may dislike both Mr Trump and Mr Biden, but most appear to dislike one a lot more than the other—and are willing to vote for whomever they consider the lesser of two evils.

America's electoral system not only saps support from third-party candidates; it also makes it hard for them to get on the ballot. States have a bewildering assortment of deadlines for the necessary paperwork and require different and sometimes dizzying numbers of signatures of local voters to qualify. So far, Mr Kennedy, for instance, has made it onto the ballot only in Utah, Nevada, New Hampshire and Hawaii, according to his campaign.

Derek Muller of the University of Notre Dame reckons that "it's not difficult" to get on the ballot in 30 states. The next ten are harder, and the final ten are truly daunting. "Ross Perot was able to do it pretty flawlessly in '92," he says, but some states have increased the number of signatures needed and moved up deadlines in recent years as the bigger parties try to exclude potential spoilers. The requirements in California, Florida, New York and Texas—which together account for some 28% of the votes in the Electoral College that ultimately decides the election—are among the most onerous.

Winning the backing of an established political party makes gaining access to the ballot easier. Ms Stein, as the Green candidate, was on the ballot in 44 states and the District of Columbia in 2016. Gary Johnson, the nominee of the Libertarian party that year, appeared on the ballot in all 50 states, as well as in DC. Doubtless for that reason, Mr Kennedy is flirting with the Libertarians, despite his interventionist views about economics, among other awkward policy stances. "I feel very comfortable with most of the values of the Libertarian party," he recently told CNN. The party holds its nominating convention in May. No Labels, for its part, has already secured a line on the ballot in 16 states.

Perhaps the best indication that third-party candidates may indeed sway the race are the frantic efforts Democrats, in particular, are making to keep them out of it. In February the Democratic National Committee filed a complaint with the Federal Election Commission accusing Mr Kennedy's campaign and a well-funded group that supports him of breaking the law by co-ordinating efforts to get him on the ballot. In January it hired a communications adviser to campaign against third parties. Some Democratic groups are trying to dig up embarrassing information on third-party candidates, while at least one is urging candidates to drop out of the race in swing states if they do not reach certain polling milestones.

Third Way, a centre-left think-tank, is leading a charge against No Labels. "No Labels' fantasy electoral map defies every rule of political physics in order to claim they can win 286 electoral votes," says a recent memo from the group. "They are putting our democracy at risk if they go forward with this doomed plan that will re-elect Trump." No Labels, for its part, has filed a complaint with the Justice Department over alleged intimidation from groups like Third Way which, it claims, are trying to keep No Labels off the ballot.

So far Republicans have been less vocal about the threat of third parties, presumably because they see the current lot as helping Mr Trump. But if Mr Kennedy shows signs of peeling away his supporters, Mr Trump will doubtless let rip. Much will depend on whether No Labels decides to put up a candidate and whether it recruits a strong one, on whether Mr Kennedy manages to secure the Libertarian nomination in May and so on.

Above all, however, what will determine how important third parties are to the race is how close the competition between the two main candidates gets. If the margins widen in swing states such as Arizona, Georgia, Michigan and Pennsylvania, third parties will have been little more than a distraction (or, from the view of the campaigns, a source of unnecessary anxiety). But minor candidates could easily tip the balance in a close election.

This is not lost on many third-party voters, who are aware of the risks of their decisions. Chris Nelson, 29, attended a recent rally for Mr Kennedy in Charleston, West Virginia. Mr Nelson, a public defender, says he has already decided to support Mr Kennedy despite voting for Mr Trump in the past. Although a Trump victory is nearly guaranteed in West Virginia, he acknowledges that, should Mr Kennedy's campaign attract enough support, it could help usher Mr Biden into office. That, he says, is just part of the democratic process: "That's kind of what makes this country great, you know. That's the risk you take when you go to the ballot box." ■

The Republicans

Brand Old Party

WASHINGTON, DC

A dominant Donald Trump moves swiftly to master a bigger MAGA machine

NIKKI HALEY became the first woman to win a Republican presidential primary on March 3rd, when she earned 63% of the roughly 2,000 votes cast in the District of Columbia. Donald Trump's campaign quickly sent out a press release knocking Ms Haley for being "crowned Queen of the Swamp by the lobbyists and DC insiders". Mr Trump is busy creating a new Republican establishment anyway.

Ms Haley notched up a second win, in Vermont, on March 5th, but that came amid an avalanche of defeats. Fifteen states and one territory held primaries, with 854 of the 1,215 delegates needed to clinch the Republican nomination up for grabs. Known as Super Tuesday, the typically important day proved unusually sleepy. As expected, Mr Trump dominated, as he has throughout the primary process. The front-runner won every Super Tuesday primary but Vermont's.

Before Ms Haley dropped out of the race on Wednesday morning, Mr Trump wrote that many of her supporters were "Radical Left Democrats" but he "would further like to invite all of the Haley supporters to join the greatest movement in the history of our Nation". Ms Haley declined to endorse Mr Trump, who is now running unopposed and will soon officially clinch the delegates needed to become the party's presumptive nominee.

Mr Trump did receive an endorsement from Mitch McConnell, the veteran Republican leader in the Senate and one of the last prominent holdouts. But the former president was already flexing his influence over the national party before Super Tuesday. The Republican National Committee (RNC), a 168-member body, is convening in Houston on March 7th and 8th, and merging the institution with Mr Trump's campaign will be at the top of the agenda. Ronna McDaniel, the RNC's chair since 2017, will finish her two-year term early after Mr Trump grew dissatisfied. Mr Trump has picked Michael Whatley, chairman of the North Carolina Republican Party, to replace her. Lara Trump, the former president's daughter-in-law, is expected to join as co-chair. And Chris LaCivita, a top campaign official, will oversee day-to-day operations at the national committee.

Last month Ms Haley criticised these moves as premature, but presidential campaigns always integrate with the national committee eventually. "Of course he's going to take over the building and the party," says Sean Spicer, who worked at the RNC before joining the Trump administration. "It unifies the effort. You don't need people swimming against the stream."

Mr Trump was able to move faster than usual because he remains extremely popular with Republicans, and even his critics could see that only he could win the nomination. Both organisations will now co-ordinate strategy and spending that could pass $1bn. The committee traditionally focuses on get-out-the-vote operations and could take on some campaign expenses. Then there are Mr Trump's legal bills, ▸▸

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which continue to mount as he fights multiple criminal indictments.

Henry Barbour, a longtime committeeman, sought to pass a resolution preventing the RNC from picking up a legal tab that could run into tens of millions of dollars. He said ahead of the Houston meeting that the effort could not muster enough support even to come up for a vote by the full committee, though Mr LaCivita has said that Mr Trump will not rely on the RNC funds for legal liabilities.

A Trumpified RNC today does not guarantee one in perpetuity. The institution typically shrinks as it comes under financial pressure after presidential elections, and many Trump appointees will depart. The newly installed chair and co-chair will be up for re-election next year. Their successors will be chosen by RNC members, who generally support Mr Trump, but Republicans who have witnessed such transitions before say they can be unpredictable.

The presidential candidate will have greater influence over the future of the party by wading into congressional races. More than 90% of Trump-endorsed candidates won their primaries in 2022, and his endorsement remains potent in 2024. A Republican pursuing a US Senate seat in Montana dropped out days after Mr Trump endorsed his rival. A House Republican strategist declines to share details on discussions with the Trump campaign, but says Mr Trump wants to see the party's majority grow: "He's definitely a team player."

Even a Trump loss in 2024 would not necessarily diminish the appetite for Trump-aligned populists in the future. "That is where the energy is in the party," says Alex Conant, a Republican operative. "I expect it will remain that way for a while regardless of what happens to Trump."

Mr Trump's strength among primary voters should surprise no one, but some of the party's money men have shown less enthusiasm. Many donors preferred Ms Haley or Ron DeSantis, the Florida governor whose $168m effort ended after the Iowa caucuses. Last year was the RNC's worst fundraising year, adjusting for inflation, since 1993—and its Democratic rival brought in over $30m more. The DNC started 2024 with more than $21m cash on hand compared with just over $8m for the RNC.

Money is not all that matters. Hillary Clinton spent nearly twice as much as Mr Trump in 2016 and still lost. But in a close race, any extra advantage could decide the outcome. Mr Trump is a potent small-dollar fundraiser, but he appears to know he will need more billionaires onside.

The Club for Growth, an influential anti-tax group that fell out with Mr Trump in recent years, has begun to reconcile with him lately. Jeff Yass, a billionaire trader, gave the group's Super PAC $10m as it sought a Trump alternative. He later donated to the Super PAC for Chris Christie, a former New Jersey governor. On March 1st Mr Trump called Mr Yass "fantastic".

Whether Mr Trump can win over donors—and more moderate Republicans—may depend on how he adapts his tone in the coming months. Most presidential nominees undergo a shift after securing their base, adopting a more moderate message during the general election. Mr Trump has been notably more circumspect on abortion and other social issues than his Republican rivals. But his broader strategy is unlikely to change: hammering Mr Biden for his handling of immigration and the economy while pointing to increasing chaos around the world.

"Winning campaign messaging requires a few key ingredients: being simple, compelling and able to draw a clean contrast against the opposition," says Rob Lockwood, a former RNC strategist. "Biden's political prospects are primarily haunted by his record," and Mr Trump can point to four years in office that polls suggest many voters recall fondly.

Mr Trump still faces the challenge of healing wounds within his own party. After Iowa, he opted for a unifying message. A week later in New Hampshire, visibly annoyed, he departed from his script and delivered a lengthy personal attack on Ms Haley. As the results came in on Super Tuesday, Mr Trump said: "We want to have unity, and we're going to have unity, and it's going to happen very quickly." ■

Down-ballot pointers

A risky insurgency

WASHINGTON, DC

Donald Trump wasn't MAGA's only winner on Super Tuesday

By the end of the night on Super Tuesday the 2024 presidential race remained largely unchanged. Donald Trump and Joe Biden are still the presumptive nominees. So great are their margins over their respective primary opponents that some pundits were splitting hairs over whether Mr Trump winning Texas by 60 points rather than his 65-point lead in polls boded poorly.

But beyond the unsurprising presidential results, a glance at down-ballot races shows a familiar Republican strategy playing out again. In some states MAGA Republicans are repeating their 2022 playbook by nominating extremist candidates who perform well with their base in a primary contest but face a steeper climb in a general election.

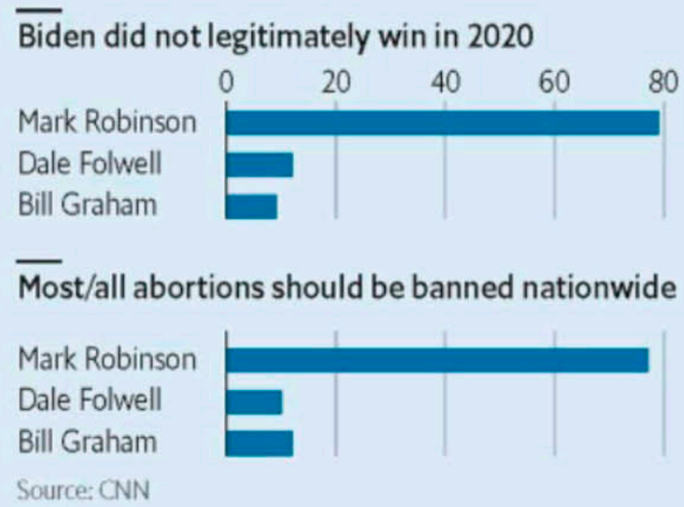
In North Carolina Mark Robinson, the state's lieutenant-governor, won the Republican gubernatorial primary. A conspiracy theorist who has quoted Hitler and compared gay people to maggots, he attracts hard-core voters (see chart). In November he will face the state's attorney-general, Josh Stein, a moderate Democrat. In a state that runs three points more Republican than the country, the party was poised to be especially competitive in this race to replace the current term-limited Democratic governor. Instead Mr Robinson risks alienating moderates and independents.

Texas had a MAGA insurgency. That forced Tony Gonzales, a Republican representative, into a run-off with Brandon Herrera, a YouTube personality known as the "AK Guy" for his support of semi-automatic rifles. The state party had censured Mr Gonzales last March in part for supporting a gun-control bill in the aftermath of the Uvalde shooting in which 19 schoolchildren and two teachers were murdered. Mayra Flores, a Trump acolyte who voted against same-sex marriage, won her primary to face the incumbent Democrat, Vicente Gonzalez. And many of the Republicans who had opposed the governor, Greg Abbott, and the attorney-general, Ken Paxton, over the past two years suffered retribution. At least 17 of these candidates were either forced into run-offs or lost outright.

During the 2022 midterm elections, nominating conspiracy theorists and election-deniers proved to be a tripwire. Voters punished these candidates at the ballot box. Republicans failed to recapture the Senate and even lost a seat, missing out on the usual midterm gains for the party that does not hold the presidency. That has not stopped Republicans from doing more of the same.

Robinson crusade

North Carolina Republican primary, by candidate preference for governor, % of voters agreeing
March 5th 2024 exit poll



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Immigration

Executive inaction

LOS ANGELES

Can Joe Biden bring order to the border without Congress?

EVEN BACK when it looked as if the bipartisan border-security bill would get a fair hearing in the Senate, the Biden administration insisted that it was working on a Plan B. Then the bill fell apart, owing to Donald Trump's desire to deprive Joe Biden of any accomplishments to campaign on, and Plan B became Plan A.

A month on Mr Biden has yet to roll out an executive order for the border—for two reasons. Politically, the border bill's death revealed just how little congressional Republicans care about governing these days. Their intransigence gives Mr Biden an opening to try to convince voters that the Republican Party are the agents of border chaos. Practically, there is very little the administration can do to restore order at the southern border without money from Congress. Presidents are not powerless when it comes to immigration: Mr Biden's liberal use of parole proves that. But in reforming the asylum system, the president is constrained by four things: the courts, a lack of cash, international law and Mexico.

Congress has not passed substantive immigration reform since 1990, leaving presidential administrations to govern by executive fiat. The legality of these orders is increasingly challenged in the court system. The Biden administration has reportedly floated two ideas. One is an executive order that would further restrict the ability of migrants to seek asylum if they crossed the border between ports of entry. Yet Mr Biden implemented a version of that last year, and its effectiveness has been limited because of litigation and a gummed-up immigration-court system. The snag is not that crossing between ports is legal (it isn't), argues Aaron Reichlin-Melnick of the American Immigration Council, an advocacy group. The problem is the inability of immigration courts to process people quickly. It takes more than four years on average just to get an asylum hearing. Staffing shortages—from Border Patrol agents to asylum officers and immigration-court judges—are why Mr Biden insists that congressional action, and the money that comes with it, is the only answer.

The second idea would take a page out of Mr Trump's immigration playbook. In 2017 Mr Trump restricted travel to America from several Muslim-majority countries under an obscure statute that grants presidents broad authority to suspend the entry of people who "would be detrimental to the interests of the United States". The Supreme Court upheld Mr Trump's order in *Trump v Hawaii*, a case Mike Johnson, the speaker of the House, cites as proof that Mr Biden does not need Congress to act. But that law and that case are less relevant when the people being banned are already in the country, not waiting to fly over.

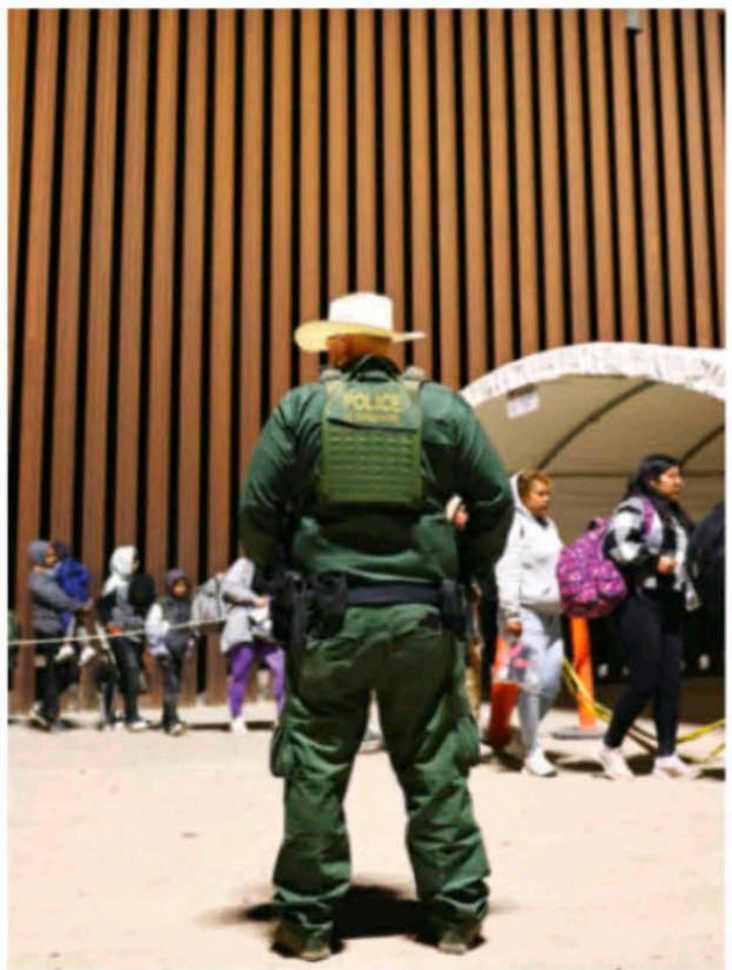
This is where international law comes in. America signed the 1967 Protocol which expanded the United Nations' 1951 Refugee Convention. The treaty stipulates that asylum-seekers, no matter how they entered a country, may lodge an asylum claim. That provision is also enshrined in American law, and is the basis for the legal challenge to Mr Biden's rule limiting asylum for those who cross the border between ports. America must also abide by the principle of *non-refoulement*, which bars countries from returning asylum-seekers to places where their life or liberty would be at risk.

Mr Johnson's other favourite suggestion—in lieu of his caucus doing anything—is that Mr Biden should reinstate Mr Trump's "Remain in Mexico" policy, under which some migrants were returned to the southern side of the border to await a hearing. Mr Johnson waves off Mexico's resistance to restarting the policy. "We're the United States," he told reporters. "Mexico will do what we say."

Things are not that simple. Mr Trump bullied Andrés Manuel López Obrador, Mexico's president, into cracking down on migration by threatening hefty tariffs on imports. Mr Biden may be loth to apply such leverage when Mexico is now America's largest trading partner and is helping to curb fentanyl trafficking. What's more, only about 80,000 migrants were enrolled in the Remain in Mexico programme between 2019 and 2022, a tiny fraction of those who crossed the border.

In small ways, the Biden administration is making progress. The number of monthly "credible fear" decisions—the standard some migrants must pass to apply for asylum—has more than quintupled since 2022, speeding the process for many. Mexico's crackdown on migrant trains and the removal of migrants to southern Mexico has diminished flows to Texas (but pushed them towards Arizona).

Despite the obstacles, the president may issue some kind of executive order anyway. "They will be immediately sued and probably blocked by the courts," argues Julia Gelatt of the Migration Policy Institute, a think-tank. "Maybe that is helpful politically to say, 'Well, we tried. We really do need you, Congress'." ■



Waiting for Washington

Safe havens

Words of warning

NEW YORK

Is New York City rethinking its sanctuary-city status?

IN MANY PLACES it can take decades, if not generations, to be deemed a local. But as soon as anyone sets foot in the Big Apple, they are New Yorkers, regardless of immigration status or bagel preference. Eric Adams, though, New York's mayor, has called for a change in the sanctuary-city law. This has triggered a debate on sanctuary cities and worry among immigrant groups. What is a sanctuary city and why is Mr Adams rethinking the policy?

Broadly, sanctuary cities (some 200 cities, counties and states) limit co-operation with immigration authorities: partly ▸▸

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through laws and executive orders, but mainly based on the will of local people and the local government. When New York City became a sanctuary city in 1989, it was less an immigration policy and more a public-safety one. The then mayor, Ed Koch, wanted to encourage irregular migrants to co-operate with police when they were victims of a crime or witness to one. In return, their status would not be shared with the federal government. Those arrested were not necessarily handed over to immigration authorities.

Koch's successors all abided by similar orders. Rudy Giuliani, a Republican who later served as Donald Trump's lawyer, once said to illicit immigrants, "You're one of the people who we want in this city. You're somebody that we want to protect." In 1996 he sued the federal government to stop city workers from turning over information about unlawful migrants in New York to immigration officials. In 2014 and in 2018 Bill de Blasio implemented measures further limiting co-operation. Police no longer honoured federal requests to detain people. Mr de Blasio evicted immigration officers from city jails. The law allows for exemptions, such as people with recent convictions for certain violent crimes and those on the terrorism watch list. Judicial warrants are obeyed.

Sanctuary cities have "become the litmus test of the attitudes of local jurisdictions toward immigration", says Muzaffar Chishti of the Migration Policy Institute, a think-tank. The term has become politicised and gets weaponised. Some seem to think immigrants are being hidden from law enforcement in the basements of city halls. After becoming president in 2017 Donald Trump tried to withhold federal funding from sanctuary cities (President Joe Biden later rescinded that order). The strong-arming galvanised Democratic leaders into further protecting their sanctuary cities. But now some may be wavering.

Last year some Chicago lawmakers questioned its sanctuary status, but a move to put a referendum on the ballot was voted down. A few high-profile incidents involving recently arrived asylum-seekers, including the shooting of a tourist in Times Square, appear to have shaken Mr Adams's resolve. "We need to modify the sanctuary-city law," he said at a recent town-hall meeting. "If you commit a felony, a violent act, we should be able to turn you over to ICE [Immigration and Customs Enforcement] and have you deported."

Some fear his comments will lead to mistrust and violence. "He's intentionally misleading New Yorkers about the impact of immigrants," says Marlene Galaz of the New York Immigration Coalition, an advocacy group. She says he is also misleading New Yorkers about what sanctuary cities are: the laws protect not just those who have been there for three hours, but also people who have been there for three decades. Some sanctuary-city opponents argue that immigrants increase crime. But new research from Stanford University suggests otherwise. Since 1880 immigrants have not been more likely to be jailed than people born in America. Indeed, immigrants are 30% less likely to be incarcerated than white people born in America and 60% less likely than black Americans.

Since the mayor's remarks there has been no change in policy. The city-council speaker has no plans to change the laws. But there has been a political impact. Troy Nehls, a Republican congressman from Texas, tweeted that "Democrats don't even want to live under their policies." The scheme to bus migrants from border towns to sanctuary cities has been effective. Mr Chishti says that Greg Abbott, the governor of Texas, "has not only weaponised this issue for his own party, but he has changed the politics of the other party as well." ■

Ashes into space

Celestial bodies

WASHINGTON, DC

The Navajo Nation wants to stop firms from sending human remains to the moon

HAVE YOU ever thought about what you want done with your body when you die? Many Americans opt for the traditional graveyard burial, others donate themselves to science. But if those don't sound like the posthumous experience you are looking for, a Houston-based firm has something different on offer. For just $13,000—or a subscription fee of $99 per month until you pay it off—Celestis Memorial Spaceflights will send your cremated ashes to the moon.

If you choose to fly to space in an aluminium capsule the size of a lipstick tube you will be in good company. Celestis's pioneer flight in 1997 carried the remains of Star Trek's screenwriter, a German rocket engineer, a Princeton University professor, a restaurateur and a Japanese boy. In the quarter-century since, the firm has sent 2,300 capsules into orbit. It has no doubt been helped by a huge increase in the share of Americans getting cremated, from 21% in the mid-1990s to 61% today.

Beam Scotty up

For some the prospect is life-changing. Don McInnis, a disabled man living in Nova Scotia who has never held a job, is only in his 50s but has already paid off 20% of his flight. He has dreamed of exploring space since he was six years old but his family always told him he wouldn't amount to much. "Because I'm disabled NASA wouldn't take me as an astronaut, so this might be my one crack at getting into space," he says. He plans to go on the Voyager Mission, on which he hopes to perpetually circle the sun.

But if the Navajo Nation has its way many like Mr McInnis will remain earthbound. In January tribal leaders met with the Biden administration to try to stop Celestis from sending ashes to space. To them the moon is sacred and death a taboo. They bury their dead within days, discard their belongings and never visit grave sites. If the moon becomes a full-on cemetery they will have to stop performing some traditional prayer ceremonies. "It's illegal to dump in the Grand Canyon," says Justin Ahasteen, the head of the Navajo Washington office, "why can't that be the US policy for space?"

To their relief the latest moon-bound rocket burned up over the Pacific in February, with 70 capsules aboard. But since approval for commercial flights is not contingent on passing a religious test there will be more—Celestis's next moon flight is set for 2025. Charles Chafer, the firm's founder, considers the native plea absurd. "In 50 years when there are 1,000 people living on the moon, somebody's gonna die and you can't say we can't dispose of this person because there's an earthbound Native American tribe that doesn't want us to," he says. His three pups have been to space and back and he plans to follow them. When the time comes he has one simple request: "Fly me until there is no more of me."

Transgender care

The WPATH files

WASHINGTON, DC

Leaked conversations throw light on a controversial field of medicine

FEW AREAS of medicine arouse as strong emotions in America as transgender care. The publication this week of hundreds of posts from an internal messaging forum will add fuel to this fire. The files show members of the World Professional Association for Transgender Health (WPATH), an interdisciplinary professional and educational association devoted to the field, discussing how to treat patients.

The non-profit group that published the files, Environmental Progress, which pushes strong views on more than just the environment, claims that the documents reveal "widespread medical malpractice on children and vulnerable adults". That claim is questionable. But WPATH's standards of care have been cited by other medical organisations, particularly in America. WPATH's president, Marci Bowers, said in response that "WPATH is and has always been a science- and evidence-based organisation." Yet the discussions show that the provision of so-called gender-affirming care is riddled with far more doubt than WPATH's message that such treatments are "not considered experimental".

Shedding light on this field is helpful, even if the leaking of private information—including names of practitioners—is ethically dubious. Because gender-affirming care has become politicised, its practice has retreated into the shadows. It is rare to get a sense of what it entails.

Based on the files, WPATH has members who are worryingly dogmatic. But mostly the exchanges reveal a group of surgeons, social workers and therapists struggling with how best to serve patients. They debate the challenges of gaining informed consent for medical treatments from children and people with mental-health disorders. They exchange tips on how to deal with requests for "non-standard" surgery, such as patients who would like to preserve their penis but also have a "neovagina" (through a procedure known as "phallus-preserving vaginoplasty").

"I'm definitely a little stumped," says one therapist about trying to get patients as young as nine to understand the impact that interventions would have on their fertility. (Hormone medications can permanently reduce fertility, and even cause sterility in some cases.) Colleagues agree that talking to a 14-year-old about fertility preservation brings reactions such as: "Ew, kids, babies, gross", or "I'm going to adopt." One clinician admits that "We try to talk about it, but most of the kids are nowhere in any kind of brain space to really talk about it in a serious way." He adds: "That has always bothered me."

Concerns about making irreversible changes to children's bodies, and the impossibility of gaining their informed consent for this, have been at the heart of controversy over transgender medicine. In America 23 states have now restricted or banned such care for minors, even though almost all medical associations in America support it—an issue the Supreme Court has been asked to rule on. Much less focus has been on whether adult patients with psychiatric disorders can give informed consent for such procedures. On that matter the files are especially revealing.

In the autumn of 2021 several practitioners mentioned that they had a high number of patients with dissociative identity disorder (DID), formerly known as multiple-personality disorder. The group discussed the challenges of gaining consent from each "alter" (alternative personality) before starting hormone therapy, particularly when the alters had different gender identities. Some members appeared to view DID primarily through the lens of identity. As one therapist put it: "I too would love to hear from others how we as clinicians...can work with these clients to honour their gender identity and fractured ego identities." For a field sometimes accused of over-medicalisation, such "under-medicalisation" is just as troubling.

Are you sure?

The conversation ventures into the absurd—and sounds more ideological than clinical—when talking about unusual requests for body modifications. "I've found more and more patients recently requesting 'non-standard' procedures such as top surgery without nipples, nullification [the removal of all external genitalia], and phallus-preserving vaginoplasty," writes a surgeon from California. Several members recognise this and exchange tips. One asks whether "non-standard" is the best term as "they may become standard in the future".

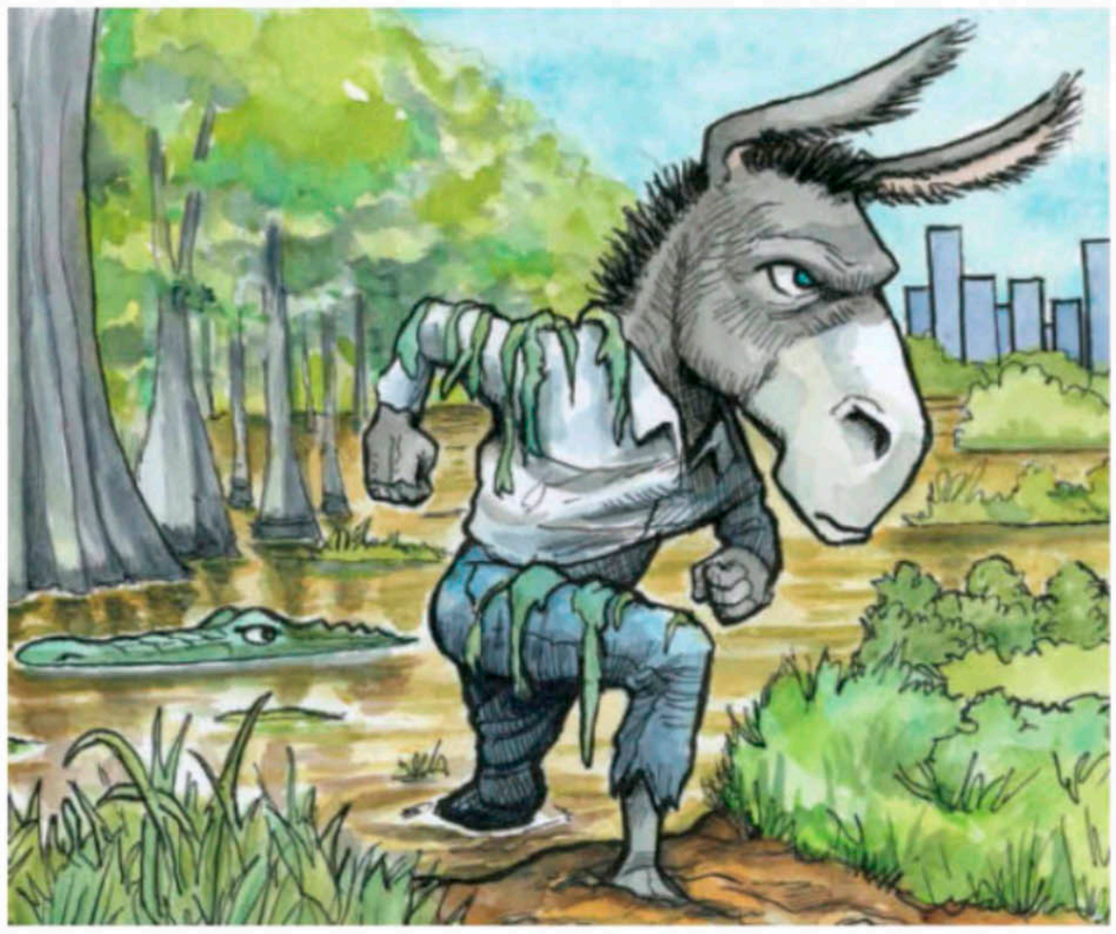
The surgeon from California shares his website, which includes a menu of surgical options, and adds that he's "quite comfortable tailoring my operations to serve the needs of each patient". This attitude to surgical shopping is uniquely American. Pandering to it will not help gender medicine with its argument that it is medically necessary and non-experimental.

In response to the leaks, the surgeon says he is comfortable performing these operations because WPATH "acknowledges these procedures and has established evidence-based guidelines on how to help a patient who is requesting them." But a doctor in Canada says that after joining the forum her "expectations of scientific discourse were soon dashed". Her posts were met with "emotional, political or social reactions rather than clinical ones".

WPATH, and those arguing for gender-affirming care more broadly, have felt the need to present a level of certainty in an area of medicine full of uncertainty. Bringing frank discussion into the open will surely be healthy. ■

Lexington | The one-party hangover

Believing Ron DeSantis overreached, Florida Democrats are plotting a path back from irrelevance



MORE PEOPLE live in Florida than in New York state, where the budget is nearly twice as big. From kindergarten through high school New York spends more than twice as much as Florida to educate each pupil, yet eighth-graders in both states score comparably on standardised tests, and Florida achieves higher high-school graduation rates, particularly for black and Hispanic students. Florida is building homes faster and, along with cheaper housing, it has a higher rate of home ownership and a lower incidence of homelessness than New York. At 3.1% in December, the unemployment rate was a third lower in Florida.

Florida has its relative demerits, including more people without health insurance and a higher rate of homicide. But for its services the state charges its citizens no income tax, whereas New York imposes some of the highest rates in the country. Corporate taxes are also lower in Florida. Overall, Americans are concluding the balance favours Florida: its population grew by another 365,000 last year, while New York's shrank by 102,000, continuing a four-year trend.

All of which is to say that Democrats should be grateful that Governor Ron DeSantis of Florida, for reasons of conviction or perceived political interest, proved to be such a ferocious culture warrior. Had he been capable of running his state, and running for president, as a sunny champion of low-cost, effective government—the kind of candidate for whom reasonable people in both parties yearn—who knows how far he might have gone, and how little hope Democrats in Florida might have of ever clawing their way back to political daylight.

True, they are in a deep hole. From an advantage of 260,000 registered voters when Donald Trump took office in 2017, Democrats were trailing by almost 800,000 by December. That swing came thanks to bad candidates and feeble organising in the face of a disciplined Republican operation. Failure begat more failure as donors closed their chequebooks. Republicans now hold all elected statewide offices and a supermajority in the legislature.

But Florida politicos of both parties think Mr DeSantis weakened himself with his oafish presidential bid. Because of Florida's term limits, he cannot run for governor again and so has less political leverage than he once did. In January Democrats flipped a state-House district in central Florida that a Republican carried easily in 2022. The Democrat there, a navy veteran, stressed bread-and-butter issues and protecting the right to abortion, whereas his opponent inveighed against "the woke mob". Democrats also did the hard work to turn out the vote that they had been neglecting.

Democrats were further heartened by the uproar last month after a teacher in Miami-Dade County sent a permission slip home asking parents to authorise the reading of "a book written by an African-American", as part of Black History Month. Mr DeSantis testily insisted no such slip was required under his parental-notification law, known as the "Stop WOKE Act". But other news reports have described the frustration of teachers and parents over having to fill out new forms for pupils to hear from speakers such as a Holocaust survivor.

The politics of abortion will supply the surest indication of whether one-party rule has led Mr DeSantis to overreach, as Democrats have at times in Democratic states like New York. In his first term Mr DeSantis signed a ban on abortion after 15 weeks of pregnancy. After he got the supermajority in 2022 and set his sights on the White House, he signed a six-week ban. Neither is in effect because the state Supreme Court is reviewing the 15-week ban. If the court upholds it, the six-week limit would take effect a month later. Polling suggests even most Republicans oppose it.

Early this year opponents of the ban produced the 891,000 signatures required to put a referendum on the ballot this autumn to protect abortion until about 24 weeks. They overcame new obstacles imposed by the legislature by mobilising some 10,000 volunteers. The referendum is also before the state Supreme Court.

Florida is not a swing state this year, though President Joe Biden will probably try to bait Mr Trump into spending money there. State Democrats are looking beyond Mr Biden and Mr Trump. (Isn't it reassuring that some people are?) They want to rebuild their voter base and political bench with an eye to 2028 and beyond. With north Florida solidly red, the state party is focusing on central and south Florida, in particular the most populous county, Miami-Dade. In a sign of how serious the Democrats' problems are, and of how seriously the leadership takes them, the state party leader in early March suspended three local party chairmen she thought were underperforming, including in Miami-Dade.

Night and Dade

The party is embarking on a voter-registration drive in Miami-Dade. Operatives point to one Democratic candidate for county office there whose father was kidnapped by leftist Colombian guerrillas, and another whose family fled from Cuba, as evidence that Democrats have learned from their damaging dalliance with Bernie-Sanders-style "socialism". They are also resisting putting causes like LGBTQ rights front and centre, having seen how that can backfire. "All we've done in the last two years is take the trans community and, worse, trans kids, and put them on the radar of Republicans to be shot at," says one experienced Democratic strategist. He says Democrats instead need to emphasise protecting freedoms for everyone—and stop using terms like "Latinx", which irritates many Latino voters, among others.

Republican electoral successes in New York have prompted Democratic leaders to press back against some excesses of their own one-party rule. Whether or not Florida ever becomes a presidential swing state again, its citizens would benefit from a return to the intense, respectful partisan competition that provided Mr DeSantis with the happy story he did such a poor job of telling. ■

Lawlessness in Haiti

A state vanishes

PORT-AU-PRINCE

Violence erupts as a threadbare government loses any semblance of control

HAITIANS HAVE suffered through 19 changes of leadership in the 38 years since the Duvalier dictatorship fell. The 20th is nigh. As *The Economist* went to press on March 7th, gangs had an iron grip on Port-au-Prince, the capital. The prime minister, Ariel Henry, is currently in Puerto Rico. He is unable to return to the country he ostensibly governs, and is under pressure to step down from gang leaders and interested governments alike.

Haiti has long been a desperately poor, lawless place. Rape, murder and theft are facts of life. The country of 11.5m people has an annual budget of some $2.2bn, half that of the New York City Police Department. This desperate situation was already deteriorating after then-president Jovenel Moïse was assassinated inside his official residence in July 2021. February 29th saw Haiti plunge even deeper into the abyss.

Mr Henry was in Kenya, signing an agreement with the African country for it to send 1,000 police officers to Haiti as part of a security mission that Mr Henry requested in 2022 and which the UN mandated in 2023. The gangs, which control 80% of the capital, took advantage of his absence. They attacked two prisons, released thousands of inmates, and laid siege to the international airport, in part to prevent Mr Henry returning. They have taken over police stations, banks and government offices. The Haitian police and military are outnumbered, and in many cases outgunned.

On March 5th Haiti's top gang leader, Jimmy Chérizier, better known as "Barbecue", told reporters in Port-au-Prince that there would be civil war and "genocide" if Mr Henry did not resign. For now the prime minister is stranded (there are rumours that he may soon fly to Jamaica, to talk to other Caribbean leaders about a transition government). It is too dangerous for his plane to land at Haiti's airport. The Dominican Republic has refused to let him travel to Haiti via their side of Hispaniola, the island shared by the two countries. On March 6th the *Miami Herald* reported that the United States is pressuring Mr Henry to step down. The official line is that Mr Henry needs to hand over the reins of power, first to a transitional government, then to an elected one.

Violence boils over "whenever there is a deadline looming that might threaten the gang leaders' or the oligarchs' livelihoods," says a Canadian official with extensive experience in Haiti. The country has seen many international missions, most recently one run by the UN between 2004 and 2017. But unlike these missions, the Kenyans "don't arrive with the money and civilian overhead the gang leaders count on to make money," says the official. Gang leaders benefit from wealthy foreign missions because they own land, hotels, grocery stores, fuel and houses that are required to support operations.

The path forward is treacherous. The United States says it wants to fast-track the security mission, but it is struggling to drum up sufficient boots and cash. There are signals that Brazil is willing to commit people to the mission; other countries will be under pressure to do the same. The United States itself is only willing to offer "logistical support", such as airlifting members of the security mission into the country. Republicans in Congress are holding up funding for the mission, though they worry that an exodus of Haitians will add to the numbers ending up at the US border. ▸▸

→ Also in this section

28 The legacy of Lava Jato

Mr Henry is unpopular in Haiti, where he has faced pressure to stand down for some time. He has dragged his heels on organising elections, blaming the high levels of violence. That is a real problem. One diplomat notes that the gangs will be able to obtain their preferred outcome through threat of force in any election that is held while Haiti is in its present state.

Still, Mr Henry's promise to hold elections by August 2025 has proved to be too little, too late. "Henry's only real legitimacy came from the United States and the international community," says Jake Johnston of the Center for Economic and Policy Research, a think-tank in Washington. He appears to have lost that support.

The contours of transition have been visible for at least the past year. It would involve a prime minister governing either alongside a judge, who acts as president, or next to a presidential council composed of several individuals from different parts of society. Many Haitians think that changing the people in office will not change the fate of their country, and that they would be "puppets" just like Mr Henry.

Would a transitional government and a security mission improve things? Curbing the gangs is feasible. Many of their members are "15-year-olds in flip-flops" paid $10 a day, according to the Canadian official, and will flee when faced with professional soldiers. The UN mission to Haiti did stabilise the country (though it is remembered for cases of sexual assault and inadvertently spreading cholera).

But this time Haiti will need to be totally rebuilt. "There is no state to be secured," says the Canadian official. "It's gone." ■

The legacy of Lava Jato

Anti-corruption, unravelling

SÃO PAULO

Graft is surging in Latin America as years of investigations are unpicked

ON JANUARY 31ST José Dias Toffoli, a judge on Brazil's Supreme Court, suspended the payment of a $2.6bn fine by Novonor, a construction firm better known by its former name, Odebrecht. The previous month he had suspended another fine imposed on J&F, which owns the world's biggest meatpacking company, JBS. The companies had agreed to the fines as part of leniency agreements in which their executives admitted to bribing Brazilian officials. Mr Toffoli ruled that there was reasonable doubt about whether the agreements were signed voluntarily, and argued that the judge who administered the fines may have colluded with prosecutors.

The fines came after a series of Brazilian corruption investigations, the most famous of which, known as Lava Jato (Car Wash), started ten years ago this month. It was part of a wave of anti-corruption activity which swept Latin America in the 2010s. But Mr Toffoli's decisions correspond with a new worsening of perceptions of corruption across the region. Brazil fell ten places in an annual index of perceived corruption released by Transparency International, a charity, in January. Peru fell 20 places, putting it among the countries perceived to be the most corrupt in the world. Most Latin American countries scored worse than their levels of development suggest they should (see chart 1).

Perceptions are not always reliable, but there is other evidence of a backlash against anti-corruption efforts. In November allies of Honduras's new president bypassed congress to name an attorney general who is friendly to the ruling party. As *The Economist* went to press, Peru's congress was set to vote on whether to remove members of the independent body that selects prosecutors and judges, even as numerous legislators are currently under investigation for corruption.

Mexico's populist president, Andrés Manuel López Obrador, is trying to scrap the state body which looks into impropriety. Ruling politicians in Guatemala fought bitterly to stop Bernardo Arévalo, a former anti-corruption campaigner, from being inaugurated as president in January.

The roots of this backlash are found in the drama of the region's anti-corruption investigations. Brazilian police started investigating Petrobras, the state oil firm, in March 2014. It had been doling out building contracts at inflated prices for years. Companies used the extra cash to bribe oil executives and officials. The investigation spun off into a dozen others, focused on construction firms. Between 2001 and 2016 Odebrecht paid almost $800m in bribes across three continents, gleaning over $3bn in profits for itself and its conspirators. It is the largest foreign graft case ever prosecuted by the US Department of Justice (see chart 2), which had jurisdiction because some bribes were funnelled through bank accounts in the United States.

Crime and punishment

The investigation was dubbed Lava Jato because its starting point was the examination of a car wash which was laundering money. It became perhaps the biggest investigation into graft since Italy's Mani Pulite (Clean Hands) in the 1990s, and upended politics across Latin America. Almost a third of Brazil's senators and nearly half of its governors were drawn in to some extent. The left-wing president at the time, Dilma Rousseff, was impeached in 2016. Her mentor, Luiz Inácio Lula da Silva (known as Lula), who was president between 2003 and 2010, was twice sentenced to jail (he was released after 580 days). Both cases were linked to Lava Jato.

In Peru, five former presidents were investigated; one committed suicide as police came to arrest him. Former presidents were also investigated in El Salvador, Panama, Mexico, Paraguay, Ecuador and Colombia. Most maintain that the investigations were politically motivated.

The sprawling Lava Jato investigation shook Latin American economies, too. The revenues of several implicated construction firms tanked in its wake. Some went bankrupt. In Peru, where construction contracts worth $17bn were probed by Lava Jato, thousands of workers lost their jobs as public works ground to a halt. For a while it seemed nobody could escape Lava Jato's crime-busting tentacles.

Then came the fall. Errors and hubristic behaviour by zealous prosecutors cast doubt on the investigation's impartiality. ▸▸

The most prominent Lava Jato judge, Sergio Moro, publicised a plea bargain which implicated Lula one week before the 2018 election. Lula's favoured candidate lost to Jair Bolsonaro, a hard-right populist whose campaign had been boosted by anti-establishment sentiment generated by Lava Jato. Mr Moro then left the judiciary to become Mr Bolsonaro's justice minister. The lead prosecutor, Deltan Dallagnol, became a congressman for a right-wing party. In 2019 leaked text messages published by *The Intercept*, an investigative site, suggested that Mr Moro had been colluding on cases with Mr Dallagnol. Both men told *The Economist* there was no collusion, and pointed out that the majority of judicial decisions on Lava Jato were initially upheld on appeal. Mr Dallagnol said the task force did not recognise the authenticity of the leaked messages, Mr Moro that they had "never been examined in open court".

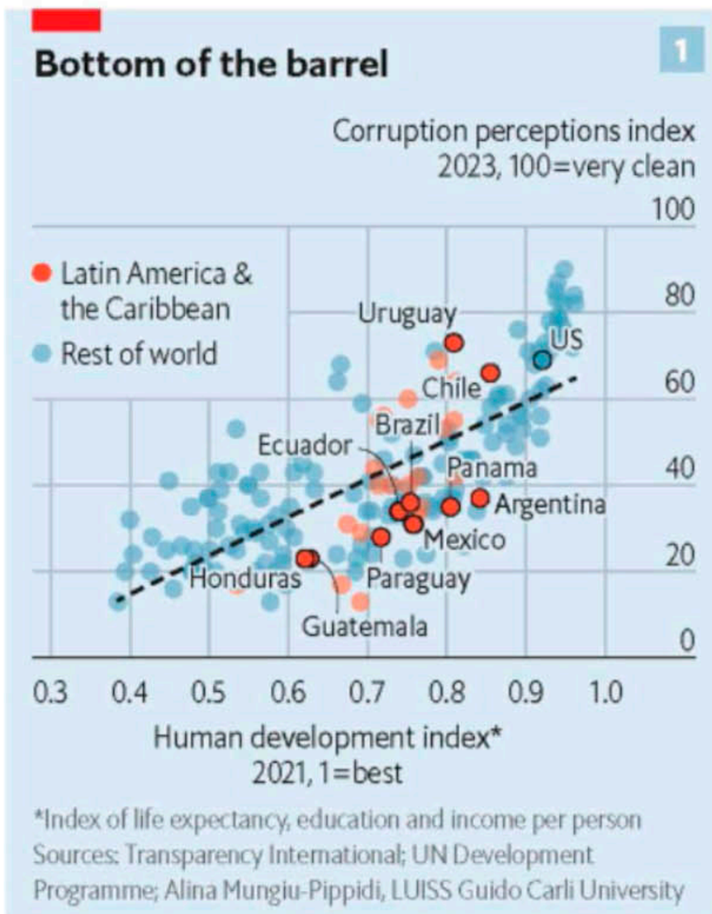
Critics also accused the Lava Jato taskforce of using aggressive tactics to court media attention. Lula was arrested in 2016 using a bench warrant, usually used when a subpoenaed person refuses to attend a hearing, something he had not done. In Peru and Brazil, prosecutors were criticised for the extensive use of pre-trial detention. One Brazilian investigator forbade the rector of a university from entering his campus, and briefly imprisoned him on suspicion of corruption. The rector committed suicide soon after. He was innocent.

Politicians pounced on these cracks. "Lava Jato was like the Jacobin moment of the French Revolution," says Marco Bastos of Southern Pulse, a consultancy. Brazilians gawked at their televisions as a parade of politicians were figuratively guillotined. Then the old guard struck back.

Dying light

Legislators may have ousted Ms Rousseff because they felt she was doing too little to protect them. Romero Jucá, a senator, was caught on a wiretap before her impeachment, telling a political ally: "This shit has to be fixed...the government needs to be changed to stanch the bleeding." He said his words had been taken out of context.

In 2017 Ms Rousseff's successor, Michel Temer, who was imprisoned for graft himself and repeatedly dismissed the accusations as lies, pardoned non-violent offenders jailed for corruption who had served one-fifth of their sentence. His decree claimed that this could curb the "exponential growth of the prison population". In 2019 the Supreme Court reversed an earlier decision and ruled that defendants be allowed to exhaust all avenues for appeal before being jailed. That freed Lula and protected many politicians from prison. Congress passed a law criminalising "abuses" by prosecutors and judges in the same year, with a broad definition of abuse.



Mr Temer's successor, Mr Bolsonaro, had his own reasons to break with Lava Jato, despite having ridden the wave of sentiment it created to power. He appointed an attorney general who threw out over 100 requests to investigate Mr Bolsonaro. In 2020, when Lava Jato began scrutinising one of his sons, who is also a politician, Mr Bolsonaro was swift to declare that "there is no more corruption in government." (His son denies wrongdoing, and calls the investigations "political persecution".) He disbanded the Lava Jato task force in 2021. Central America's anti-corruption crusaders met a similar fate. Internationally backed courts in Honduras and Guatemala were both closed by politicians.

Mr Toffoli's recent decisions show that the backlash against anti-corruption efforts continues. The judge himself has been linked to Lava Jato. In 2019 *Crusoé*, a Brazilian investigative outlet, published an article about emails sent by Odebrecht's boss in 2007 which referred to Mr Toffoli, then the attorney general, as "the friend of my father's friend". The article alleged that "my father's friend" was a reference to Lula, who was president at the time. He appointed Mr Toffoli to the Supreme Court in 2009. After the story was published, the Supreme Court deemed the article "fake news" and ordered it be scrubbed from the internet. Only public outcry forced the decision to be reversed. Along with suspending fines to be paid by Odebrecht and J&F, Mr Toffoli has also annulled all evidence gathered in Odebrecht's leniency agreement. He declined to comment.

Few people in Brazil want to talk about corruption anymore, except to express disdain for Lava Jato. Gilmar Mendes, a Supreme Court judge, dismisses it as the product of foreign interference, "propaganda" by the media, and "anti-corruption fighters [who] like money a lot".

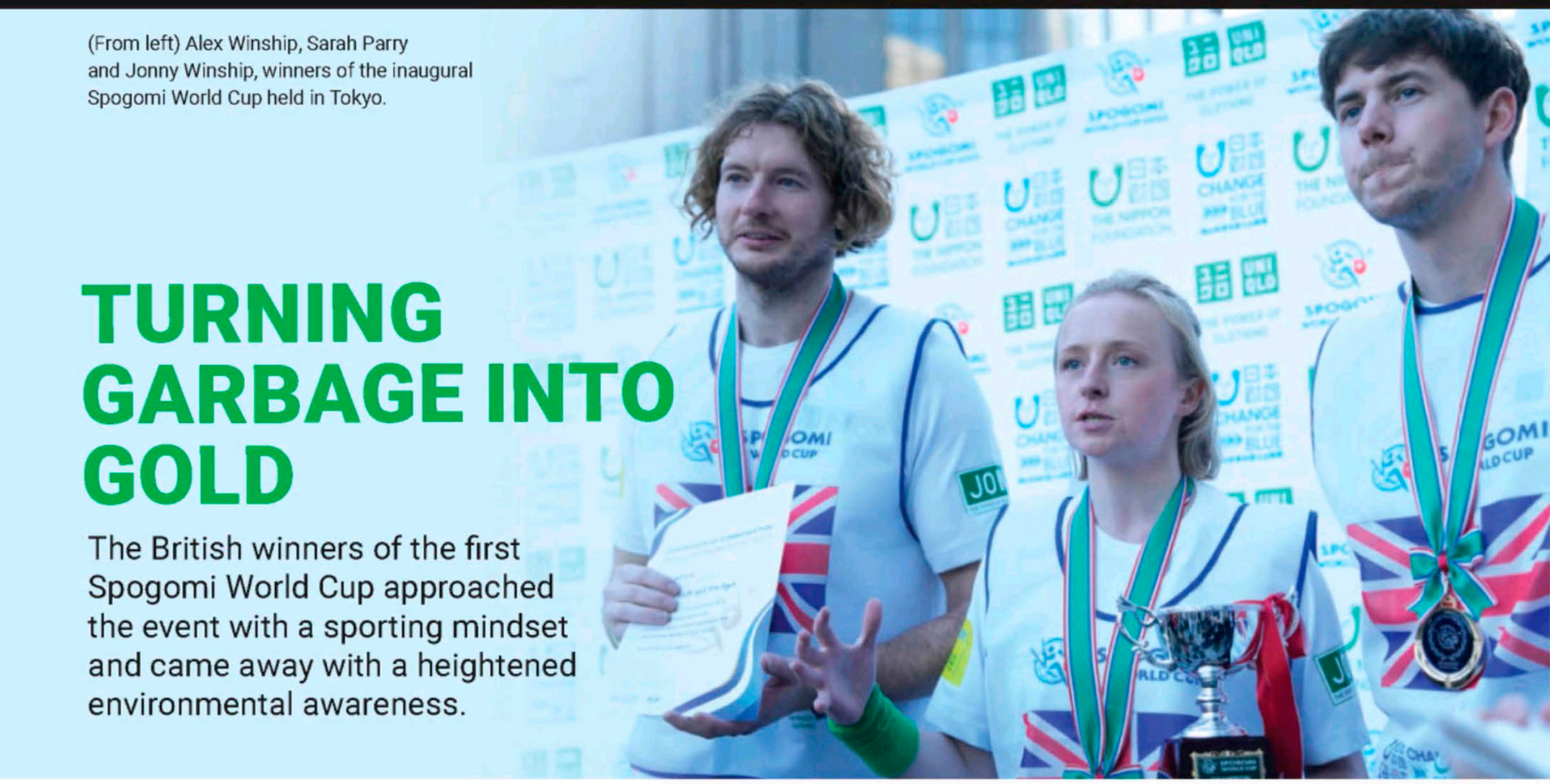
Across the aisle

The blowback on Lava Jato is bipartisan. Mr Moro, now a senator, faces two trials which could bar him from office. One, concerning alleged campaign-finance abuses, was filed by Mr Bolsonaro's party. The other, which alleges that Mr Moro committed fraud as part of an old plea deal, was launched by Mr Toffoli. Mr Dallagnol lost his seat in Congress after a decision by an electoral court on a technicality. He notes that the deciding judge was himself investigated by Lava Jato, and that lower courts had ruled in his favour. Mr Moro says both accusations against him are baseless.

On February 26th a different judge on Brazil's Supreme Court authorised companies that had signed leniency agreements during Lava Jato to renegotiate the terms. They were given 60 days to do so, during which time all fines related to the case have been suspended. The companies claimed they felt coerced into signing the agreements, which "jeopardise their existence".

The undoing of Lava Jato has resonated across Latin America. In Peru, former officials are pointing to the annulment of the Odebrecht evidence as part of their efforts to have their cases thrown out.

The ancien régime has been fighting back, and it has been winning. But it should be careful. In a national poll released on March 3rd a plurality of Brazilians said Lava Jato was shut down due to political interests. Fully 74% of those polled believe that the Supreme Court's recent decisions "encourage corruption". ■



(From left) Alex Winship, Sarah Parry and Jonny Winship, winners of the inaugural Spogomi World Cup held in Tokyo.

TURNING GARBAGE INTO GOLD

The British winners of the first Spogomi World Cup approached the event with a sporting mindset and came away with a heightened environmental awareness.

"We would love to be involved in spreading the fun and see more people getting involved in such a great sport," says Jonny Winship, a member of the British team that won the first Spogomi World Cup on November 22nd 2023.

Invented in 2008 by Kenichi Mamitsuka, Spogomi gets its name from "sports *gomihiroi*", which combines "sports" and the Japanese word *gomihiroi*, meaning to pick up rubbish. Teams collect litter in designated areas within a strict time limit, scoring points for the weight and type of collected items. For example, combustible garbage is worth 1 point per gram and cigarette butts are worth 1.5 points per gram. Competitors lose points for rule breaches such as running, going out of bounds or collecting bulky items.

Working towards the first world cup

Spogomi's first world cup was planned, supported and overseen by The Nippon Foundation, a non-profit organisation dedicated to social innovation. "We have been undertaking initiatives related to the ocean since our founding in 1962," says Mitsuyuki Unno, the foundation's executive director. Various surveys have shown 70-80% of marine litter coming from land sources, and The Nippon Foundation established the "Change for the Blue" initiative to encourage all kinds of people to take action against the problem.

The foundation became interested in Spogomi because it is an entertaining way of fighting pollution that is accessible to a diverse audience, including those currently indifferent to environmental issues. "I felt that this could become a movement with great potential to spread in Japan and worldwide," says Mr Unno.

"Spogomi is an entertaining sport that can generate great interest and be easily accessible by people indifferent to environmental issues. I felt that this could become a movement with great potential to spread in Japan and worldwide."

Mitsuyuki Unno, executive director
The Nippon Foundation

Promotion of Spogomi began with an annual competition for high-school students in 2019. The creation of an animated short film about the sport in 2022 helped attract the attention of Fast Retailing, the parent company of global fast-fashion brand Uniqlo, which was looking to donate to an environmental initiative. After the foundation shared its ideas about holding a world championship, they agreed to sponsor the event. Two million dollars in funding enabled the hosting of qualifiers in 21 countries as well as the final competition. "Thanks to this support, we managed to turn Spogomi into a worldwide sports event, raising awareness of the issue of ocean pollution."

ADVERTISEMENT

Tackling litter by the tonne

Teams collected around 4.5 tonnes of litter in preliminary events held in 47 Japanese prefectures, and another 3.9 tonnes in the international qualifiers. At the final round in Shibuya, competitors picked up 548kg.

Sarah Parry, along with her partner, Alex Winship, and his brother Jonny, made up the winning British team. They beat 20 other national teams to take home gold medals, collecting 83.7kg for a score of 9,046.1 points, close to 3,000 points ahead of runners-up Japan, with Italy in third place.

Spogomi is a family affair for the victors—it was Sarah's older brother, Stephen, himself a winner of the qualifying round in Brazil, who first introduced them to the sport. He even shared some successful tactics and inspired the team's hopes of winning a trip to Japan for the final.

The sport is "physically demanding", Sarah says. "It requires fast-paced speed walking while carrying several kilos of litter over a distance of two to three kilometres at a time," in two 45-minute sessions. There is also a lot to think about: team members work as their own timekeepers and must contend with the hazards of traffic and pedestrians as well as with competing teams.

Alex emphasises the value of having a diverse group in winning at Spogomi. "Someone small, nippy and agile, like Sarah, someone who can be loaded up like a donkey to carry the weight, like myself, and if possible someone with a mix of strength and speed, like Jonny." Sarah has run more than 30 marathons, Alex runs and goes to the gym, and Jonny plays football.

A sport that wins hearts to conservation

Though the winners' interest in sports and fitness played a part in their victory, Spogomi is intended to be a game that anyone can participate and succeed in. Alex highlights how the rule against running levels the playing field for people of different ages and abilities. Teamwork, strategy and tactics are important enough that he is reluctant to share tips. "We're hoping to win again, so I don't want to water down our competitive advantage," he says.

Bearing out Mr Unno's hope that Spogomi could attract people who are not yet engaged with environmental issues, the winners had not previously been involved with conservation. "I felt a little guilty after we won," Alex says. "A good chunk of the teams at the final were involved in initiatives where they were litter-picking on a regular basis."

But the experience of competing has made the team advocates for the activity. "As a team, we have been invited back to Japan in 2025, for the next World Cup, by The Nippon Foundation," says Sarah. "We are excited to see what we can achieve between now and then for the sport and to benefit the environment."

Visit the official Spogomi World Cup page at https://spogomi-worldcup.org/en/, and follow the winning team on Instagram @spogomi_teamuk

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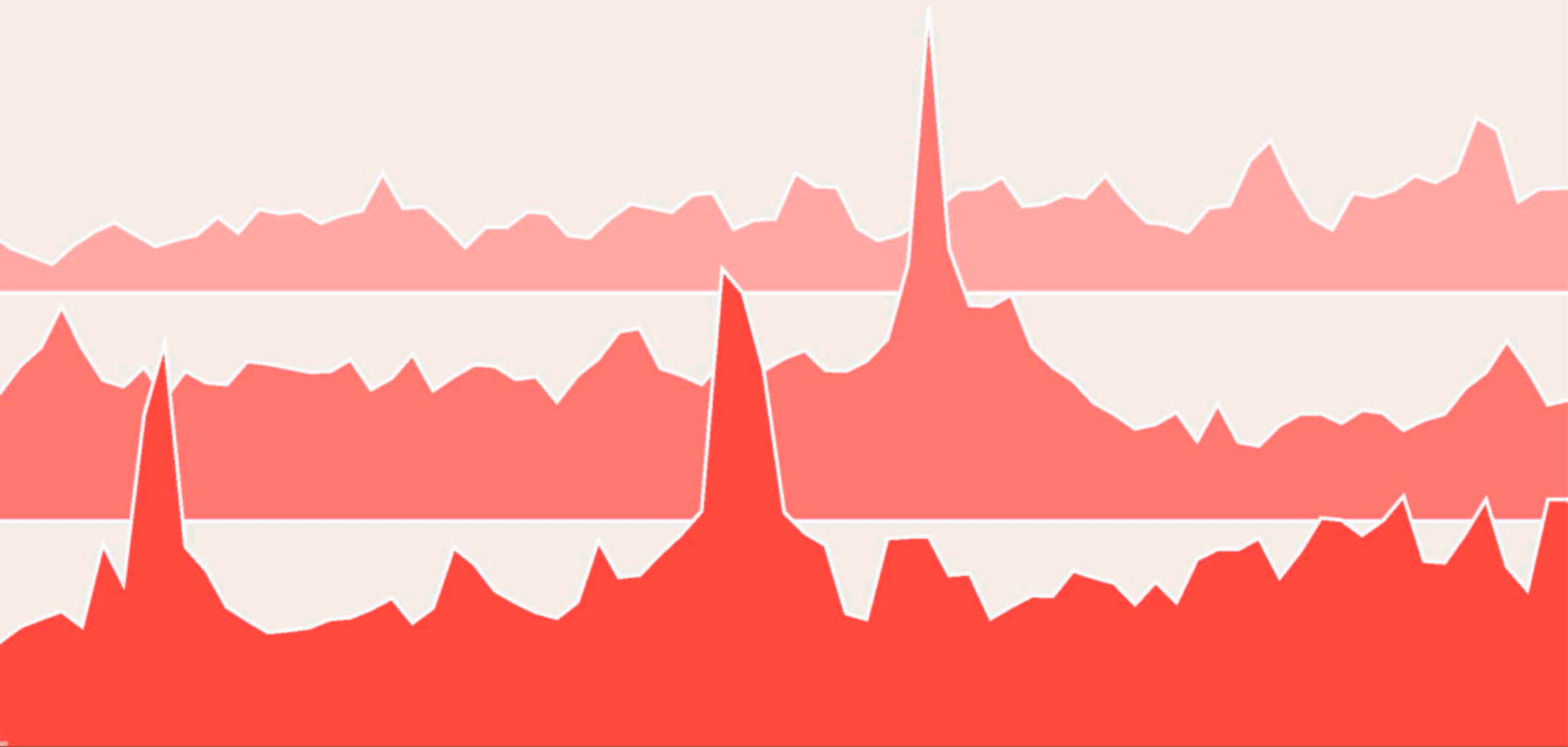

North Korea

Armed and autocratic

SEOUL

Kim Jong Un is sending missiles to Russia and threatening war with South Korea

IF NORTH KOREA'S state news agency is to be believed, Vladimir Putin, Russia's president, will soon visit the hermit kingdom for the first time in over 20 years. The two countries are becoming more friendly, which is helping Russia in its war on Ukraine and is emboldening the North Korean regime. It comes at a time when Kim Jong Un, the country's hereditary dictator, is embarking on a new round of bellicosity towards South Korea. Some serious observers think that Mr Kim means to launch some kind of military provocation against the South soon. Politicians in Seoul, South Korea's capital, promise a ferocious response. Given the North's nuclear weapons, any kind of war talk raises jitters throughout the region.

Mr Kim has sabre-rattled before. Shortly after he became the heir-apparent in 2010, North Korea sank a South Korean ship and then shelled an island controlled by the South off the west coast of the peninsula. He has also ramped up North Korea's military arsenal. In the past decade more than 224 ballistic-missile tests have taken place, compared with 16 between 1997 and 2011. The country now possesses enough fissile material for 35 to 63 nuclear devices, according to the Institute for Science and International Security, an American think-tank, up from five to 13 in 2005. The North currently has almost 1,000 long-range artillery pieces trained on Seoul.

Several trends make Mr Kim's recent rhetoric worrying. For a start, in a speech on December 31st he renounced the policy, to which North Korea had paid at least lip service for decades, that reunification through co-operation with the South was the regime's ultimate aim. Henceforth, inter-Korean relations were as "between two hostile states". Since then Mr Kim has called for the South to be classified as the "permanent enemy". He warned that a South Korean encroachment into the North's territory, waters or air space "by even 0.001mm...will be considered a provocation of war".

In February Mr Kim described the maritime boundary as a "ghost line", asserting that North Korea's territorial waters extend beyond it. He may hope to assert this by force—deadly incidents have taken place there before. Analysts, such as Michishita Narushige of the National Graduate Institute for Policy Studies in Tokyo, think North Korea might do something risky, for example firing on South Korean ships or territory, this year. It could occur either before April 10th, when South Korea holds parliamentary elections, or in the run-up to America's election.

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A megalomaniac with nukes

Mr Kim's regime is backing up his verbal belligerence by continuing to test and improve its weapons. In November it launched its first military spy satellite, and has promised to put up three more this year. In December it again tested an intercontinental ballistic missile (ICBM) with solid fuel, which allows it to be launched more quickly than the sort with liquid fuel. Five cruise-missile tests followed in January and February.

In January, too, the regime claimed to have tested a solid-fuel manoeuvrable "hypersonic" missile, which would be better at evading American or South Korean ▸▸

air defences. Satellite imagery suggests that North Korea has prepared its nuclear testing site for a seventh test. It will probably test a low-yield warhead that could be used on the battlefield.

The second trend is Mr Kim's deepening bromance with Mr Putin. Russia's president has turned to North Korea for artillery shells and anything else the North can spare. Last month America said that North Korea had sent some 10,000 containers of "munitions or munitions-related materials" to Russia. North Korea is presumably getting cash, food and oil in return. More worryingly, it may be getting military aid, potentially ranging from spare parts to missile technology.

Mr Kim can now brag that North Korea is part of an "anti-imperialist" bloc. Once, both Russia and China signed up to UN sanctions on North Korea for pursuing nuclear programmes; today they help it evade them. Despite unease over Mr Kim's nuclear capabilities, China demurs from criticising recent missile tests and speaks of North Korea's "reasonable security concerns". It continues to buy sanctioned coal from North Korea and has even provided it with old boats to smuggle it in.

Another factor is the possible return of Donald Trump to the White House in January. In 2018 Mr Trump became the first sitting American president to meet a North Korean leader, leading to a pause in North Korean belligerence as the peninsula was swept up in a whirlwind of summitry. Those talks broke down in 2019, and Mr Kim returned to weapons-testing. Mr Trump appears to harbour no ill will. In January he boasted about how famously he got on with the dictator. Mr Kim may hope that a second Trump term will allow him to reopen negotiations.

But despite Mr Kim's posturing—and the support of his new friends—by nearly every measure North Korea's armed forces remain vastly inferior to those of South Korea and America. The number of North Korean servicemen and women, at over 1.1m, is huge. But many are employed as labourers rather than combat troops, and recently some have been sent to toil in impoverished parts of the country.

South Korea has greatly superior air power, sea power and missile defences. North Korea has nukes, but America has many more, and over the past year has sought to reassure South Korea by making a bigger show of its nuclear forces in the region—last summer an American nuclear-armed submarine turned up in Seoul for the first time in 40 years.

Mr Michishita argues that all the bluster and aggression is tactical cover for the regime's deep-seated defensiveness, which stems from insecurity. That insecurity must be viewed in the context of strengthening security ties among South Korea, America and Japan. The day after the North tested a solid-fuel ICBM in December the three countries announced that "real-time" military intelligence-sharing had begun. America and South Korea regularly stage joint air, sea and land drills, with the latest ones starting on March 4th and stretching over 11 days.

Feeling bound to respond in kind to allied exercises, Mr Michishita points out, could strain the North's military resources. Meanwhile, shipping ammunition to Russia does not suggest an imminent intent to launch a full-blown attack.

To discount the odds of an all-out war, however, is not to rule out the possibility of some limited military adventurism. With such a move, Mr Kim may hope to drive a wedge between South Korea and America. In January South Korea's conservative president, Yoon Suk-yeol, said that his country would respond "with a punishment multiple times more severe".

The two Koreas recently tore up a military agreement intended to tamp down flashpoints, while the hotlines that link their armed forces have fallen silent since last April. With too few guardrails, things could escalate quickly, warns Andrew Yeo of the Brookings Institution, a think-tank in Washington. That would be bad not just for the region, but for the world. ■

We are hiring a senior correspondent to cover India The job will be based in India and involve travel. Extensive experience in India is helpful but not essential. Applicants should send a CV, a cover letter and an unpublished article of 600 words suitable for publication in *The Economist* to indiawriter@economist.com.
The deadline is April 5th 2024.

Wealth creation in India

Stock and awe

MUMBAI

Middle-class Indians have caught the equities bug

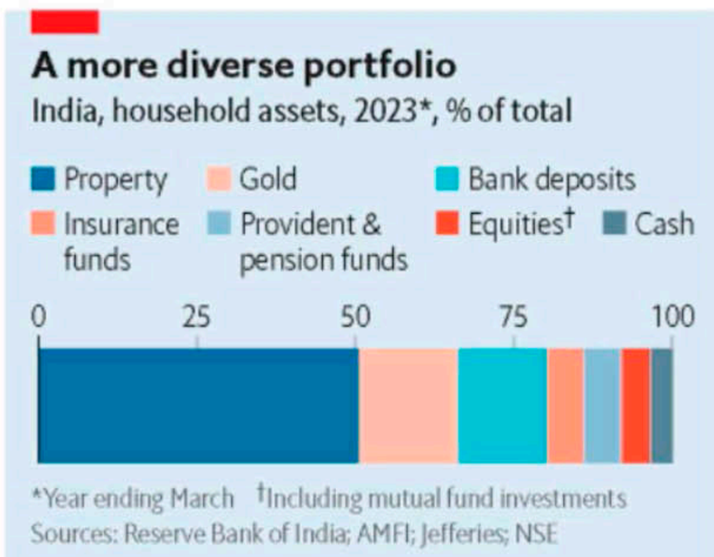
By the end of March 2020 the number of individuals registered to trade with India's National Stock Exchange (NSE) totalled just 31m (of a population of 1.4bn). In the months that followed, even as a new virus upended global society, another bug was quietly spreading among the Indian middle classes: an infectious enthusiasm for investing. Within 12 months the number of investors had expanded by a third to 40m. Today there are more than 90m unique accounts registered with the exchange. An alternative measure, that tries to gauge nationwide stock trading accounts, has nearly tripled between 2019 and 2023, from 41m to 140m. The Nifty 50, NSE's benchmark index, routinely hits all-time highs, most recently on March 7th.

The deluge of retail investors in equities represents a sea-change in middle-class India's culture of saving. Indians have long parked their money in low-risk, low-return assets, chiefly gold, which at nearly 16% accounted for the biggest share of household wealth in 2023 after property, at 51% (see chart). Bank deposits and insurance funds together made up another 20%. Equities (directly held or through funds) still represent a small share of the pie, but one that is growing rapidly: from 2.2% in 2013 to 4.7% a decade later. Americans, in comparison, have 40% of their household assets in equities.

What explains this dramatic shift in behaviour? Four factors worked together to make it happen. The first is the impressive digital infrastructure built by India over the past decade or so. Since 2016 there has been a massive expansion in internet access. This has been buttressed by government-backed tech, which reduces the time taken to open bank and trading accounts from days to minutes, along with a friction-free digital payments system that enables instant transfers.

The second factor is the pandemic. In India, with no furlough schemes or stimulus cheques to shield professionals from lay-offs and wage cuts, households were forced to take a hard look at their finances and decide how to make their savings work harder. Equities were an obvious answer.

Moreover, investment apps such as Groww and Zerodha made it a cinch to sign up and get started. Zerodha, for instance, had 1.3m customers before covid-19 hit. By the end of 2022 that number was nearly 10m. "The numbers were crazy," says Kar- ▸▸



thik Rangappa, the company's head of education. "I don't think India has seen this kind of enthusiasm in equities [before]."

Third, years of advertising by the mutual-fund industry had established the idea in the minds of Indians that equities were a way to grow wealth. Assets invested in mutual funds trebled between 2009 and 2020; they grew by another 33% in the next three years. It was a small step from investing in a mutual fund to experimenting with other products and individual stocks. Last, the market itself provided plenty of reason to dive in. A pandemic-induced downturn proved short-lived. Impressive GDP numbers and a sense domestically that India's economic rise is unstoppable have added to the euphoria. In January India's stock market became the fourth-largest globally, after its total market capitalisation exceeded that of the Hong Kong Stock Exchange.

This worries some market observers. The Securities and Exchange Board of India, the market regulator, is said to have asked asset managers to caution investors about the dangers of piling into less-liquid small-cap firms. Analysts worry that many public companies are overvalued. They also fret that social-media "finfluencers" are creating unrealistic expectations. The number of new entrants in the market every month is at its highest level ever, exceeding the peaks in the pandemic. Between November and January 58m new investors registered with the NSE, compared with 33m in the same period the previous year.

For industry insiders the chief risk is not just a correction. It is that many first-timers with no experience of taking losses may be so scarred by the experience that they never return to the equity markets. That would be a much bigger loss. ■

Banyan Moshi Tora? and other questions

How East Asia looks at the conflict in Ukraine

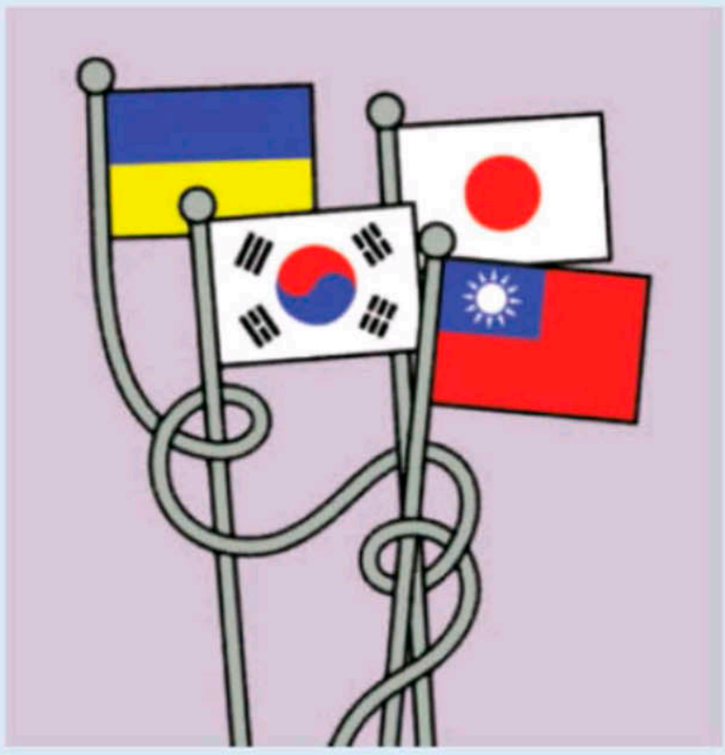
When Russia invaded Ukraine it jolted the democracies of East Asia—Taiwan, Japan and South Korea, all allies of America. A trip to Japan suggests to Banyan that, as the conflict in Ukraine enters its third year, its implications for East Asian policymakers grow only starker. In Europe the talk is of whether Ukraine can hold on despite dwindling American financial support and the spectre of a second Trump presidency. The consequences for peace in Asia would be devastating if Ukraine loses. A win for President Vladimir Putin might embolden China to reshape the regional order on its terms.

The implications are greatest for Taiwan. China wants to absorb it, by force if necessary. To Taiwanese the parallels between what Mr Putin is doing to Ukraine and what China's Xi Jinping might do to Taiwan are stark—especially as the two men claim a friendship with "no limits". China has been upping the military tempo with incursions into Taiwan's air and sea space. In response, in August the Taiwanese government unveiled a record defence budget, equivalent to 2.6% of GDP—not enough to deter China, yet bigger proportionally than most of Europe.

The incoming president, William Lai Ching-te, promises to increase spending further. Joseph Wu, the outgoing foreign minister, makes clear that American support for Ukraine is critical for Asia, signalling that America will also support Taiwan. This steely sense of realism is found elsewhere. After the Ukraine invasion, Kishida Fumio, Japan's prime minister, jettisoned a policy of rapprochement towards Russia and embraced Western sanctions. Japan plans to almost double defence spending over five years. Despite being formally pacifist it is closer than ever to being committed to help America defend Taiwan. Military ties have been growing among America, South Korea and Japan. South Korea's president Yoon Suk-yeol has been coy about shipping munitions to Ukraine, in part so as not to drive Russia and North Korea closer. But with North Korea now sending artillery shells to Russia, some in Seoul argue for a firmer pro-Ukraine stance.

One threat is that Congress fails to fund Ukraine, and that Europe fails to make up the difference. That could lead to a Ukrainian defeat, undermining the credibility of American deterrence in Asia. The other scenario involves Donald Trump, the Republican Party's all-but-inevitable presidential candidate, who has repudiated America's guarantees to NATO. He admires Mr Putin, dislikes Ukraine and cares little for Taiwan. The Japanese portmanteau phrase *moshi Tora*—if Trump [returns, then what?]—is the key question.

From Banyan's discussions there are two possibilities. The most extreme scenario is that a future President Trump shreds America's security guarantees to its Asian allies. In response they would beef up their own security further. Although defence spending is soaring there is little chance of them being able to counter China's conventional military threat without America. Instead they might pursue nuclear weapons over the medium term in order to deter China. In South Korea Mr Yoon spoke openly about acquiring nuclear weapons, but stopped doing so partly after America adopted a policy of enhanced deterrence, in which its nukes are more ostentatiously on display in the region.



Similarly, following abandonment by Trump 2.0, America's democratic Asian allies could decide they have little choice but to pursue an accommodation with autocratic China, ending seven decades of the American-led security order in the region and creating a Chinese sphere of influence. It is the nightmare scenario.

The second—and for now far more probable—possibility is that Asian politicians hug America even closer in the hope this raises the odds of a Trump administration sticking with its Asian security commitments. The master at this was Abe Shinzo, Japan's prime minister from 2012 to 2020. He worked Mr Trump perfectly, from being the first foreign leader to meet him in 2016, when he was president-elect, to giving him a gold golf club. In Abe's memoir he recalls emphasising to Mr Trump how important American military power in Asia was. Some on the Trumpian right in America argue Ukraine is a distraction from the real threat: China. America's main Asian allies might seek to tap into this MAGA mindset and also raise defence spending further to defuse the charge they are free-riders. What is happening at one end of the vast Eurasian landmass is shaping calculations at the other.

Nutrition in India

Too much butter, not enough chicken

MUMBAI

Fewer Indians than ever are undernourished. More and more are obese

IN 1999 CHITTARANJAN YAJNIK, an Indian doctor and researcher, was photographed with his friend and collaborator, John Yudkin, a British professor of medicine. Then in early middle age, both men appear trim and healthy. Indeed, the two had the same "body-mass index", a widely used if imperfect measure of obesity: 22.3, around the middle of the ideal range. But further testing revealed a stark difference. Body fat made up just 9.1% of Dr Yudkin's mass. The result for Dr Yajnik was more than twice as high, at 21.2%. This came to be known as the Y-Y paradox and helped popularise the concept of the South Asian "thin-fat" body type.

"Thin-fat" is a metaphor for India today. The country suffers from a dual burden of poverty-induced undernutrition and a growing overweight population. According to the latest figures, among 15-to-49-year-olds, 19% of women and 16% of men are underweight. At the same time, 24% of women and 23% of men are overweight. India is replacing one problem with another: in the decade and a half to 2021, the proportion of thin women halved even as that of fat ones doubled. Among men, both the fall and the rise were even more pronounced. According to a new study by the *Lancet*, a medical journal, 9.8% of Indian women and 5.4% of men are obese, up from 1.2% and 0.5% in 1990.

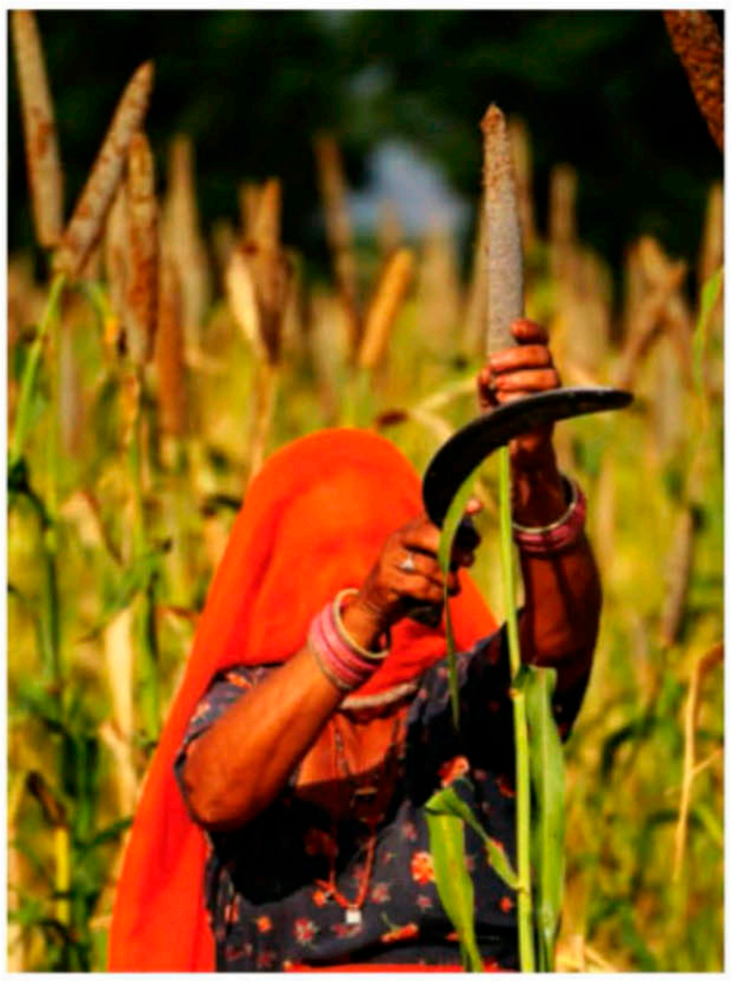
India is not alone in this dilemma. But with a population of 1.4bn, the scale of the problem is greater than anywhere else. Several factors, some of which are unique to India, make it fiendish to solve.

The first of these is genetics. As Dr Yajnik demonstrated, Indians are genetically predisposed to adiposity, which is a gentle way of saying that they have less lean body mass and more fat. Worse, this fat tends to gather around the middle, which puts pressure on vital organs.

The second culprit is the Indian diet. Though cuisines vary dramatically across India, certain things are common, such as a focus on grain. The centrepiece of a meal in the West tends to be protein, with carbohydrates and vegetables on the side, notes Krish Ashok, whose book "Masala Lab" explained the science of Indian cooking. "In India it's the other way round...rice or wheat is the star of the show." Grain is a carbohydrate, packed with sugars to provide energy. Among the middle class, sedentary lifestyles mean that energy expenditure is low and carbohydrates turn into deposits of fat. Overconsumption of grain affects the poor too, for whom meat, fruit and fresh vegetables are luxuries. Around 10% of the poorest quintile are overweight, compared with around 39% of the richest. Government welfare programmes that provide free or subsidised food to hundreds of millions of Indians chiefly distribute wheat, rice and sugar.

The third factor is the role of religion and caste, combined with the politicisation of food. Despite India's reputation as a predominantly vegetarian country, 70% of women and 83% of men eat fish, chicken or meat at least occasionally, according to government figures. Yet animal protein is rarely prioritised in nutritional advice and attempts to introduce it are sometimes met with hostility, says a nutritionist who has sat on various government committees. Several states refuse to serve eggs as part of a programme that provides free school lunches to poor pupils.

Food chauvinism is a growing problem. A professor at one of India's most prestigious universities says that his students are unwilling to accept that animal protein can have benefits: "Some say, 'We are the best, we are vegetarian, all [the] others are dying of cancer.'" They take pride in what they think is a traditional Indian diet, much of which, such as potatoes, tomatoes and green chilies, only arrived from the Americas in recent centuries. Mr Ashok, who also runs a popular YouTube channel, says he encounters food nationalists daily.



Millet: the grain of the future?

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The result of all this is a growing health crisis. Cardiovascular disease alone is responsible for around 27% of deaths in India, more than all infectious diseases, according to the Global Burden of Disease, a big study. Another 3% of deaths are directly attributable to diabetes (and many more indirectly). As India gets fatter these problems grow bigger. Between 2009 and 2019 the proportion of deaths and disability caused by heart disease grew by 30%. Those caused by diabetes grew by a staggering 60%. A recent survey by the Indian Council of Medical Research estimated that 101m Indians live with diabetes. Another 136m are pre-diabetic.

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It is unclear whether consumption has really risen as a result, but anecdote suggests Mr Modi's campaign has had some effect on the flours used in homes. Whatever effect his millet movement has had, however, is unlikely to reverse the rising tide of obesity in India. ■

The National People's Congress

Xi's show

China's parliament reveals much about the woeful state of the country's politics and economy

THE ANNUAL meeting of China's parliament, the National People's Congress, is a rubber-stamp affair. But the week-long session that began on March 5th is important. After a year of grim news about the country's economy, investors want to know that the leadership has good ideas for steering it out of trouble. Citizens want reassurance that the state will ease their woes (see Chaguan). The gathering's message, however, will satisfy few. Even more than in previous years, the congress is being used to show off the absolute power of China's leader, Xi Jinping. It is revealing a growing disconnect between his policy-making and the country's urgent needs.

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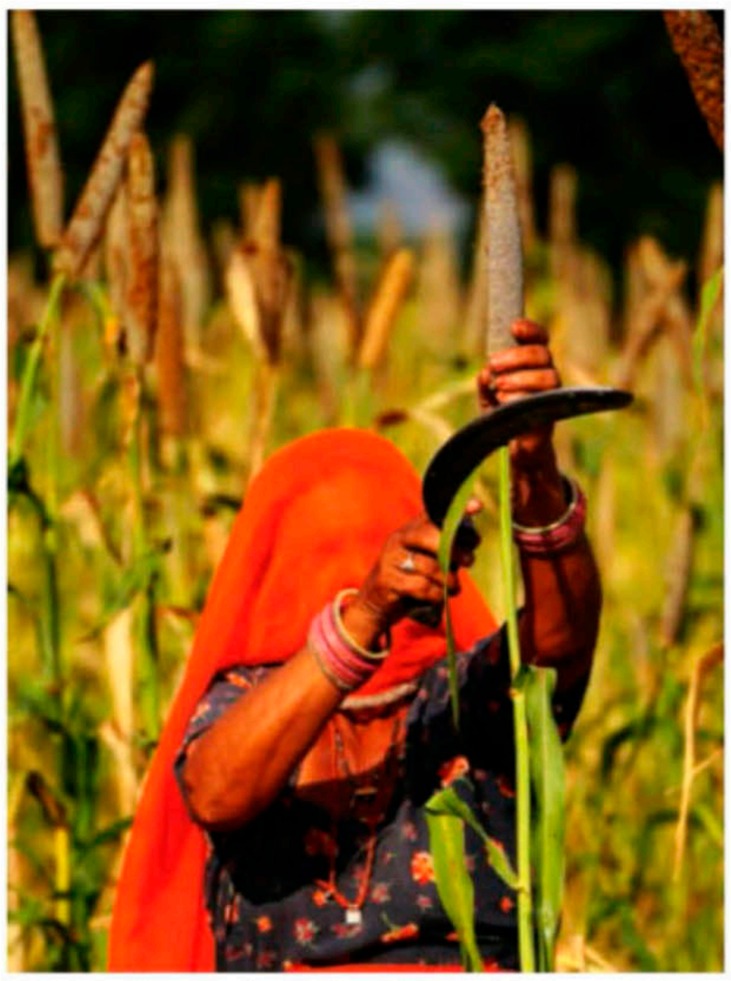

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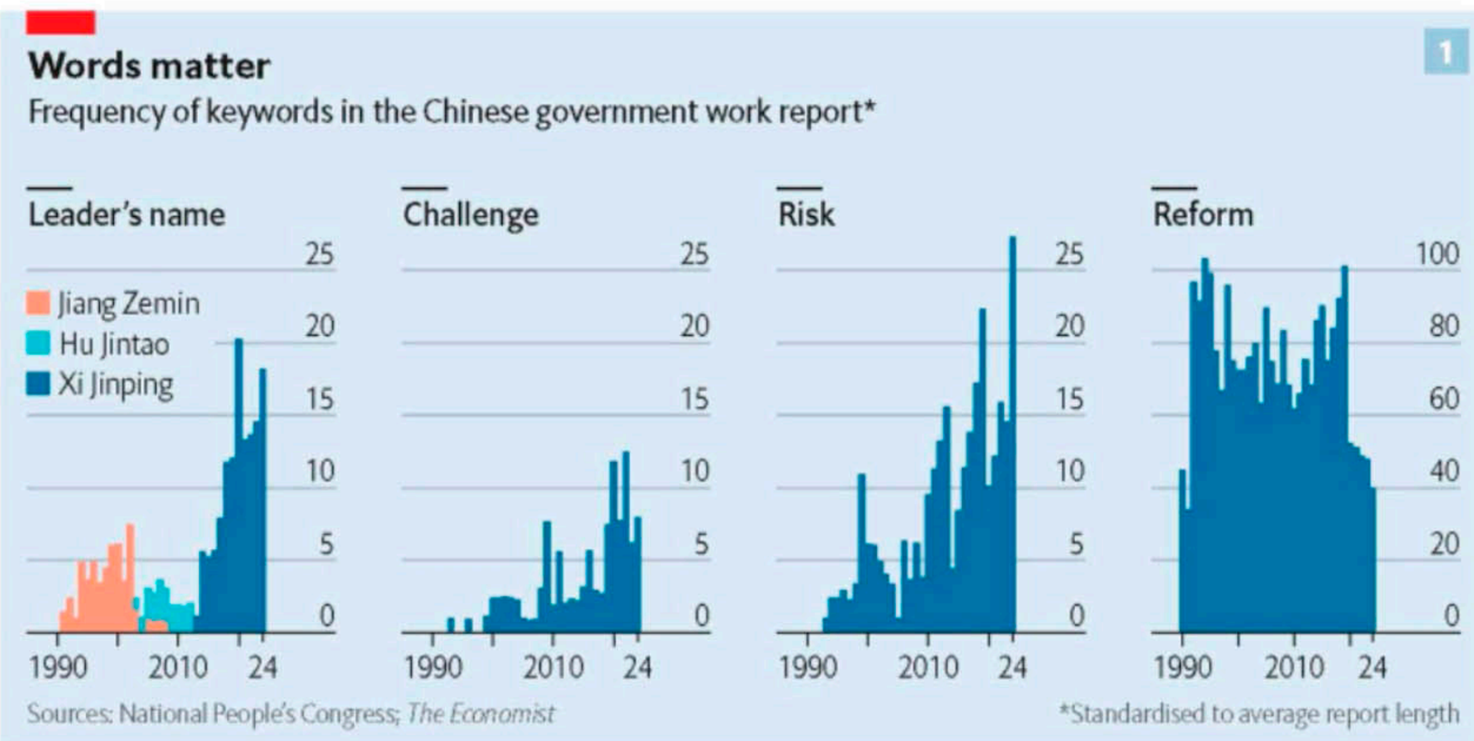


biggest trading partners have turned wary, limiting the country's access to lucrative markets and high-end semiconductors. China's stockmarket has lost about $4trn in value since its peak in 2021, despite the government's recent efforts to arrest its slide. And consumer confidence remains near the low to which it slid during the pandemic-related lockdowns of 2022.

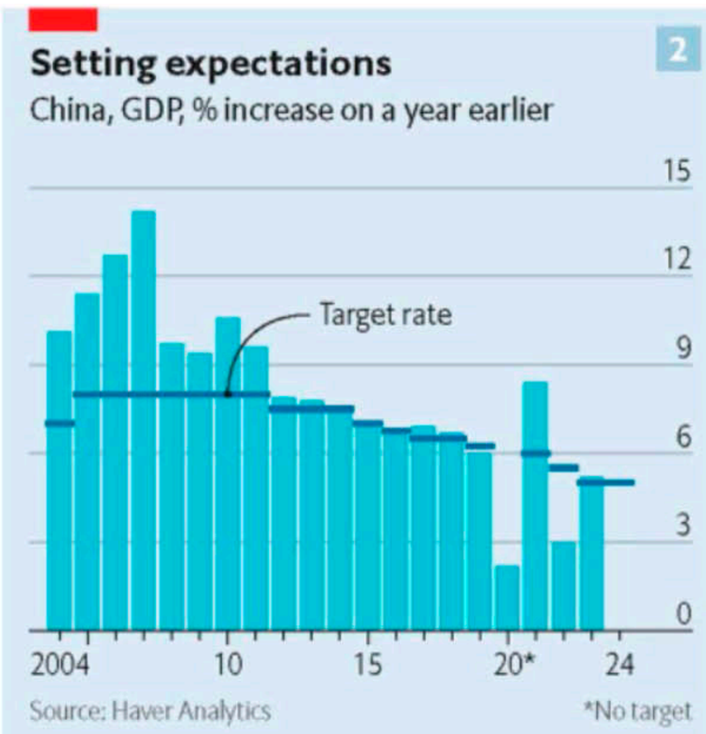
The government has a plan to fix things, just not one that is likely to work. To help meet the growth target, Mr Li said that the central government would aim for a headline budget deficit of 3% of GDP. It will also slightly increase the quota for "special bonds" issued by local governments that are spent largely on infrastructure. On top of that, the central government itself will sell 1trn yuan-worth ($140bn) of long-term special bonds this year, with more to come in the next few years. The increase in the fiscal deficit amounts to about 1% of GDP.

This modest fiscal push will not be enough to keep deflation at bay, according to Robin Xing of Morgan Stanley, a bank. He expects the government to stimulate demand further later in the year, once it realises growth is falling short of its target.

A more lasting recovery for China's economy would require a revival in consumers' spirits and their spending. In a welcome move, Mr Li said the government would raise the minimum state pension by 20 yuan a month, a small sum in itself, but a big jump relative to the paltry level of existing payments. Mr Li also mentioned a scheme to encourage households to trade in old goods for new ones. Shoppers' rights would be strengthened through a "worry-free consumption" initiative, he added.

The government's own worries also loomed large in Mr Li's speech. China's leaders are determined to liberate the country from its technological dependence on hostile foreign powers, such as America. Mr Li described the global environment as "more complex, severe and uncertain" and said it was important for China to attain "greater self-reliance and strength" in science and technology. A draft budget delivered to the congress said the central government's spending on this in 2024 would increase by 10%, to over 370bn yuan. That is well over the nominal 7.4% rate of economic growth (ie, real growth plus inflation) that is implied by the government's fiscal projections, and even greater than the nominal growth that China is likely to achieve with its economy sputtering and prices falling. The declared military budget is slated to rise by 7.2%.

With an American presidential election looming, in which the front-runners want to look tough in their dealings with China, Mr Xi may be keen to avoid clashing with the superpower. Clearly referring to American behaviour, Mr Li said China would be "firm in opposing all hegemonic, high-handed and bullying acts". But his language on Taiwan was similar to the mixed messaging of previous such speeches. He said China would "resolutely oppose…external interference" there, another obvious reference to America. It would also pursue the "peaceful development of cross-strait relations". On trade matters, Mr Xi appeared to acknowledge the concerns of America and other Western governments that China is building excessive subsidised capacity in green technologies such as electric vehicles and solar panels, putting Western markets at risk of a flood of cheap products. "We must…oppose irrational, blind investments that create bubbles," he told a group of delegates.



America may be looking elsewhere for signs of China's intentions. As the congress got under way, the Philippines—an ally of America—accused China of "aggressive actions" in the South China Sea, after Chinese vessels blocked a Philippine mission to the disputed Second Thomas Shoal. A day earlier, officials from the Maldives announced that they had signed a "military assistance" deal with China, amid a push there to reduce the influence of India, to which America has been drawing close.

Foreign policy, however, is unlikely to be a topic to which Mr Li devotes much attention. The role of the prime minister has always been mainly to manage affairs at home. That role, too, has been whittled away by Mr Xi as he puts the party more clearly in charge of everything. During this session, the congress is expected to approve legal revisions that will tighten party control over Mr Li's cabinet, the State Council. They require it to "resolutely safeguard" the party's leadership and "resolutely implement" its decisions. What is actually needed is a candid discussion among officials about how to fix the economy. But it is hard to think of a forum where that might happen. ■

Spy satellites

Eyes in the sky

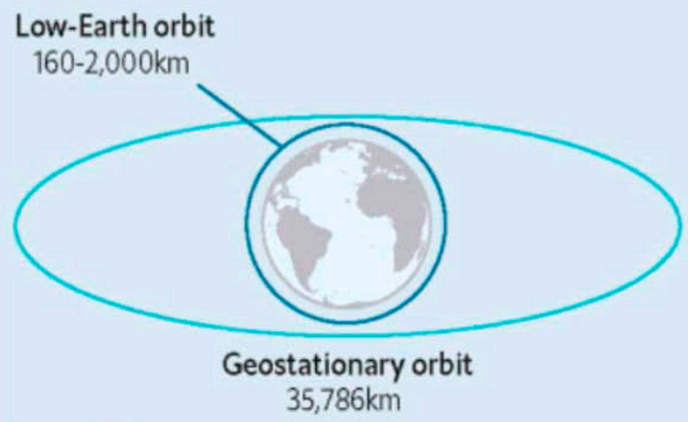
China's satellites are improving rapidly. The PLA will benefit

WHEN CHINA launched the Yaogan-41 satellite into space late last year, it travelled further than most such objects. Reconnaissance satellites tend to sit in low-Earth orbit (LEO), whizzing around the planet between 11 and 16 times a day (see chart 1 on next page). But Yaogan-41 headed for higher ground, some 36,000km from the Earth. There, in geostationary orbit (GEO), the point at which a satellite circles the planet slowly enough to remain above the same point, it began watching.

China says Yaogan-41 will be used for benign activities, such as estimating crop yields and meteorological forecasting. But it is positioned over an area that includes Taiwan, the South China Sea and other potential flashpoints. Pairing its sharp eyes with artificial intelligence (AI) and information from other satellites could give China a unique ability to keep tabs on vehicles and vessels in the region. That would come in handy in the event of war, suggests a new analysis by the Centre for Strategic

Near- and far-sighted 1

Selected satellite orbits



Source: CSIS

and International Studies in Washington.

The launch of the Yaogan-41 is part of a larger Chinese push into the cosmos. China spends more on its space programme than any country bar America. In 2019 China landed a rover on the far side of the moon. Two years later it deployed one on Mars. Those efforts seem innocuous enough, but much of its activity has potential strategic value. An area of particular concern is satellites.

Over the past decade China has massively increased the number of satellites it has in operation, to a total of over 600 today (see chart 2). Of those, more than 360 are intelligence, surveillance or reconnaissance (ISR) satellites, which observe the Earth using sunlight, infrared waves or reflections from radar pulses. China's ISR fleet is second in size only to America's, and its capabilities are finding appeal in the global marketplace. America recently sanctioned two Chinese firms for allegedly giving satellite images of Ukraine to the Wagner Group, a Russian mercenary outfit.

Most of China's satellites are of the LEO variety. Being closer to Earth, they tend to produce images with a higher resolution than those captured by GEO satellites. In terms of coverage, China's growing constellation of LEO satellites has gaps of less than 30 minutes between images of any one spot, says Juliana Suess of the Royal United Services Institute, a think-tank in London. GEO satellites have no gaps at all. Yaogan-41, for example, can watch over Asia without interruption. When used with other technologies, it could give China "an unprecedented ability to identify and track car-sized objects throughout the entire Indo-Pacific region," writes Clayton Swope, a former CIA analyst now at CSIS.

When covering such a large area, it is often difficult to know where to look. Modern software may help. In a paper published in *Fire Control and Command Control*, a journal linked to China's state defence industry, researchers noted that AI technology applied to images from the country's Jilin-1 satellite, in low-Earth orbit, had achieved a 95% success rate in identifying small objects, including those that are moving. Such claims ought to be viewed with some scepticism. How the technology performs when objects are camouflaged or hidden is an open question. Optical satellites such as Yaogan-41, which sense visible light, can also be defeated by clouds.

Still, as AI technology matures, it could give the People's Liberation Army (PLA) the ability to quickly find American targets, such as warships at sea or bombers on runways, that are beyond the range of coastal radar. The concept is nothing new: the Soviet Union used both radar and radio-frequency satellites to track NATO ships and American aircraft-carriers, which sought to hide themselves physically and electronically. But it poses a serious challenge to American military planners. China has "optical, multispectral, radar and radio-frequency sensors," says Jason Schramm, the deputy commander of America's space forces in the Indo-Pacific. "Those increase its ability to detect US aircraft-carriers."

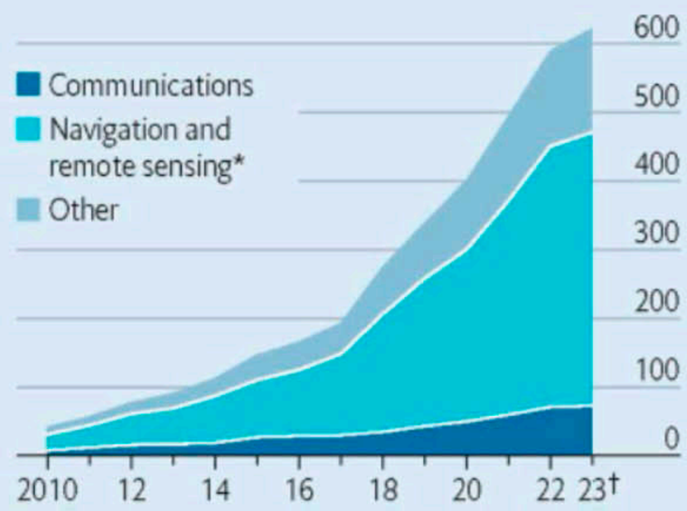
Mr Swope points out that optical satellites can even spot stealthy objects that are designed to deflect radar waves. In time, the combination of space-based sensors and advanced software might even allow the PLA to find and target small units of soldiers dispersed over a wide area, of the sort that America hopes to deploy in countries such as Japan and the Philippines. America "should be under no illusions about the potential for China to detect and locate" most of their forward-deployed forces, in peacetime or in war, writes Russell Hoole, a Marine Corps intelligence analyst.

But this is all harder in practice than in theory. Even America is struggling to build a battle network which can shunt data seamlessly from satellites to ships to guns. On the Chinese side, satellites like Yaogan-41 would probably still find it hard to locate and track a warship in the middle of the ocean with enough precision to enable a strike. And there is a lack of agility in the chain of command, meaning good intelligence may not get to the right people at the right time. Add in American countermeasures and the result is a lot of misses. This could "potentially exhaust" China's arsenal if the PLA were to target a large number of American ships, said the International Institute for Strategic Studies, a think-tank in London, in a recent report.

China, though, is moving forward. In the past it invested heavily in counter-space weapons which could blind or destroy the satellites that America's armed forces depend on to see, communicate and fight. Now it is on a path to recreating America's vast and sophisticated network of capabilities in the cosmos. As it catches up, it will become increasingly exposed to the same sort of satellite-killing strategies with which the PLA has long threatened America. The result might be an era of mutually assured vulnerability in space. ■

Red stars 2

China, operational satellites



Source: Union of Concerned Scientists *Includes intelligence, surveillance and reconnaissance satellites †To May 1st

Yaogan-41 begins its long march

Chaguan | China's confidence trap

In 2024, to acknowledge public gloom is to doubt Xi Jinping

A CURIOUS ABSENCE could be felt in Beijing this week. When the annual session of the National People's Congress (NPC) began on March 5th, China's unhappy people were missing.

These are anxious, confusing times for ordinary Chinese. A once-unstoppable economy is slowing. Consumer confidence is weak. The savings of many Chinese, particularly those who own property, are losing value. Youngsters must swot into the night to enter good schools, but now struggle to find jobs when they graduate. Travel to almost any corner of China, and the same lament is heard time and again—*shenghuo yali tai da*, life's a grind.

Yet when China's prime minister, Li Qiang, addressed the NPC—delivering his first work report since becoming head of government last year—his tone was chilly and defensive. He did not assure his fellow Chinese that the Communist Party feels their pain. He offered no promises to millions of homebuyers who have paid for apartments that indebted property firms have yet to deliver. Rather, he boasted that last year the government had made it easier to buy homes and "ensured the delivery of housing projects". He offered no solace to businesses still struggling after three years of pandemic lockdowns. Instead, addressing delegates in the Great Hall of the People, beneath the impassive gaze of Xi Jinping, China's supreme leader, Mr Li praised the authorities for "a smooth transition" from the strict rules of China's "zero-covid" regime. On the rare occasions that Mr Li did nod to the troubled national mood, it was to explain how planners can use public opinion to craft the policies that China needs. In his dry, bureaucratic words, as the government pursues this year's economic targets, it should "foster new growth drivers in the course of solving pressing difficulties and problems that concern the people most".

For all that China is a one-party state which stifles dissent without pity, Mr Li's tin ear is a surprise. China's rulers will use force to keep power if they have to. But they prefer to be aligned with what they deem to be mainstream opinion and the majority interest, because that makes controlling a large country easier.

The party devotes vast resources to shaping and monitoring public opinion, and claims to be guided by it, too. That being so, modern prime ministers have enjoyed some licence to act as the human face of the top leadership. Mr Li's two immediate predecessors, Li Keqiang and Wen Jiabao, were known for scolding officials or employers who abused the poor and weak. They visited scenes of disasters and, on occasion, expressed regret when government policies misfired.

Just one year ago, in Li Keqiang's final work report to the NPC before he retired as prime minister, he admitted that many businesses and self-employed Chinese had experienced "acute distress" during the pandemic, and hailed "our people in their hundreds of millions" for making great sacrifices to help the government beat the virus. A decade earlier, in 2014, his work report struck a distinctly populist tone. He talked of slashing spending on government banquets, official cars and foreign travel, and using the proceeds "to improve people's lives". And he catalogued the many problems that made the Chinese public unhappy. These included issues involving "housing, food and drug safety, medical services, old-age services, education, income distribution, land expropriation and resettlement, and public order". Jump back another decade, to Wen Jiabao's work report in 2004, and witness his pledges to tackle such ills as unlawful detentions and "the illegal use of coercive measures" by the police.

To be clear, the empathy of previous prime ministers did not always make much difference in practice. The same promises appear repeatedly in old work reports. In 2004 Mr Wen, known as Grandpa Wen to admirers of his folksy style, promised to "basically solve" the problem of construction companies failing to pay migrant workers on time and in full, and to achieve this within three years. The very same problem persists to this day.

Still, the public remembers previous prime ministers fondly for their candour, especially during the annual press conferences that marked the end of each NPC session. When Li Keqiang died of a heart attack last October, a wave of popular grief swept China. Mourners praised his humble origins and concern for the masses. Sensing a veiled criticism of Mr Xi's imperious ways, police cleared away many flowers and candles left as memorials to the former prime minister, and censors deleted online tributes. Those commemorations that survived often recalled specific NPC press conferences. Some recalled Li Keqiang's meeting with reporters in 2020, when he startled many urbanites by reminding them that some 600m Chinese still live on barely 1,000 yuan ($139) a month. Others remembered the NPC session of 2017, at which he called for an end to the "arbitrary use of government power".

In a storm, who dares to argue with the helmsman?

Nothing about China's current prime minister, Li Qiang, suggests that he would use his own NPC press conference to denounce unaccountable uses of power. Since taking office he has been a model of caution and deference to Mr Xi. In any event, that question will not be resolved soon, because the prime minister's NPC press conference has been cancelled this year, without explanation, and for several years to come.

China is in a funk. Many people lack the confidence to spend or invest, and do not quite understand what has gone wrong. Senior officials cannot acknowledge this, because power is so centralised in one man. The online reaction from Chinese netizens was harsh when Li Qiang was heard to declare in his work report: "We owe our achievements in 2023 to General Secretary Xi Jinping, who is at the helm charting the course." In truth, lots of ordinary Chinese worry that the ship of state is drifting, rudderless. But this cannot be admitted without seeming to doubt Mr Xi, the great helmsman. In the China of 2024, that is simply not allowed. ■

Israel and America

The exasperating alliance

WASHINGTON, DC

Joe Biden is frustrated with Israel, but will not stop its war

SIXTY-SIX BUNDLES of food drifting on parachutes onto the beach of Gaza on March 2nd made for an incongruous sight after five months of war: as Israel dropped American-made bombs on Gaza, America's air force dropped ready meals. The aid operation, conducted jointly with Jordan and repeated on March 5th, symbolised not the power of America, but its frustration at its limited ability to influence Israel's fight against Hamas.

President Joe Biden has sharpened his tone towards Israel of late, saying he would accept "no excuses" for delays in increasing humanitarian supplies to Gaza. He faces growing pressure, at home and abroad, over the appalling toll of the war, not least the mass displacement of Gaza's population, the deaths of thousands of civilians, and widespread hunger and disease.

Mr Biden is making plain his displeasure with Israel's prime minister, Binyamin "Bibi" Netanyahu, in other ways, too. On March 4th and 5th his administration welcomed Benny Gantz, a centrist member of Israel's war cabinet, as if he were an alternative prime minister, granting him meetings with the vice-president, Kamala Harris, and the national security adviser, Jake Sullivan, among others. Mr Netanyahu, who has yet to set foot in the Biden White House, was furious.

Ever since Hamas killed more than 1,100 people and captured some 250 hostages on October 7th, Mr Biden has pursued a four-pronged strategy: embrace Israel's right to defend itself and destroy Hamas, stop the war from spreading, limit the harm to Palestinian civilians and restart peace talks to create a Palestinian state. Mr Biden has rushed weapons to Israel. He has averted a regional conflagration even as Iran-backed militias in Lebanon, Syria, Iraq and Yemen have intensified attacks against Israeli and American targets and disrupted international shipping in the Red Sea.

Yet Mr Biden has struggled to protect ordinary Palestinians from Israel's wrath. He feels Mr Netanyahu's right-wing coalition has not paid much heed to his exhortation to do its utmost to protect civilians. More than 30,000 Palestinians have died (including combatants), according to the Hamas-run health ministry in Gaza. Much of Gaza's fenced-in population of 2.2m has been forced southward, like toothpaste squeezed in a tube. The UN warns of spreading illness and hunger, especially in parts of northern Gaza.

Hamas has been weakened, but not defeated. Israel says it is determined to destroy Hamas's surviving battalions in and around the city of Rafah, on the southern border. Egypt is worried that fleeing Palestinians will burst into the Sinai. America has repeatedly warned Israel not to attack without a plan to protect civilians.

American officials say their air-drops are part of an effort to "flood the zone" with aid. They are a highly inefficient means of providing help—and tend to cost three to four times more than bringing food by road. A putative sea-lift is still over the horizon. Israel seems deaf to America's pleas to open new passages for supplies by land. The chaos is worsened by Israel's killing of Palestinian policemen (who are often seeking to prevent the looting of aid) because they are symbols of Hamas's rule. ▸▸

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The ensuing anarchy became tragically apparent on February 29th, when an aid convoy intended to support life brought death instead. About 100 Palestinians died as they crowded around the lorries—most of them either shot by panicked Israeli soldiers, crushed in the crowd or run over, depending on who is telling the story.

Still, America has repeatedly vetoed UN Security Council resolutions calling for immediate ceasefires in Gaza. It has defended Israel before the International Court of Justice, which has been asked to rule on the legal consequences of Israel's conduct in territories it has occupied since a war in 1967. It has also described a genocide case against Israel as "meritless".

Mr Biden's support for Israel carries a cost for him at home. About 100,000 Democrats—mainly progressives and Arab-American voters—cast "uncommitted" ballots in the Democratic primary in Michigan, an important swing state. It was a rebuke to Mr Biden, who faces a tough campaign for re-election in November.

Bernie Sanders, a left-wing senator who twice ran for the Democratic presidential nomination, has called for America to halt military supplies to Israel if it does not immediately increase access to aid. "The airdrop reveals the stark absurdity of American policy," says Matt Duss of the Centre for International Policy, a think-tank in Washington, who previously worked for Mr Sanders. "We're air-dropping food to a population whose starvation we're supporting with our arms." Republicans, meanwhile, accuse Mr Biden of tying Israel's hands.

As war grinds on in Gaza, the Biden administration has pressed Mr Netanyahu in the West Bank. America has imposed financial and travel sanctions on four Jewish settlers accused of violence against Palestinians there. Antony Blinken, the secretary of state, has also declared settlements to be inconsistent with international law, reversing the policy of his Trump-era predecessor, Mike Pompeo, who said West Bank territories "are rightful parts of the Jewish homeland".

Mr Biden's main way out of the crisis is to work for a ceasefire, ideally before Ramadan, the Muslim month of fasting (see next article). "The US is trying to hold things together for one more week. They have put all their eggs in the hostage-deal basket," says David Makovsky of the Washington Institute, an American think-tank. "If they pull it off they will lead a surge in humanitarian aid, and hope the worst of the fighting is over."

America says that Israel has broadly agreed to the terms of a deal, which are said to include a six-week ceasefire and the exchange of some 40 hostages for probably hundreds of Palestinian prisoners. "The onus right now is on Hamas," said a White House spokesman.

America hopes a pause will then lead to discussions of who will run Gaza after the war, and a broader regional peace deal. This would include progress towards the creation of a Palestinian state; reform of the Palestinian Authority, which runs autonomous parcels of the West Bank; the establishment of diplomatic relations between Israel and Saudi Arabia; and various American security guarantees.

Mr Netanyahu, though, adamantly opposes a Palestinian state. His proposal for the "day after" amounts to a permanent occupation of the Gaza Strip, with routine administration delegated to Palestinian "professionals with managerial experience".

For all his annoyance with Mr Netanyahu, Mr Biden has declined to use America's leverage more directly. Other presidents have done so: Ronald Reagan blocked the delivery of weapons to Israel in the 1980s, and George H.W. Bush halted loan guarantees to Israel in the 1990s. The freelance diplomacy by Mr Gantz is a warning that Mr Biden may yet put his thumb on the scales of Israel's unsteady politics. Yet Mr Gantz is no dove. After meeting Ms Harris, he emphasised "the imperative of completing the mission" against Hamas. But American officials think him more tractable, and trustworthy. Those who have met him say he is keen on a hostage deal.

Though opinion is shifting, especially among young Democrats, Americans are still largely sympathetic to Israel. Mr Biden is a self-declared Zionist. Thus far in the crisis he has lived by the dedication he wrote years ago on a picture he gave Mr Netanyahu: "Bibi, I don't agree with a damn thing you say, but I love ya." ■

The war in Gaza

The possibility of a blessed respite

JERUSALEM

The holy month of Ramadan could bring a truce to Gaza, or widening violence

THE ALLEYWAYS of the Palestinian bazaars in the Old City of Jerusalem have been deserted for five months. Since Hamas attacked Israel on October 7th, triggering the war in Gaza, tourism has collapsed and Israeli visitors have kept away. But the stall-owners are hoping for a revival during Ramadan, the Muslim holy month of fasting that starts around March 10th.

Ramadan is a time when families traditionally buy presents and new clothes, and when each night tens of thousands—and on Fridays hundreds of thousands—come to pray at the al-Aqsa mosque. The less devout fill the cafés and restaurants once the fasting is over, deep into the night.

A holy place in the holy month

But Ramadan is also a period of heightened tension, when young Palestinians often clash with the Israeli police in east Jerusalem. In recent years the youngsters have barricaded themselves in al-Aqsa, throwing rocks at the police and at Jews praying at the adjacent Western Wall.

In 2021 clashes during Ramadan triggered rioting by Arab Israelis and a 12-day war in Gaza. Hamas, which has taken a beating in Gaza (about 13,000 of its fighters have been killed, Israel reckons) and whose leaders are in hiding, is hopeful that Palestinians elsewhere will join in the fight. It has called for a march to al-Aqsa on the first day of Ramadan.

For nearly a century, events at al-Aqsa and the surrounding Temple Mount have often led to wider confrontations between Arabs and Jews. Since the war began, though, Jerusalem has been largely quiet, if still tense. Although there has been a rise in violence in the West Bank, perpetrated by both Palestinians and Israeli settlers, a widespread Palestinian uprising, or intifada, has failed to materialise.

In the hope of keeping things that way, Prime Minister Binyamin Netanyahu rejected the demands of his far-right national security minister, Itamar Ben-Gvir, to restrict the number of Israeli Muslims allowed to pray in al-Aqsa during Ramadan. Rarely does Mr Netanyahu defy his co-

alition partner, the leader of the Jewish Power party, without whom he has no parliamentary majority, but the security services were adamant that restrictions would be an unnecessary provocation.

"Tension around al-Aqsa can lead to what Hamas has been trying to achieve since the beginning of the war, dragging the Palestinians in the West Bank and Arab Israelis into the war as well," says an Israeli military official. Israel has beefed up its already heavy military presence in the West Bank, including with some units that were recently in Gaza.

There are also rewards for peace. Since the war began, Israel has barred entry to 130,000 Palestinians who worked in Israel—the principal source of income in the West Bank. Security officials, worried that mass unemployment could cause rioting, have pressed for their return. But Israeli politicians have refused to lift the ban. A relatively peaceful Ramadan would probably lead to a change in policy.

This should also be an inducement to the Palestinian Authority (PA), which controls the semi-autonomous parts of the West Bank, to do its part in keeping the peace. It would not just mean a boost to the Palestinian economy, but would also serve as proof that the PA, which is expected to get a new prime minister within days, can be trusted to retake control of Gaza, from which it was ejected by Hamas in a bloody coup in 2007.

Ultimately, the chances of having a calm Ramadan in Jerusalem and the West Bank are connected to the prospect of a ceasefire in Gaza. As *The Economist* went to press, talks were under way in Cairo. Egyptian and Qatari mediators were hopeful a deal could be reached before Ramadan.

The basic framework for such a deal would be a six-week truce during which Hamas would release about 40 of the Israeli hostages it has held for five months in Gaza. In return Israel would release hundreds of Palestinian prisoners. But there are sticking-points.

Hamas is anxious to restore its rule. It is demanding that, during the truce, Israel should remove its cordon that cuts off Gaza city from the southern parts of the strip, where most of Hamas's surviving fighters are hiding. Israel is unlikely to allow full freedom of movement and has its own key demand: it wants a list of all the Israeli hostages still alive. Hamas has refused to supply this information.

Even if an agreement is reached, Hamas is set to hold on to some of the hostages, particularly IDF soldiers, whom it plans to barter for many more prisoners, including some of its most hardened killers. Israel still plans to continue its campaign against Hamas's last stronghold in Rafah. But even a temporary truce over the holy month would be a blessed respite. ■

Tanzanian politics

Self-preservation society

DAR ES SALAAM

An opportunity to fix Tanzania's broken political system has gone begging

TANZANIA'S PRESIDENT is undoubtedly an improvement on her ghastly predecessor. John Magufuli was an abrasive, covid-denying nativist who crushed dissent, chilled investment and frittered away money on vanity projects. Samia Suluhu Hassan, by contrast, is a conciliatory internationalist who has wooed foreign investors and who prefers negotiating with her opponents to locking them up. Yet three years into her presidency, as words fail to translate into action and reforms stall, nostalgia for the Magufuli era is growing.

As a hijab-wearing Muslim woman from the politically marginalised archipelago of Zanzibar, Mrs Samia has had plenty of prejudices to overcome. Before becoming president she was an inconsequential figure within the ruling CCM party, which has governed Tanzania since independence from Britain in 1961. She was the choice of neither her party nor her predecessor, whom she served as vice-president, a position that owed more to tokenism than anything else. When Mr Magufuli died in March 2021, she assumed the presidency by virtue of the constitution.

An accidental, unelected president, lacking a political base and disadvantaged by her sex, faith and birthplace, Mrs Samia was therefore always going to struggle to manoeuvre. The question, therefore, is not whether she is a cautious reformer but whether she is a genuine one. To this, the answer is far from clear.

Certainly, Tanzania is less sinister and less mad since she took over. Mr Magufuli advocated the Eucharist as the best way to fend off covid-19, an approach that failed to prevent many who caught it (probably including himself) from meeting their maker. Mrs Samia preferred vaccines to communion wafers. Likewise, government critics do not have to talk in hushed tones or look over their shoulders quite so much. The president lifted a ban on opposition rallies last year and allowed a protest to take place in Dar es Salaam, Tanzania's biggest city. Press censorship has eased.

The poisoned atmosphere of her predecessor's era has also dissipated. Mr Magufuli liked to rile up his supporters by blaming "*mabeberu*" (literally "male goats", meaning foreign imperialists) for unleashing covid, holding back Tanzanian industrialisation and plundering the country's natural resources. Facing arbitrary government demands, investors fled. Mrs Samia is trying to get them back. Now it is easier to do business and tax audits have grown less quixotic, says Anna Rabin, who runs a firm advising Western companies. The president also sidelined many of Mr Magufuli's most toxic lieutenants, notably Paul Makonda, who had called on Tanzanians to round up gays and was accused by America of oppressing the opposition.

Yet Mrs Samia has shied away from meaningful political reforms. Though she has lifted bans on news outlets, legislation passed under Mr Magufuli to constrain the media and NGOs remains in place. Few ef-

forts have been made to bring to account those responsible for the worst abuses of the Magufuli years, most notably the attempted assassination of Tundu Lissu, a prominent opposition leader. "I have not had a single call from the police, I have not been interviewed by the police and, as far as I know, not a single person has ever been interviewed," Mr Lissu says.

Worryingly, there are signs that in recent months Mrs Samia has taken an "authoritarian turn", says Deus Valentine of the Centre for Strategic Litigation, a pro-democracy movement. Having ditched Mr Magufuli's stooges, she has busied herself bringing them back into the fold. In October she appointed Mr Makonda to the powerful post of ideology and publicity secretary for the CCM. Reformers within the party appear to have been sidelined.

The restoration of the dinosaurs has been accompanied by a cooling on promises of constitutional and electoral reforms. Mrs Samia had been discussing these with the opposition and pro-democracy groups, but then said that a constitutional review would not take place until 2027, after the general election next year.

Tanzania's constitution, written to support the repressive mechanisms of a one-party state, desperately needs an overhaul. The current laws blur the lines between the ruling party and the state and imbue the president with coercive and unnecessary powers. Mrs Samia has used these less frequently than some of her predecessors did, although she has occasionally yielded to temptation. Freeman Mbowe, the leader of Chadema, the main opposition party, was held in prison for seven months until prosecutors dropped terrorism charges against him in 2022. Had the constitution guaranteed prosecutorial and judicial independence, Mr Mbowe might never have seen the inside of a cell.

There is plenty of debate as to why Mrs Samia changed tack. Some say she was never a genuine reformer and had merely been toying with the opposition to buy time. It is more likely, however, that she was forced to do so to shore up support among the electorate and within her party.

Mr Makonda comes from the Sukuma tribe, Tanzania's biggest, and could win her votes in a community where her sex is potentially a drawback. Electoral mathematics aside, Mr Magufuli was popular because made serious efforts to curb petty corruption. Ordinary Tanzanians and foreign investors grumble that police officers and civil servants, who were restrained during his rule, are fleecing them with greater vigour than ever. Bringing the hardliners back might show that Mrs Samia is getting serious about graft.

If the president has anxieties about her electoral position, these must be even greater in regard to her party, where rivals are constantly circling. There are at least eight bigwigs with presidential ambitions who would welcome the chance to trip her up, analysts say. Some of the most charismatic come from the party's reformist wing. Meanwhile, some Magufuli hardliners are said to have teamed up with opposition parties last year to stir protests over a controversial port deal she signed with the Emirati company DP World.

For the CCM's hardliners, constitutional change is a threat to the party's 63-year grip on power. Whatever her personal views, Mrs Samia needs to pacify them to secure her own position. As party and president scramble to preserve themselves, the window for further reforms seems to be closing. The president has had three years to make a difference. The return on investment has been disappointingly paltry. ■

The collapsing naira

Nary a dollar

LAGOS

Nigeria's currency crisis is decades in the making

ON THE WEALTHY peninsula of Victoria Island in Lagos, Nigeria's commercial capital, no one knows how much their grocery shopping costs. Prices are changing so quickly that shopkeepers have given up on tags altogether. At the till, one might be shocked to discover that a tomato is now 120 naira (8 cents). Last year that could get you four, enough to balance out the hot spice in a pot of jollof rice. That staple dish is made dearer still by the soaring prices of onions and rice, forcing the poorest Nigerians to skip meals. Because Nigeria is dependent on imports, its weaker currency is pushing the annual inflation rate towards a three-decade high at almost 30%.

Last year 23 African currencies hit record lows against the dollar. The naira, which is moving towards being fully floated, has been devalued twice in attempts to close the gap with a parallel market rate. That makes it the second-worst-performing currency in the world, after the Lebanese pound. The decline is also eating into the hard-currency profits of multinational businesses. For example MTN, a South African telecommunications company whose biggest market is Nigeria, this month said its group profit could fall by 60-80% and that its Nigerian unit would make a loss because of the naira's collapse. The currency volatility is eroding confidence, sparking protests from unions and deterring much-needed investment.

For more than four decades, oil provided Nigeria with a steady stream of dollars that boosted the naira. In many cases this made it cheaper to import things than to make or grow them. But oil production has slumped over the past 20 years and no other big source of export earnings has replaced it. With hard currency in short supply, Nigerians are panic-buying dollars, putting further pressure on the naira.

In a bid to curb inflation and attract foreign investment, the central bank, under a new governor, Olayemi Cardoso, increased interest rates to 22.75% last month. The juicy rates are having some impact: foreigners bought four-fifths of the short-term debt the central bank issued after the increase. The bank also says it has cleared $2.3bn of backlogged foreign-exchange transactions, which had been frustrating airlines and prompting multinationals to leave because they could not get money out of the country.

When Kenya bumped up interests rates in February and issued $1.5bn in bonds, its currency rallied. In Nigeria, however, so great is the demand for dollars that higher interest rates have moved the needle less.

Taming the naira will take more than quick fixes and tweaks to monetary policy. "For the first time in ten years we have very clear direction on what [the central bank] is doing and why," says Amaka Anku, who leads the Africa practice at Eurasia Group, a political-risk consultancy. "But the central bank cannot earn foreign exchange!"

Almost a year since Bola Tinubu was elected president, there are questions about his government's readiness to deal with a crisis of this magnitude. A steep new tax on firms that hire expatriates (costing $10,000-15,000 a year per foreign employee) is bound to discourage investment. And efforts to curb currency speculation are a distraction from the bigger reforms needed to make Nigeria an attractive place to do business. Only when the country can sell more of its own goods and services abroad, or win the confidence of foreign investors to fill the gap, will it solve its chronic shortage of dollars. ■

Ups and downs

Nigeria

Source: Haver Analytics

Cryptocurrencies in Africa

The virtual mining boom

Why Africa is becoming bitcoin's new frontier

"BITCOIN MINING is like pouring water on an even floor. It will always go to the lowest point," says Erik Hersman, a tech entrepreneur in Nairobi, Kenya's capital, explaining how the energy-intensive activity of creating, or "mining", the digital currency gravitates to places with the cheapest power costs. Until 2021 the Dead Sea for bitcoin was China, before the government banned it, citing the environmental harm it causes. The proverbial water swiftly flowed to America, with its plentiful supply of cheap energy and deep capital markets. Profits soared. Within months America accounted for a third of global bitcoin production.

Crypto-miners are again scouting for fresh ground ahead of the "halving", which occurs every four years, when rewards for mining will be cut in half. This makes mining less profitable and can drive all but the most efficient miners out of business. Regulators are also growing more wary: in 2022 New York became the first state in America to rule out any new mining operations not based entirely on renewable energy. Wilder pastures such as Kazakhstan and Iran, which had recently welcomed the industry, have since turned hostile.

Many governments fret that by competing for electricity with local homes and businesses, the miners' energy-guzzling computers will fuel social discontent. "The worldwide search for cheap power is on," says Troy Cross, a bitcoin expert at Reed College in Oregon. "If you don't get cheap power, you don't survive the halving."

Enter Africa, with its cash-strapped states and vast—if still mostly untapped—renewable-energy resources. The continent has 60% of the world's best places to generate solar power (and five of the ten countries with the world's cheapest electricity). In the past year crypto-miners mostly from China and Russia have been arriving in Ethiopia, to take power from the recently built Grand Ethiopian Renaissance Dam, Africa's largest. This month Ethiopia's sovereign wealth fund signed an agreement with a Hong Kong-based firm to build a $250m data centre for data-mining and artificial intelligence.

Neighbouring Kenya is likewise eager to get in on the action, says Mr Hersman, whose own crypto-mining company, Gridless, began operations in three African countries in the past year. Though the continent's total contribution to global bitcoin production is negligible, some investors think that Ethiopia could match the capacity of Texas, the current hub. Africa is "definitely" the industry's next frontier, says Adam Swick of Marathon Digital, America's largest listed crypto-mining firm.

The continent offers bitcoin's boosters a chance to flip the script on an industry whose reputation has wilted in recent years, due to a succession of swindles, crashes and well-founded concerns about its contribution to climate change. Crypto-miners say the emerging model in Africa is the opposite of simply burning through fossil fuels. That seems paradoxical, since there are chronic shortages of electricity in many countries. Yet many of the continent's renewable-energy projects are stalled because there are not enough local consumers who are able to buy electricity to make them financially viable. By offering themselves as buyers of last resort, crypto-miners can help to stabilise demand for power and ensure utilities turn a profit. In doing so, they might also incentivise the investment needed to provide electricity to the estimated 600m people in Africa, roughly half its population, who do not have access to power from the grid.

There has also been booming interest in using and owning cryptocurrencies in parts of Africa. That may have less to do with any intrinsic advantages they offer than with the weaknesses of domestic currencies such as Nigeria's naira, which is the world's second-worst-performing this year (see previous article).

There is, however, scant evidence that cryptocurrencies offer poor countries a shortcut to riches. In 2022 the Central African Republic became the second country in the world to make bitcoin legal tender. But the move the move failed to spur investment in this militia-plagued country.

The mining side of crypto may hold out more promise. But in the absence of global rules compelling the industry to use renewable energy, there is a risk that its expansion in Africa will be driven by unscrupulous miners whose activities outpace the capacity of governments to regulate them, says Ben Kincaid of Bridger Solutions, a green-crypto firm. In this regard, Kazakhstan's bid to turn itself into a crypto-mining power stands as a warning. Miners there were soon forced out after being blamed for using too much power and causing blackouts. The brief boom may also have slowed the country's transition to renewable energy by making fossil-fuel power stations more profitable.

The notion that African countries might "leapfrog" over deep structural problems is alluring. Ethiopia's government sees crypto-mining as a quick fix for its crippling shortage of foreign currency. But the reality is rarely as simple as it sounds. Bitcoin may help pro-democracy activists evade state repression, for instance, but it can also fund corruption, organised crime and terrorism. As for crypto-mining, one recent study in Texas found that while it did indeed increase renewable-energy capacity, it also led to an overall increase in carbon emissions. "Ultimately, there's no such thing as green bitcoin-mining," argues Peter Howson, the author of "Let Them Eat Crypto". Faced with such uncertainties, governments in Africa might want to look before they leap. ■

Powering Virunga's virtual mine

Climate change

Floods, droughts and melting glaciers

THE HAGUE AND RIEDERALP

People are seeing extreme weather in action, but not voting to do much about it

MARK HARBERS has arguably the most important job in the Netherlands. As minister of infrastructure, he must ensure that the enormous dykes and floodgates meant to protect the country against rising sea levels get built. This winter has made it clear how crucial that will be. In early January there were high-water alerts all over the country. The Markermeer, part of a bay that splits the northern Netherlands down its middle, reached its highest level ever, 45cm above the national benchmark known as Normal Amsterdam Level.

The problem, Mr Harbers explains, was "a combination of three factors": rain inside the country, rain elsewhere, and unlucky winds. The Netherlands forms the delta of the Rhine, which drains much of Germany. Weeks' worth of rain in central Europe was flowing north and building up in the Markermeer and the IJsselmeer (another bay), which are separated from the North Sea by dykes. The dykes' spillways can only vent water when the sea is lower than the bays. But storm winds from the north were keeping the sea too high. As the water backed up, the authorities opened canal locks, flooding farmland to disperse the load. Within days the waters ebbed.

The longer-term issue, of course, is climate change. The North Sea has risen about 19cm since 1900, and the rate has increased from about 1.7mm to 2.7mm per year since the 1990s. This makes it ever harder for river water to flow into the sea. With a quarter of their country lying below sea level, one might think that Dutch voters would be exceptionally worried by global warming and choose parties that strive to end carbon emissions. Yet in a general election last November they gave first place to a hard-right candidate, Geert Wilders, who wants to put global climate accords "through the shredder". Mr Wilders's party got 23.5% of the vote; a combined Green-Labour list got just 16%.

All across Europe this winter, as the effects of climate change grow starker, the parties that want to do something about it are getting hammered. In Germany, where the floodwaters hit first, the Green party's popularity has plunged. Portugal's Algarve is parched by drought, but with elections due on March 10th, polls show the green-friendly left well behind the right. Spain has a drought emergency, yet the pro-green Socialist-led government is teetering. In winter the Swiss Alps appear on heat-anomaly maps of Europe as a streak of red, 3°C above historical averages. But the hard-right Swiss People's Party (SVP), the biggest in parliament, won more seats in an election last autumn, while the Greens shrank.

It is not that Europeans have stopped caring about the climate. In a special Eurobarometer survey last summer they rated it the third-most-important problem in the world, behind food security and armed conflict. The Dutch rated it the most important. A few months later they voted for Mr Wilders. Why the disconnect?

One problem is that partisanship outweighs evidence. Political scientists find that extreme weather events make people ▸▸

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more likely to support green policies—but not by much. In one study of thousands of Germans before and after big floods in 2013, those who had been close to a flood were a bit more likely to want to fight climate change. A study in Britain by Tobias Rüttenauer of University College London got similar results for floods and heatwaves. But the reaction faded, and there was no effect on convinced sceptics.

Another reason Europeans' reactions are muted is that their governments have mostly protected them. The Netherlands' independent flood-control authority, the Delta Fund, lays out targets and budgets on a timescale of decades. It plans to spend between €15.7bn and €32.9bn ($17bn to $35.7bn) up to 2050 to upgrade 2,000km of dykes. "Water protection is anchored in the DNA of Dutch people and politicians," says Mr Harbers. Even Mr Wilders does not deny climate change is happening; he just wants to address it by raising dykes.

Other Europeans object to the costs of climate-friendly policies. Germany's Greens began to slide when they introduced an expensive mandatory heat-pump plan for homeowners. For months, farmers from across the continent have besieged Brussels in a (successful) effort to roll back environmental measures. And strangely, in Switzerland last year efforts to pass a climate law by referendum were opposed by a group directly threatened by the Alps' vanishing snow: hotel owners.

The Swiss referendum, which set a target of zero net emissions of greenhouse gases by 2050, was the country's second try. A tougher version was voted down in 2020. The new one had fewer taxes and emphasised renewable energy and carbon offsets, and it passed comfortably. Supporters "put together a huge coalition", says Artan Islamaj of Libero, a liberal activist group. The restaurant and hotel owners were the only lobby that uniformly opposed it, and the SVP the only political party; both said it threatened energy security.

Hoteliers' opposition at first seems mystifying. Climate change is an existential issue for the Alps' $30bn-a-year ski industry. The region's glaciers are losing mass at a rate that leaves scientists dumbfounded; in the past two years "all the previous records were shattered", says Matthias Huss, an expert at the ETH-Zurich university.

But for resort owners, climate change is simply something to cope with. Slowing it is beyond their control. One reason they might oppose expensive green-energy plans is that their ski lifts and snow-making machines use a lot of power. Aletsch Arena, a Swiss ski complex, bans cars and uses green hydropower from a nearby dam, but not all resorts have those options.

Climate change is a huge threat to the resort's other attraction: the Great Aletsch glacier, the biggest in continental Europe. Martin Nellen has been leading tours on the glacier for 45 years. When he started he could step directly from the ice into a cabin where his groups lunch. Now they must climb a 460-step staircase. The Great Aletsch could lose half its mass by 2100. A bit of a mystic, Mr Nellen says he "used to talk to the glacier, and it would tell me 'We don't need you, but you need us'...Now, to see it melting, it's really sad."

One reason climate change is politically difficult is that it happens so slowly. Another is that no one country can affect it much. Past the ridge on the north side of the Great Aletsch glacier, snowmelt flows north into the Rhine, beginning its 1,230km journey to the Netherlands. The Dutch cannot control how the Swiss vote on climate change, and vice versa. But they must both deal with the consequences. ■

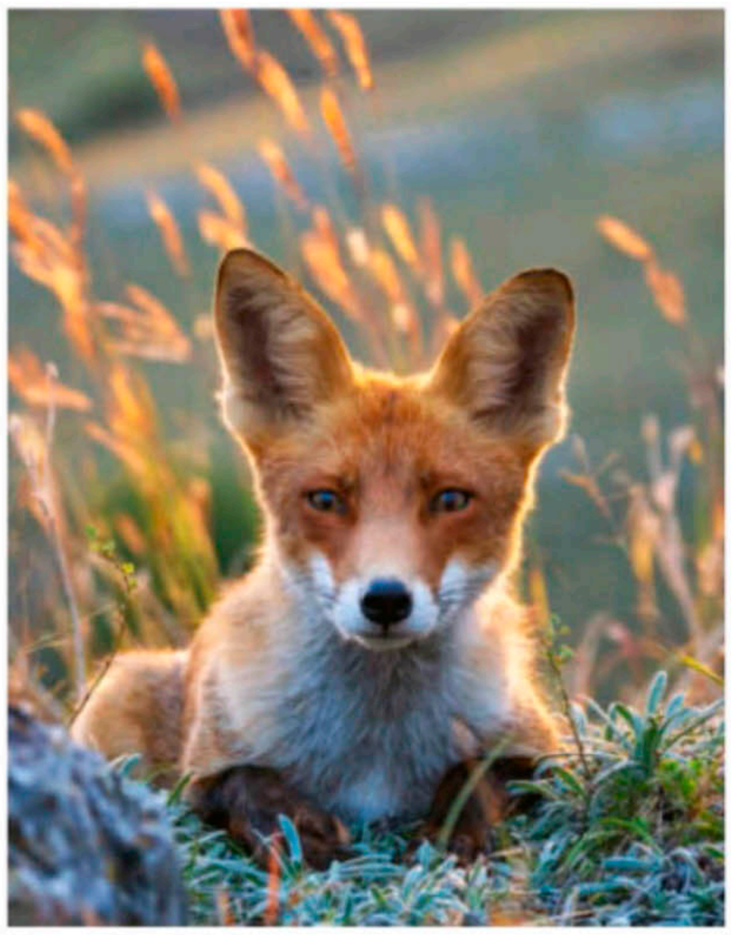
Ukraine

On the wild side

KVITNEVE

Ukraine's animals are also victims of the war

THE WAR in Ukraine, now two years old, has affected animals as well as humans—but not equally. Military activity is almost certainly responsible for the deaths of tens of thousands of Black Sea dolphins; but Ukraine's ban on wartime hunting has been good for foxes, whose numbers have exploded. The war has also caused untold ecological damage. Forests and steppe have burned and land and water have been contaminated by explosives and chemicals. At the beginning of this year the Ukrainian government claimed that the war had already caused some $56bn of damage to the country's environment.



Some thrive still

Two years ago, as millions of Ukrainians fled, it seemed that theirs was the first exodus in history in which so many were accompanied by their pets. Heartwarming stories of how cute cats were saved from bombed-out tower blocks leavened the period's grim journalistic fare. But, not surprisingly, when so many humans are being killed, the fate of Ukraine's wildlife has gathered scant attention.

The war's effect on dolphins has been especially awful. Ivan Rusev, scientific director of the Tuzly Lagoons National Nature Park in Bessarabia, in the south-west, says that soon after the invasion began two years ago dead dolphins began washing up on the park's beaches. Extrapolating from various sources of information, he believes that 50,000 dolphins died in 2022. He says he is "99% certain" that tests will confirm that the primary cause of death was Russian naval sonar, which "blinded" them, making it hard for them to hunt and prone to infection. Explosions and burns from white phosphorous bombs killed others. Last year, after the Russian navy had been driven back from the western Black Sea, the number of dead dolphins dropped drastically.

On a cold morning in woods near the small town of Kvitneve, 100km west of Kyiv, 16 hunters pay silent homage to members of their fraternity who have fallen at the front. Then they fan out in search of foxes to shoot. Ever since the full-scale invasion began, hunting, with very few exceptions, has been prohibited in Ukraine. Today the group have a rare permit and have been called out by villagers angered by marauding foxes which have been stealing their chickens and biting their dogs.

Viktor Chervonyi, the president of Ukraine's hunting association, believes that thanks to the hunting ban, the country's fox population has leaped from an estimated 200,000 two years ago to 500,000 or more now. As a result, he says, and also thanks to the fact that the war has prevented the normal distribution of edible rabies vaccines, which are often dropped from the air for animals to eat, the number of people bitten by foxes and feral dogs that have caught rabies has surged. In the first nine months of last year 40% more people than the year before sought post-bite rabies inoculations.

Ukraine's much smaller wolf and raccoon-dog populations are also soaring. Increasing wild-boar numbers have led in turn to more cases of African swine fever, so local pigs have to be culled wherever it is detected. In the east, in ruined villages, abandoned dogs are hunting in packs, killing foxes and boars and spreading diseases they catch from them. ■

The right to abortion

Body politic

PARIS

Why France has made abortion a constitutional right

FRANCE, WHICH signed the declaration of the rights of man in 1789, has not traditionally been at the forefront of securing the rights of women. They had to wait until 1944 to win the vote, 16 years after British women. France legalised abortion only in 1975. On March 4th, however, when the French parliament voted to make abortion a constitutional right, it became the first country to do so explicitly. "The place of women has changed because France has changed," declared Yaël Braun-Pivet, the first female head of the National Assembly, who presided over the vote. That evening the Eiffel Tower was lit up with the words "My body, my choice".

The overwhelming vote by French legislators, who backed the constitutional revision by 780 votes in favour to just 72 against, was a rare moment of cross-party unity. Pushed initially by the left-wing opposition, it last week secured unexpected backing in the Senate, which is controlled by the opposition on the right. The justice minister, Eric Dupond-Moretti, spent hours there trying to win over senators. Emmanuel Macron, the centrist French president, then seized the chance to send the revision days later to a joint sitting of the lower and upper houses in Versailles, where a three-fifths majority is needed to revise the constitution. That threshold was passed by a big margin.

Some French legislators, including the head of the Senate, Gérard Larcher, had argued that it was unnecessary to enshrine the right to abortion in the constitution, since it was already protected by law. The constitution, argued Mr Larcher, was not a "catalogue" of social rights. There was no imminent threat to those rights. Moreover, the French are among the strongest supporters of the legal right to abortion, with 82% in favour, far ahead of the 63% in Poland and 55% in America.

But French lawmakers on the left in particular had worried about how to protect the right to abortion from any future attempt to roll it back, particularly after America's Supreme Court in 2022 overturned the longstanding ruling that barred the states from banning abortion there. Poland's nationalist government severely restricted abortion in 2020. In France campaigners look ahead with trepidation to the next presidential election, in 2027, and the possibility of a hard-right victory. Although Marine Le Pen, the nationalist leader, does not campaign against the right to abortion and backed the constitutional revision this week, 42 of her 87 fellow deputies voted against, abstained or did not take part. Unveiling the proposal last year, Mr Macron said that he wanted to make sure that the right was "irreversible".

Many French legislators this week made a further point: that the vote was a message of support to women elsewhere. It was a campaign "for those who resist Trump, Bolsonaro, Orban, Milei, Putin, Giorgia Meloni", declared Laurence Rossignol, a Socialist senator who had lobbied for the revision, to a cross-party standing ovation. For Mr Macron, who runs an unpopular minority government that has recently veered to the right on immigration, it is also a way to shore up support on the left—and, for once, win the momentary approval of the majority of the French. ■

Germany

General discomfort

BERLIN

Russia hacks Germany's defence ministry

THE GERMAN defence ministry is not known for being funny. But it did draw chuckles on March 3rd, emailing journalists an official statement by Boris Pistorius, the defence minister, that could only be opened using the baby password 1234.

The self-deprecation was appropriate. Three days earlier Russia had leaked the tape of an intercepted call between four senior German air-force officers discussing the militarily critical and politically hypersensitive matter of supplying German-made Taurus cruise missiles to Ukraine. Aside from exposing a few (luckily minor) secrets, the leak infuriated NATO allies and reignited a fierce domestic debate over the Taurus issue. Making things worse, it followed shortly after another embarrassing incident, this time in the Red Sea, where a German frigate nearly shot down an American Reaper drone, missing only because two of its interceptor missiles crashed.

Boris Pistorius isn't happy

The immediate damage has been to Germany's reputation. As Mr Pistorius explained on March 5th, the cause of the phone leak was not systemic but a single error: one officer joined the call from a hotel in Singapore while attending an air show—just the sort of place Russia would bug. The conversation itself revealed little that Russia does not already know about the Taurus, and the generals' frank talk about waiting for political decisions should in fact reassure Germans that their soldiers respect democracy and are in no rush for war. The naval mishap, meanwhile, was partly the Americans' fault. They failed to alert an allied ship that the approaching killer drone was friendly, and not an attack by militant Houthi rebels. The German frigate did in fact block a couple of those a day later.

Even so, Mr Pistorius is right to be what he described as "very, very angry". The Kremlin trumpeted the call as proof that Germany plans to attack Russian civilian infrastructure (the generals had chatted about the technicalities of using Taurus to destroy the Kerch bridge, linking Russia to occupied Crimea). This fits into a Russian propaganda narrative that paints its war on Ukraine as a righteous struggle against Western perfidy. It also bolsters images that Vladimir Putin likes to project, of being a patriotic protector and also a brilliant spymaster, just days before he is scheduled to be re-elected president.

The longer-term fallout from the messups may be domestic. They show that despite declaring a *Zeitenwende* to meet the challenge of a belligerent Russia, Germany's security culture and military capacity remain deficient. The focus on Taurus also revealed a painful truth. The leaked phone call took place on February 19th, as pressure mounted on Olaf Scholz, the German chancellor, to supply the cruise missiles, which have a longer range and pack a bigger punch than similar systems that France and Britain have already given to Ukraine. In the event, Mr Scholz said no, because Ukraine might fire the missiles at Moscow and because German soldiers would have to programme the targets, making Germany "a party to the war". But his own generals mentioned no such qualms, suggesting workarounds such as letting allies do the targeting. "No one really knows why the chancellor is blocking," shrugs one of the generals in the chat. ■

Military mobility in Europe

Quick march

A "military Schengen" is crucial for deterring Russia, but progress is slow

THE BIGGEST exercise NATO has held since the end of the cold war, Steadfast Defender 24, began on January 24th and will run to the end of May. Involving some 90,000 personnel from the armed forces of 31 NATO allies plus Sweden, whose membership should be completed shortly, it is aimed at showing how NATO can rapidly deploy forces from North America and from across Europe to repel an attack by a "near-peer adversary"—ie, Russia.

Since last year's summit in Vilnius, the alliance has been working both to ensure that 300,000 troops are kept in a state of high readiness and on establishing the force structures to deal with an attack wherever it may come from. As well as having many more members than during the cold war, NATO also has a much longer border to defend. A key finding of the exercise will be what more needs to be done to enable frictionless movement of much larger forces across national boundaries in the event of a real crisis or pre-crisis.

The answer is likely to be quite a lot. Since the cold war, moving forces across Europe has become entangled in a web of national regulations and customs requirements, while the physical infrastructure needed, such as resilient rail systems and bridges strong enough to bear the weight of tank transporters, has been neglected.

Improving military mobility in Europe by tackling these obstacles has supposedly been a major priority for both NATO and the European Union ever since Russia's annexation of Crimea in 2014. Four years later, military mobility was added to the "joint declaration" that the EU and NATO had first issued in 2016 on how the two organisations could work together in a complementary way. The EU went on to create an action plan for military mobility, dubbed the "Military Schengen", and a Dutch-led project, PESCO (Permanent Structured Co-operation) was set up to make it happen.

So far PESCO has been a disappointment. Ben Hodges, who was the commander of American forces in Europe until 2017 and now advises NATO on logistics, says PESCO is broken "because they took the money away". The European Commission had proposed €6.5bn to fund 95 projects to support military mobility as part of the EU budget for 2021-27. However, after negotiations with member countries, that was cut to €1.69bn.

After Russia's full-scale invasion of Ukraine in 2022, the EU injected greater urgency by announcing a fresh plan covering four main pillars: so-called "multimodal corridors"; regulatory reform; resilience and preparedness (particularly focused on security threats to transport systems); and "dedicated partnerships", which essentially means close co-operation between the EU and NATO, to which end America, Canada, Norway and Britain have all joined PESCO. In January the EU declared that the €1.69bn had been spent, and it was now allocating a further €807m for 38 additional projects aimed at improving the transport of troops and equipment.

Since then, the Netherlands together with Germany and Poland have announced a new plan to develop a military corridor for the movement of forces from Europe's North Sea ports to NATO's eastern flank. It will address transport choke points, such as low or weak bridges (tanks weigh a lot more than they used to) and the bureaucracy that requires permits to move munitions across borders. It will also give priority when needed to military rail requirements over civilian traffic. General Hodges says that the alliance must, for example, be able to move forces from Rotterdam to the Polish border in no more than 90 hours. For deterrence to be serious, he says, you need to show you can shift forces faster from A to B than the Russians can.

But he warns that apart from reforming the legal and regulatory framework, you have to have enough rail cars to transport heavy military equipment. Ukraine has demonstrated just how vital trains are in getting tanks, other fighting vehicles and munitions to the front line. But in discussions with the German rail network operator Deutsche Bahn, General Hodges found that it may have less than 10% of the rail cars that would be needed in a crisis.

NATO's concerns also include a shortage of military bridging equipment and inadequate "host nation support" for arriving forces. A single armoured brigade with at least 50 tanks must have 15km^2 of space to meet all its requirements. General Hodges says NATO should do much more forward warehousing of parts and munitions. Both assembly points and logistics hubs will also have to be protected from attack. Referring to the experience of Ukrainian forces, a senior NATO official says: "We have a requirement for a lot more air and missile defence. We are about to give allies the biggest demand signal for the next decade." ■

A bridge too far

Charlemagne | Fifty shades of brown

Splits among hard-right politicians limit the potency of Europe's populists

IS IT POSSIBLE to build an entire political philosophy out of hating George Soros? Nothing delights the European hard right more than demonising the financier, who has spent billions in recent decades bankrolling lefty-liberal causes. Viktor Orban, prime minister of Mr Soros's native Hungary, has plastered his nemesis on billboards as a symbol of dastardly "globalism". Giorgia Meloni, his counterpart in Italy, once denounced Mr Soros as a "usurer" trying to sway her country's politics (the antisemitism was presumably unintentional). Marine Le Pen, leader of the National Rally (RN) in France, has questioned whether NGOs funded by Mr Soros secretly hold sway over European courts. On the less moderated bits of the internet, where antisemitism is often entirely intentional, the populists' supporters share theories about their bogeyman's role in orchestrating the covid-19 pandemic, alongside the World Economic Forum and others in the global elite.

The Soros-bashers have the political wind in their sails. At European elections on June 6th-9th, the various parties of the hard right are on track to win a quarter of all seats, up from a fifth now. For the first time, polls show they may jointly have more members of the European Parliament than any other single political grouping, narrowly edging out the centre-right. Given that the leadership of the European Commission, the EU's powerful executive arm, is meant to go to the leader of the biggest party, that might have been a political earthquake. Instead the elections will result in the mildest of tremors. For one thing, the broad alliance of centrist groups that have traditionally run the show will still enjoy a majority, albeit a narrower one than before. For national-conservative types to mount a challenge to that status quo would require them to form a coherent and united alliance. Yet as much as the hard right detest Mr Soros, they manage to loathe each other nearly as much. Not since Napoleon fielded his army has Europe seen so many divisions at work.

Europe's hard right is broadly split into two camps. Nearer the political centre are soft Eurosceptics, who tend to sit together in the European Conservatives and Reformists (ECR) party. Some, like Ms Meloni's Brothers of Italy or the Sweden Democrats, have roots in post-fascist movements and members prone to saying quite nasty things. Others like the Law and Justice party of Poland are merely recreational xenophobes, alongside Mr Orban (whose Fidesz party may one day become part of the ECR). Further to the right is the Identity and Democracy (ID) grouping. It includes Ms Le Pen's outfit as well as Alternative for Germany (AfD), which is currently out-polling all three parties in the ruling coalition, as well as the PVV of Geert Wilders, which came top in Dutch elections in November but has yet to form a government.

Grandees of the hard right emphasise all they have in common: a belief Europe has taken in too many migrants, a desire to roll back the EU's power, a dislike of the supposed "woke" dictatorship. But the splits in ideology are stark. Take foreign policy. Mr Orban and Ms Meloni may soon be in the same political grouping. Yet their views on Ukraine make Trumpism seem coherent. Mr Orban is an unabashed fan of Russia's Vladimir Putin and of the former American president, whom he is due to meet in Florida on March 8th. Ms Meloni, in contrast, last week visited the White House to chat about supporting Ukraine, and got a fatherly peck on the forehead from Joe Biden, who would be best advised not to try the same trick with Mr Orban. Hard-right parties in Poland and Estonia are defined by their hatred of all things Russian, while their ally in France received a loan from a Russian bank.

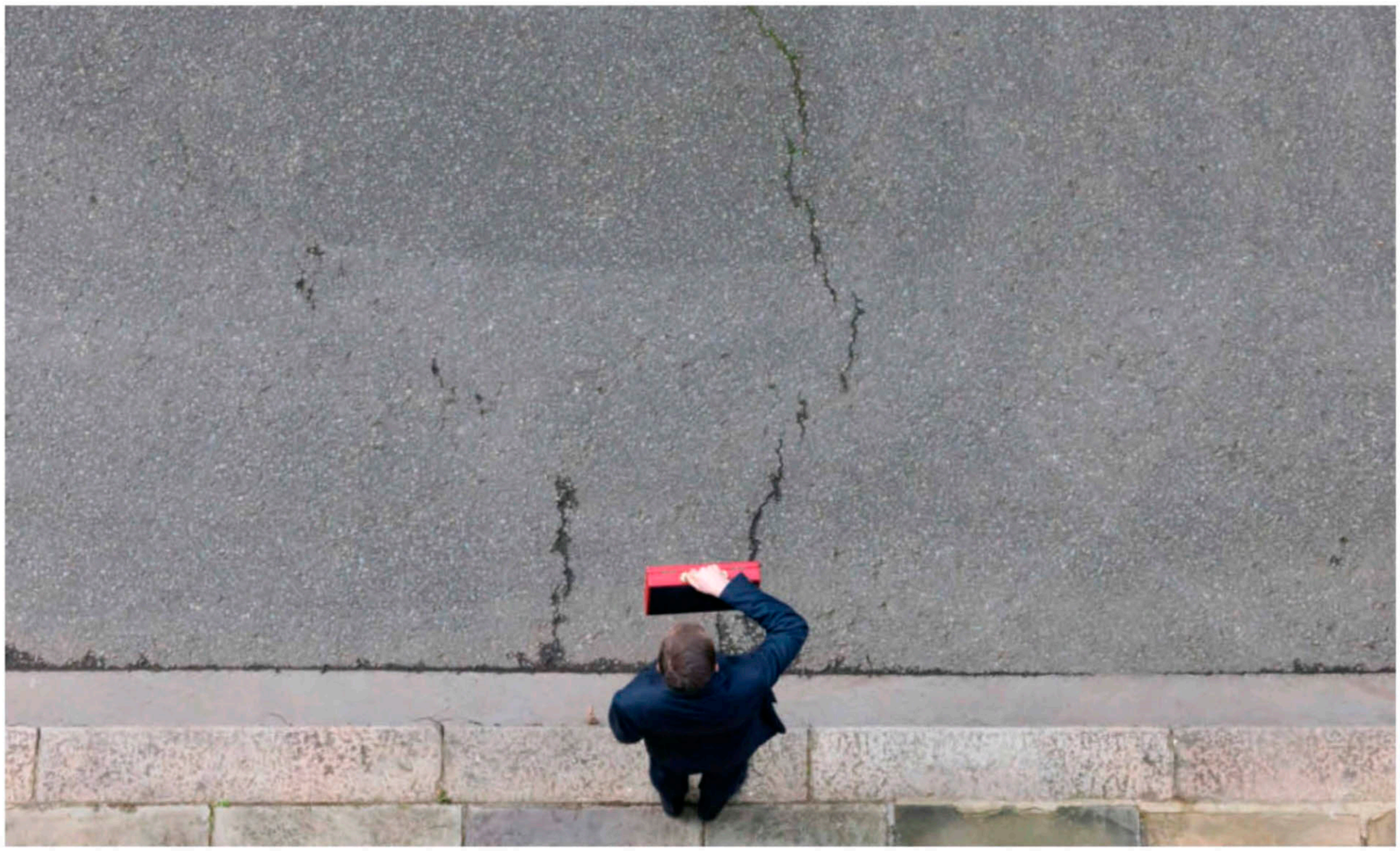
The question of whether to remain in the EU is just as thorny. The French RN used to advocate for leaving, but has changed course on the issue in a bid for centrist appeal, as has Mr Wilders. Mr Orban and his erstwhile Polish allies think they can change the EU from the inside. The AfD and bits of the Austrian FPÖ meanwhile are still keen on leaving. Social issues are another source of friction. Most populists are culturally conservative, for example when it comes to gay marriage. But the Dutch hard right has championed gay rights—the better to bash Muslim migrants they fret would jeopardise the country's innate liberalism.

Now a rift has opened up between the RN and its supposed allies in Germany, after reports emerged in January that some AfD members had discussed the "remigration" of foreign-born Germans (the party blamed the furore on the mainstream media, another recurring foe for populists). Ms Le Pen has spent years trying to make her party more respectable, going as far as to kick out its founder, her own father Jean-Marie, in 2015. She is not about to join forces with a party that holds views she has purged from her own outfit. For that reason the ID group is not even going to try to put together a joint manifesto ahead of the European elections.

The right stuff

The hard right is not the only political family with splits. But theirs tend to be deeper. That makes sense: in the zero-sum world populists often imagine, me-first nationalism is not necessarily compatible with a neighbour's me-first nationalism. Many of the parties are essentially one-man bands that lack the experience to forge compromise with rival political forces, whether at national or EU level. For outfits used to being in opposition, ideological purity matters more than making grubby deals to enact policies.

After the June elections, the likes of Ms Le Pen and Ms Meloni will matter in Brussels more than they once did. Governments run by the hard right, such as Italy and possibly the Netherlands, will send envoys to be EU commissioners, and will expect important portfolios once reserved for centrists. Taken as a whole the populists will have more power to oppose Euro-schemes, whether aiding Ukraine or adopting more green rules. But real influence will require them to agree on what they want rather than just what they oppose. Griping at those in power is a lot easier than wielding it. ■



The budget

Briefcase encounter

Jeremy Hunt's budget is a mix of sensible tinkering and fiscal fantasy

An election-year budget is meant to provide the incumbent party with a springboard to the campaign. Jeremy Hunt, Britain's chancellor of the exchequer, who laid out his budget on March 6th, needed a circus trampoline.

The governing Conservatives trail Labour by 20 points in the polls. Voters reckon Labour is the better party at managing the economy (see chart on next page). According to Ipsos, Rishi Sunak has a personal approval rating of -54, the worst recorded for a prime minister (including the benighted Liz Truss) since Sir John Major in 1994. Mr Hunt trails Rachel Reeves, the shadow chancellor, by 15 points.

That left Mr Hunt facing a difficult choice. Would he scrape together a package of tax giveaways, based on dubious fiscal assumptions, to give the party a fighting chance at the next election? Or, with the prospects of re-election diminishing, would he make legacy-burnishing reforms that removed some of the distortions in Britain's tax and welfare regimes? In the end, he tried to do both. But some sensible tinkering cannot mask the fictions that underpin the government's plans.

One fiction concerns spending plans. Mr Hunt emphasised his promise to maintain 1% real-terms growth in day-to-day spending on public services from 2025 onward. But because budgets in some departments, like health, education and defence, are protected, the Office for Budget Responsibility (OBR), the fiscal watchdog, reckons this commitment translates into cuts of 2.3% elsewhere in government. Only through an implausible bout of austerity to pared-back public services does Mr Hunt meet his rule that public debt start falling relative to GDP within five years.

The fiscal rules are not pure fantasy. The "headroom" available to Mr Hunt prior to this week's budget had fallen marginally, from £13bn ($17bn) in November to £12.2bn. As a result the budget's big giveaway—a cut to national insurance, a payroll tax, worth £11bn—had to be part-funded by a list of smaller revenue-raising measures rather than only by more borrowing.

But his remaining headroom, of just £8.9bn, is a make-believe kind of cushion: chancellors since 2010 have averaged £26bn. The revenue-raisers mostly take effect well after the spending they are meant to offset. In 2024-25, for instance, the budget's tax-cutting measures will cost £14bn but the tax-raising measures will raise only £0.4bn. And the OBR is obliged to take at face value the chancellor's claim that freezes on fuel duties are temporary when they have not budged for more than a decade.

Within this tapestry of fiscal fiction, Mr Hunt did weave in a handful of useful reforms. National insurance is a better target for cuts than income tax. It applies only to income from work, not from sources like savings or pensions. That may marginally improve the labour supply.

His plan to phase out child benefits more gradually and at a higher income level smooths an unfair kink in the system that charged some parents marginal tax ▸▸

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rates of over 60%. The longer-term aspiration to equalise tax treatment for families regardless of how earnings are divided between parents is also a good one. For businesses, plans to extend permanent full expensing to leased equipment should improve incentives to invest. Changing the "non-dom" regime, a tax shelter for rich foreigners, is also sensible. The new plans, for clearer residency-based rules, bring Britain more in line with global norms.

A productivity plan for the National Health Service (NHS) is welcome in theory. The NHS definitely needs staff who are more productive, not just more staff. Less clear is whether budgets for capital spending and "digital transformation" will be ring-fenced: both have been raided in the past to cope with strikes and winter crises.

Creating a "British ISA" that permits an additional tax-free £5,000 in investments in British-listed equities (on top of the £20,000 allowance already available to savers) is unlikely to quickly improve the poor recent performance of domestic shares. Despite Mr Hunt's claim that Britain is "on track to become the world's next Silicon Valley", the more significant millstone around the public markets is that companies listed in Britain are over-represented in mature, low-growth industries like energy and financial services. A de facto increase in the ISA threshold, which had not risen in line with recent inflation, is a good thing, even if the requirement to buy British smacks of protectionism.

Other changes are more foolish. The chancellor increased the revenue threshold for firms to pay VAT from £85,000 to £90,000. It would have been better to lower it: Britain's VAT threshold is unusually high and incentivises businesses to avoid expansion (or to misreport sales) rather than be forced to grapple with the tax.

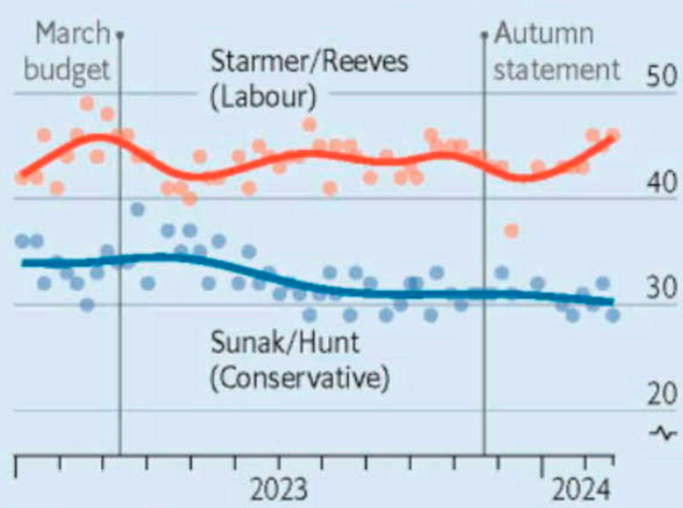
The budget is not likely to change the government's electoral prospects greatly. Its overall record on income taxes is decidedly ambiguous: according to the Resolution Foundation, a think-tank, the net impact is to slightly lower taxes for those earning between £26,000 and £60,000 a year and, because of freezes to income-tax thresholds, to slightly increase them for everyone else. Chatter has already begun about yet another fiscal event in June if forecasts move in the government's favour. As inflation falls, gilt yields and thus government borrowing costs could drop; there is still time for a pre-election bonanza.

But even if Mr Hunt has not changed Tory fortunes, he has made life more difficult for Labour. Ms Reeves has so far adopted a strategy of sticking to the government's tax-and-spending plans while endorsing a small number of tax raids on popular targets. Reforming non-dom treatment was one such tax rise: Labour had set aside the proceeds for increasing the number of family-doctor and dental appointments, among other things. If it does not reverse the national-insurance cut and does not want to see taxes increase on "working people", its promises to improve straining public services become more fantastical.

That may not matter for the campaign, which the Labour Party would like to be a referendum on what it terms "14 years of economic failure". But it will matter if the opposition makes it into office. Some of Mr Hunt's assumptions may be fiscal fictions; the same increasingly goes for Labour. ■

The bazooka backfires

Britain, "Which leader/chancellor would be best for the British economy?", % replying



Source: Deltapoll

Telecoms

Slimming cure

Vodafone was once worth more than Apple. What happened?

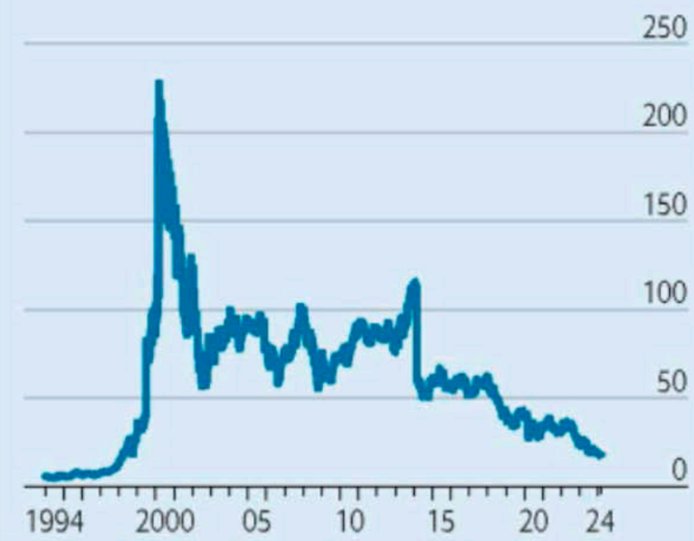
AT THE TURN of the millennium Vodafone, a British telecoms company, had become one of the most valuable firms in the FTSE 100 index. On December 29th 1999 it had a market capitalisation of $152bn; Apple's was $16bn. Today Apple is worth $2.6trn and Vodafone just $24bn, back at levels last seen in 1998 when the mobile ringtone was introduced (see chart).

Under its newish CEO, Margherita Della Valle, the beleaguered group is accelerating efforts to shed unwanted international assets. On February 28th Vodafone confirmed that it was in talks to sell its Italian arm to Swisscom; last year it agreed the sale of its business in Spain. Over the years the company has left America and China, cut ties with France and quit Japan and New Zealand; it may abandon Australia, too. Piece by piece Vodafone is dismantling its once-sprawling empire, leaving Germany and Britain as its main markets.

Online services like WhatsApp have eaten into telcos' revenues everywhere. Fierce competition, squeezed margins and costly infrastructure roll-outs have left the European industry in particular struggling to make money. Average revenue per user (ARPU), a key industry metric, was €15 ($16) in Europe in 2022, compared with nearly treble that amount in America. Investment in 5G networks trails that in other regions as a result. Around 80% of Europe's population enjoyed superfast network speeds at the end of 2023, compared with near-universal coverage in America, Japan and South Korea.

Downwardly mobile

Vodafone, market capitalisation, £bn



Source: LSEG Workspace

But Vodafone's woes are also largely self-inflicted. Many analysts criticise its history of acquisitions. The company has been poor at cashing in on demand for mobile and internet services. By 2014 calls made by Vodafone's customers had ballooned to 1.2trn minutes each year, the equivalent of every person on the planet speaking for two-and-a-half hours. Data traffic has exploded, and continues to rise. Vodafone seems to have fallen short on many of the basics: its reputation for customer service is patchy and it has been slower than some of its rivals to bundle together its mobile-phone offering with broadband and streaming services.

Its performance has lagged behind that of its European counterparts as a result. Shares in Vodafone have plunged by nearly a third over the past year, compared with declines of around 2% at Orange and Telefónica, and gains of almost 4% at Deutsche Telekom (driven by its stake in T-Mobile, an American telecoms firm).

Vodafone is now pinning many of its hopes on a merger with Three, a rival British mobile network. It has made a host of promises to convince the Competition and Markets Authority (CMA), Britain's competition regulator, of the merits of the deal. The CMA is due to complete its initial investigation into the proposed tie-up later this month. Ms Della Valle is also cutting 11,000 jobs, more than a tenth of Vodafone's workforce, as it seeks to maintain generous dividends for its long-suffering investors. Break-ups always hurt. But sometimes there really is no choice. ■

Bagehot | Pink tops

Two-speed liberalisation remakes Britain's most famous tabloid newspaper

ON ROLLS OF microfilm, in the archives of the British Library, lie the remnants of a lost civilisation. Twenty years ago, in March 2004, the *Sun* was Britain's bestselling newspaper, shifting 3m copies a day. It was also bleak, bigoted and cruel. Europeans with HIV and tuberculosis would swamp British hospitals, one front page from that month warned. An item on gay characters on "The Archers", a radio drama, satirised the theme tune: "Bumti-bumti-bumti-bum." Women were in turn "tarts", "hussies", "mingers" or "crumpet". On and on it went.

Today the *Sun* is still staunchly conservative, agitated by soft judges and high levels of migration. But its pages are lighter, brighter and gentler. Gone are the topless "page 3" models, the paparazzi shots outside nightclubs and the humiliating undercover stings. It runs campaigns on the menopause and for disabled children; it has devoted front pages to women's football. Many of the *Sun*'s critics, its editor, Victoria Newton, recently complained, cannot have read it in decades.

The remaking of the *Sun* is a case study in the remarkable liberalisation of British society. Between 1990 and 2022 the share of Britons who said they wouldn't live next door to someone with AIDS fell from 23% to 4%, according to a survey led by Bobby Duffy of King's College London; the proportion who would not want a neighbour of a different race fell from 9% to 1%. The share of Britons who think a woman's job is to look after the home has gone from 48% to 9% since 1987, according to the British Social Attitudes (BSA) survey. Support for same-sex relationships has soared; that for the death penalty has slumped. (Though support for a permissive legal regime for transgender people has fallen since 2016.)

But some groups liberalise more quickly than others. Britons born before 1945 have come to accept casual sex at a slower pace than members of Generation X. The BSA, which ranks respondents on an axis of liberalism to authoritarianism, finds that since 2008 Britons with degrees have liberalised by much more than those with fewer educational qualifications. Support for elective abortions has risen by 36 percentage points among graduates since 1985 but by just 13 points among those with no qualifications.

It is this "two-speed liberalisation", a term coined by Mark Pack, a Liberal Democrat bigwig, that helps explain Britain's culture wars. It may seem as though the combatants are pulling in opposite directions. But it is better to think of a camel train in the desert: arguments break out when those at the front of the caravan pull ahead of the stragglers. The tension is over pace rather than direction, and it suffuses the *Sun* today.

Gay footballers are now "courageous and inspiring" rather than "nancy boys"; Ms Newton is proud to regularly put black players on the front page. Yet the *Sun* also vents at the "wokerati" with their "virtue-signalling" symbols and diversity initiatives. It is precisely because all sides now agree that racism is an evil that disputes over its definition are so bitter, argue Rob Ford and Maria Sobolewska in "Brexitland", a book. They note that it can be frustrating for people whose views have changed vastly over their lifetimes to hear they have not changed far enough.

A liberalised Britain is tricky territory for a tabloid. In July 2023 the newspaper alleged that a BBC star had paid a vulnerable teenager for explicit images. The *Sun* cast this story in the language of "MeToo"—a tale of abuse of power and institutional cover-ups. To its critics it was more reminiscent of an earlier era of tabloid prurience. A weakening commercial model—the *Sun* reported pre-tax losses of £127m ($161m) in 2022, in part driven by costs related to phone-hacking allegations—leaves it more exposed to the wishes of advertisers and their increasingly liberal customers. "In the current set-up, if I lasted 1.2 seconds I would be amazed," says Kelvin MacKenzie, a former editor not known for his sensitivity.

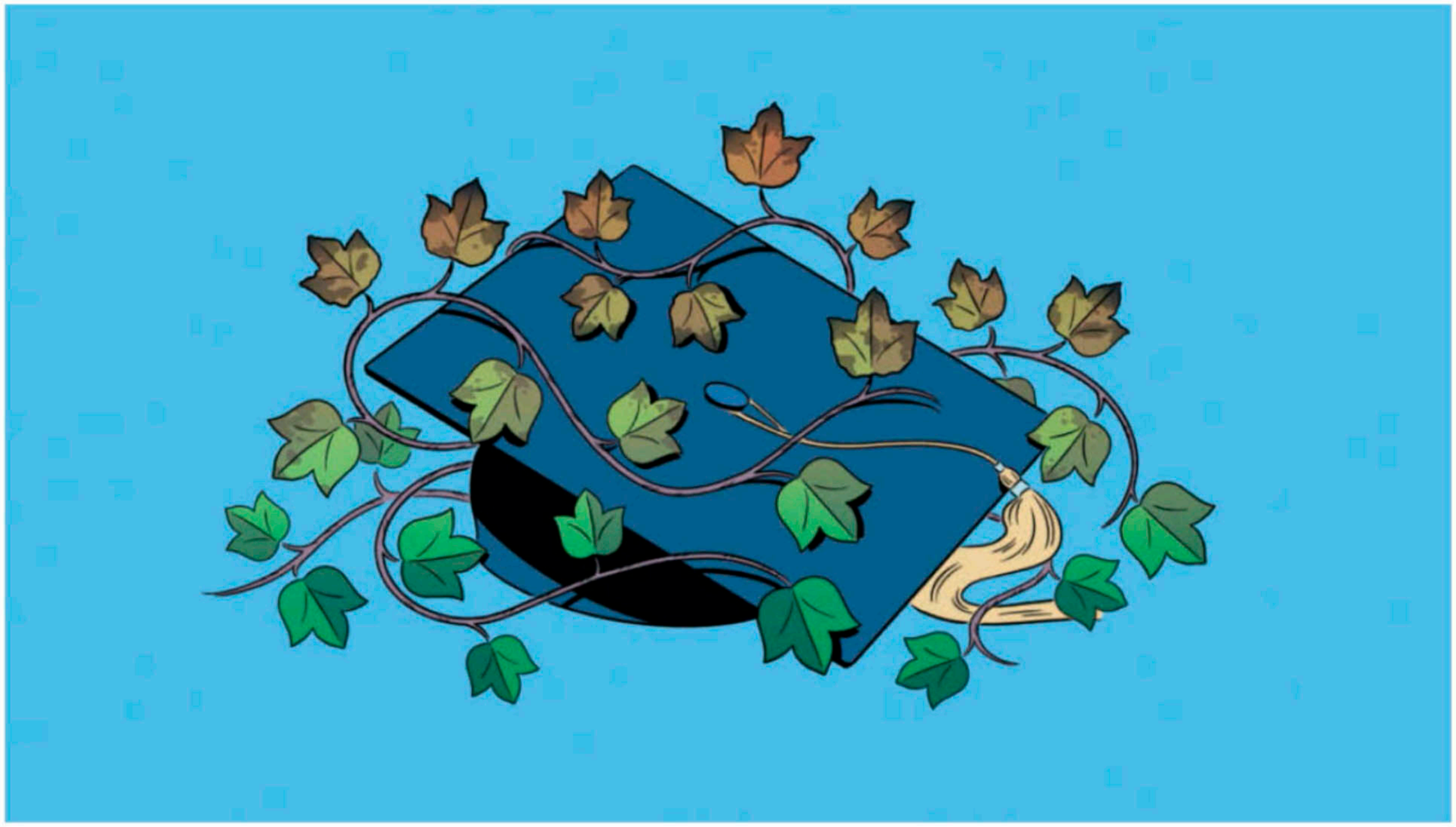
Freddie Starr ate my electoral wedge issue

Those who fret about the advance of the cultural right can take two lessons from the softening of the *Sun*. The first is to relax. Rather than being under siege, liberals are winning battles at an astonishing clip. The Tory party's brewing leadership contest is a case in point. Kemi Badenoch, the front-runner in any post-election battle to succeed Rishi Sunak, is a determined crusader against wokery. The fact she describes herself as "to all intents and purposes a first-generation immigrant"—she was raised in Nigeria—reflects a broadened idea of Britishness among activists.

Although 136 Tory MPs voted against same-sex marriages in 2013, espousing a "biblical view of marriage" relegates Miriam Cates, an MP, to the party's fringe today; even she insists the law is settled. On the BSA's scale the views of Tory voters aged over 55 in 2022 were roughly where their Labour equivalents were in 2012.

The second lesson is to show some humility. Political parties are good at recalling how regressive their rivals were, bad at recalling how their own attitudes have changed. The Labour Party's membership today would blanch at New Labour's tabloid-friendly musings on sending asylum-seekers to Tanzania, or the fecklessness of single mothers. The party now proposes mentoring boys in school on misogyny to counter the influence of figures such as Andrew Tate, a YouTuber, some of whose views on women would have been at home in the mid-noughties *Sun*.

What is true of parties can also be true of papers. The *Guardian* has long regarded itself as the antithesis of the *Sun*. But until 2003 it ran a column by Rod Liddle, who would fleck his pieces for effect with phrases such as "spazzy", "bint", "poof" and "What about nuking the Belgians?". Today Mr Liddle writes for the *Sun*, where his tone has become starchier: "Make a child with a smartphone as shocking a sight as a child with a cigarette" ran a recent effort. What passed for edgy humour in a liberal broadsheet in 2003 has, mercifully, become unprintable in a redtop in 2024. Some civilisations are best lost. ■



Not making the grade

Poisoned Ivy

CAMBRIDGE, MASSACHUSETTS

America's elite universities are bloated, complacent and illiberal

THE STRUGGLE over America's elite universities—who controls them and how they are run–continues to rage, with lasting consequences for them and the country. Harvard faces a congressional investigation into antisemitism; Columbia has just been hit with a lawsuit alleging "endemic" hostility towards Jews. Top colleges are under mounting pressure to reintroduce rigorous test-based admissions policies, after years of backsliding on meritocracy. And it is likely that the cosy tax breaks these gilded institutions enjoy will soon attract greater scrutiny. Behind all this lies a big question. Can American universities, flabby with cash and blighted by groupthink, keep their competitive edge?

The origins of the turmoil lie in extreme campus reactions to Hamas's attack on Israel on October 7th. They led to a blockbuster congressional hearing in December. In it politicians accused three college presidents of failing to curtail antisemitism. The University of Pennsylvania's then president, Elizabeth Magill, stepped down just days later. Claudine Gay, formerly Harvard's president, resigned from her job in January amid twin furores over antisemitism on campus and plagiarism in her scholarship (which she contested).

Plenty of faculty—both at Harvard and at other elite universities—insist that hard-right Republicans and other rabble-rousers are fabricating controversies. Stirring up animosity towards pointy-headed elites can win them political advantage. But thoughtful insiders acknowledge that, for some years, elite universities, particularly those within the Ivy League, have grown detached from ordinary Americans, not to mention unmoored from their own academic and meritocratic values.

In theory, these difficulties could promote efforts to correct flaws that are holding back elite education in America. But they could also entrench them. "America's great universities are losing the public's trust," warns Robert George, a legal scholar and philosopher at Princeton. "And it is not the public's fault."

To understand the mess that the Ivies and other elite colleges find themselves in, first consider how they broke away from the rest in recent decades. Despite the fact that America's elite universities have centuries of prestigious history, much of their modern wealth flows from a bull run that began in the more recent past. Back in the 1960s, only a modest gap divided the resources that America's most and least selective colleges could throw around, according to research by Caroline Hoxby, an economist at Stanford. By the late 2000s, that had widened to an abyss.

This happened in part because of changes that enabled elite universities to enrol ever cleverer students. The collapsing cost of air fares and phone calls made sharp school-leavers gradually more eager to apply to ritzy colleges far from their homes. Smart youngsters from around the world joined them. At about the same time, the expansion of standardised testing made it easier for colleges to identify the very brightest sparks from far and wide.

History lessons

These smarter, more ambitious entrants were more likely to value top-notch faculty and facilities, and were more willing to pay for them, according to Professor Hoxby's analysis. And they went on to greater success, which meant the size of donations elite universities could squeeze from alumni began to increase.

Newfangled ways of managing endowments also boosted America's super-elite colleges. For years top universities managed their nest eggs cautiously, says Brendan Cantwell of Michigan State University. But in the 1980s the wealthiest ones began ▸▸

ploughing into riskier assets, including commodities and property, with considerable success. The richest universities were both more willing and more able to roll the dice; they could also reinvest a larger share of their returns.

All this has opened a chasm between America's top-ranked colleges and the rest. A mere 20 universities own half of the $800bn in endowments that American institutions have accrued. The most selective ones can afford to splash a lot more money on students than the youngsters themselves are asked to cough up in tuition, which only makes admission to them more sought-after. Acceptance rates at the top dozen universities are one-third of what they were two decades ago (at most other institutions, rates are unchanged). Lately early-career salaries for people with in-demand degrees, such as computer science, have risen faster for graduates from the most prestigious universities than for everyone else. Higher education in America "is becoming a ladder in which the steps are farther apart", reckons Craig Calhoun of Arizona State University.

For all their success, America's best institutions are now flying into squalls. One clutch of challenges comes from abroad. American universities still dominate the top rungs of most international league tables—but their lead is becoming somewhat less secure. Every year *Times Higher Education*, a British magazine, asks more than 30,000 academics to name the universities they believe produce the best work in their fields. They are growing gradually less likely to name American ones, and a bit more likely to point to Chinese ones (see chart 1).

Research in disciplines such as maths, computing, engineering and physics is becoming especially competitive. Rankings produced by Leiden University in the Netherlands, which scores universities solely on the impact of the papers they produce, now place Chinese universities in pole position for all those subjects. "The difference from five or ten years ago is quite astonishing," says Simon Marginson at Oxford University. The challenge is not that American output is growing weaker, he reckons, but that the quality produced by rivals is shooting up.

Competition to snag the world's smartest students and faculty is growing more severe, too. Twenty years ago America attracted 60% of the foreigners studying in English-speaking countries; now it gets about 40%. Starting around the time of Donald Trump's election, high-achieving Chinese—who once had eyes only for America's finest universities—began sending additional, "back-up" applications to institutions in places such as Singapore and Britain, says Tomer Rothschild, who runs an agency that helps them.

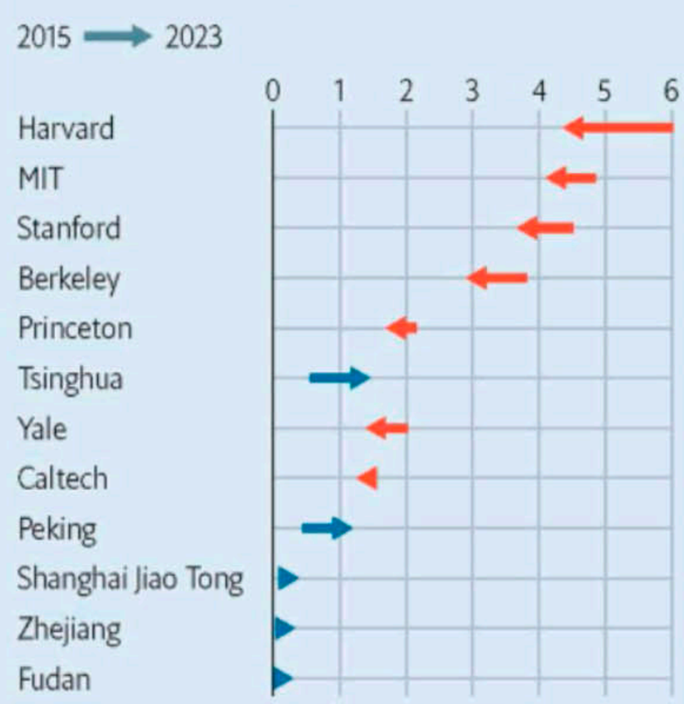
As challenges from abroad multiply, America's elite universities are squandering their support at home. Two trends in particular are widening rifts between town and gown. One is a decades-long expansion in the number of managers and other non-academic staff that universities employ. America's best 50 colleges now have three times as many administrative and professional staff as faculty, according to a report by Paul Weinstein of the Progressive Policy Institute, a think-tank. Some of the increase responds to genuine need, such as extra work created by growing government regulation. A lot of it looks like bloat. These extra hands may be tying researchers in red tape and have doubtless inflated fees. The total published cost of attending Harvard (now nearly $80,000 annually for an undergraduate) has increased by 27% in real terms over two decades.

A second trend is the gradual evaporation of conservatives from the academy. Surveys carried out by researchers at UCLA suggest that the share of faculty who place themselves on the political left rose from 40% in 1990 to about 60% in 2017—a period during which party affiliation among the public barely changed (see chart 2 on the next page). The ratios are vastly more skewed at many of America's most elite colleges. A survey carried out last May by the *Crimson*, Harvard's student newspaper, found that less than 3% of faculty there would describe themselves as conservative; 75% called themselves liberal.

Why has this happened? One argument is that academics' views have not in fact changed that much; instead, Republicans have abandoned them by moving to the right. But conservatives insist that bright sparks with right-leaning views have been choosing to leave or stay out of the profession, in part because lefty colleagues have been declining to hire and promote them.

Rather pointed 1

Selected universities, best research reputation*, % of vote share



*Survey of some 30,000 academics asked to list the universities they believe do the best research in their fields
Source: Times Higher Education

This mix of bloat and groupthink helps explain why prestigious universities often find themselves at odds with the American public in battles over access and speech.

Start with access: elite colleges clung to affirmative action long after the majority of Americans had decided that it was unfair to give black, Hispanic and Native American students with slightly lower grades an advantage when deciding whom to admit. Academics who spoke against the practice—arguing, for example, that some youngsters were being catapulted onto courses they were poorly prepared for—have often been slammed as bigots by their students and peers.

Knocking on the door

In theory the Supreme Court's decision to outlaw racial preferences last year should encourage posh universities to junk admissions practices that are even more irksome—such as favouring children of alumni. Instead many have made their admissions criteria even more opaque, potentially damaging universities' meritocratic pretensions further. At the start of the pandemic, most stopped requiring applicants to supply scores from standardised tests. Now hard-to-evaluate measures such as the quality of personal statements are having to carry more weight. For some institutions that has proved unsatisfactory: in recent weeks Dartmouth and Yale announced that they will require standardised test scores from applicants once again. They are the first Ivies to do so.

As for speech, elite colleges have done a particularly poor job of handling a generation of youngsters who are alarmingly intolerant of views they don't like. The Foundation for Individual Rights and Expression (FIRE), an NGO, rates freedom of expression across America's best-known campuses. Last year it placed two Ivy League outfits, Harvard and Pennsylvania, among the five worst performers; Harvard came last. More than half of students at the five colleges believe it is sometimes acceptable to stop peers attending a speech by a controversial figure. Only about 70% agree that it is "never acceptable" to use violence to stop someone talking.

Universities stand accused not just of tolerating small-mindedness among their students, but of perpetuating it. One theory holds that, if elite universities worked their students harder, they would have less time and energy to fight battles over campus speech. Between the 1960s and the early 2000s the number of hours a week that an average American student spent studying declined by around one third, notes Rick Hess of the American Enterprise Institute, a conservative think-tank. Yet grades do not seem to have suffered. At Yale, the share of all grades marked "A" has risen from 67% in 2010 to around 80% in 2022; at

Harvard it rose from 60% to 79%.

More often blamed are administrative teams dedicated to fostering "Diversity, Equity and Inclusion" (DEI). They have grown in size as the number of administrators of all kinds has increased. They have an interest in ensuring that everyone on campus is polite and friendly, but little to gain from defending vigorous debate. In theory they report to academic deans, says Steven Pinker, a psychologist at Harvard and a member of a faculty group committed to defending academic freedom; in practice they move laterally from university to university, bringing with them a culture that is entirely their own. Critics of DEI departments insist these offices have helped soak campuses with unsophisticated "woke" ideologies that depict complex problems as simplistic battles.

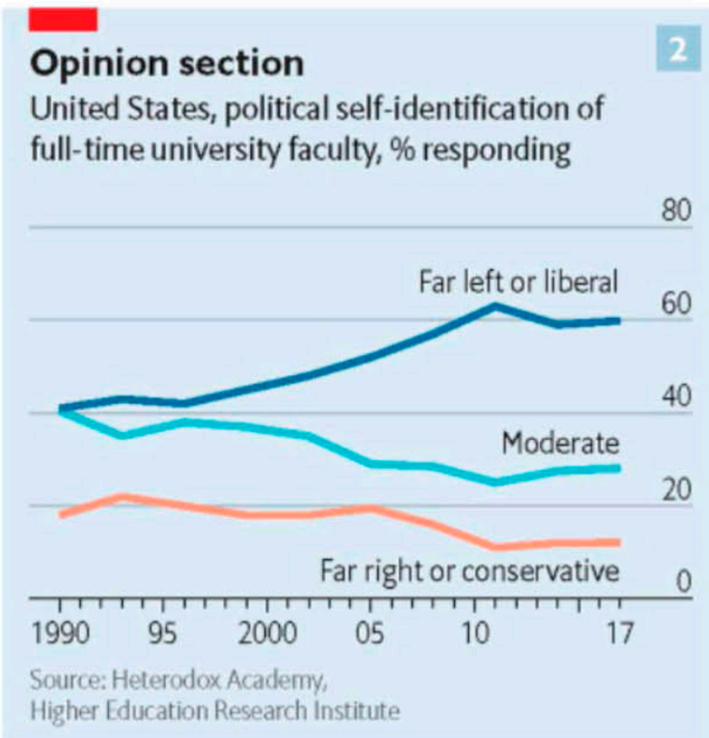
All these problems would be better handled if universities had more effective governance. University presidents, and the deans beneath them, have too often looked intimidated by activist students and administrators, and unwilling to stand up for academics bullied for unpopular views. FIRE, the campaigners for academic freedom, reckon that between 2014 and mid-2023 there were at least 1,000 attempts to get academics sacked or punished for things they said (one fifth of those resulted in people losing their jobs).

Enough said

Years of wishy-washiness about what speech campuses will and will not tolerate have made it more difficult for university leaders to referee the clashes that have erupted between students supportive of Palestinians and those speaking up for Israel. Presidents who have not always held firm on free expression now find themselves besieged by censors of all political stripes. College leaders who, since the start of the Gaza war, have rediscovered their commitment to vigorous debate have inevitably ended up looking partisan.

University boards appear especially weak. They have not grown much more professional or effective, even as the wealth and fame of their institutions has soared. Many are oversized. Prestigious private colleges commonly have at least 30 trustees; a few have 50 or more. It is not easy to coax a board of that size into focused strategic discussions. It also limits how far each trustee feels personally responsible for an institution's success.

We are hiring a global correspondent The job will be London-based and involve travel. The successful candidate will provide ambitious coverage of global trends in policy, economics and politics. A knowledge of economics is essential; familiarity with data analysis would be helpful. Applicants should send a cv, a cover letter and an unpublished article of 600 words suitable for publication in *The Economist* to globalcorrespondent@economist.com The deadline is April 5th 2024.



Furthermore, trusteeships are often distributed as a reward for donations, rather than to people with the time and commitment required to provide proper oversight. Universities generally manage to snag people with useful experience outside academia. But many trustees prefer not to rock the boat; some are hoping that their service will grant children or grandchildren a powerful trump card when it comes to seeking admission. Too many see their job as merely "cheerleading, cheque-writing and attendance at football games", says Michael Poliakoff of the American Council of Trustees and Alumni, an organisation that lobbies for governance reform. And at many private universities the way in which new trustees are appointed involves cosying up to current ones or to university authorities. Outsiders can struggle to be picked at all.

Where is all this going? Reports of campus antisemitism have roused lawmakers on both sides of the aisle. In December a bipartisan group in Congress added new language to a draft bill that aims to boost funding for short, non-degree courses. They proposed finding the cash for this by preventing students at very rich universities from taking federal student loans. That idea was dropped in February, amid worries that it would create new obstacles for poor students, but it has since been replaced with a new proposal: that wealthy universities be required to "share risk" with the government by covering the government's losses in the event that federal loans are not repaid. Universities have long resisted talk of such schemes.

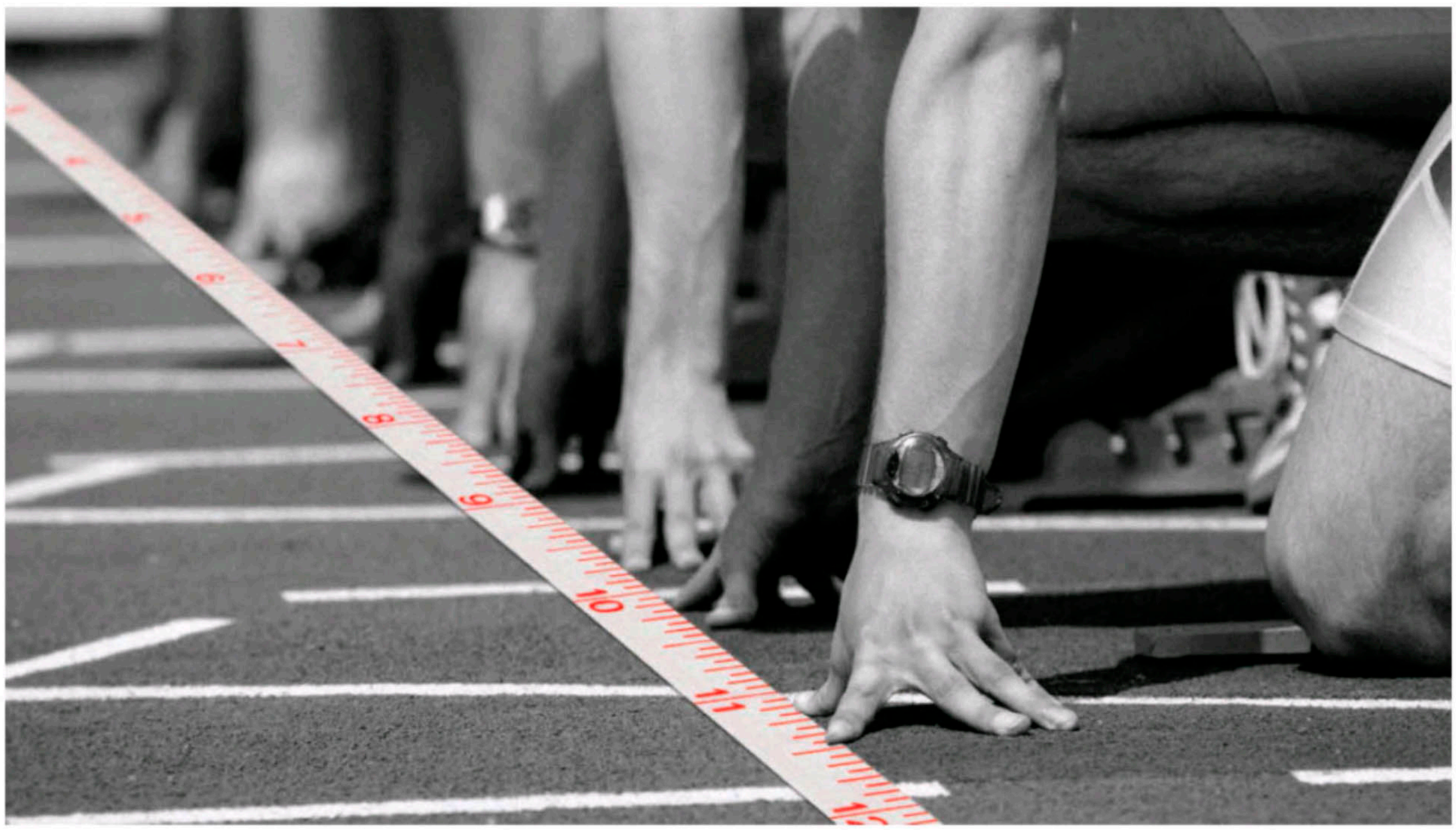
Elite universities' tax advantages are another possible target. For years politicians have accused them of "hoarding" huge endowments while raising prices for students and snaffling government money for research. Ten top colleges got about $33bn in federal research grants and contracts between 2018 and 2022, reckons Open the Book, an NGO. Over the same period, the endowments swelled by about $65bn. Until 2017 universities paid no tax on income from these nest-eggs; then Mr Trump hit the very richest with a recurring annual levy of 1.4%. He has implied that, if re-elected, he will take another bite.

At a minimum a Republican administration would make much sharper use of regulators, such as the civil-rights monitors employed in the federal education department. They might be encouraged to launch more investigations, for example into admissions rules or the work of DEI teams. Republicans have already meddled energetically in the running of public universities, over which they have far greater control. The University of Florida announced on March 1st that it had got rid of all its DEI positions in order to comply with a newish state rule. Signed into law a year ago by the state's Republican governor, Ron DeSantis, it prevents state money from being spent on such things.

Better for universities to heal themselves. Smaller, more democratically selected boards would provide better oversight. More meritocratic admissions would improve universities' standing. Greg Lukianoff of FIRE wants to see campuses stripped of bureaucrats "whose main job is to police speech". Instead universities should invest in programmes teaching the importance of free and open debate, argues Tom Ginsburg of the University of Chicago, who runs a forum designed to do just that: "If your ideas aren't subjected to rigorous scrutiny, they're not going to be as good," he explains.

Reformers would also like more people in the political centre, and on the right, to make careers in academia. No one thinks this will happen quickly. But college bosses could start by making it clear that they will defend the unorthodox thinkers they already have on their payrolls, reckons Jim Applegate, who runs a faculty group at Columbia University that aims to promote academic freedom. They could discourage departments from forcing job applicants to submit statements outlining their DEI approach (one study a few years ago suggested this was a condition for a fifth of all university jobs, and more than 30% at elite colleges). Lately these have looked less like honest ways of spotting capable candidates and more like tests of ideology.

The ongoing furore over antisemitism could bring the impetus universities need to reform. But a less optimistic scenario exists, too. Seeking to escape heat over hate speech, college leaders could choose to become all the more watchful of what their students and faculty say. Tighter rules about speech on campus might deflect brickbats in the short term; but in the long term they would only degrade the quality of both teaching and research at American universities. "We are at an inflection point," believes Professor George of Princeton. "It could go either way." ■



Drugmaking

Slim pharma

Novo Nordisk and Eli Lilly are in a battle over the trillion-dollar weight-loss bonanza

WEIGHT-LOSS drugs called GLP-1 agonists help users shed fat, and with it the negative health effects of obesity. This can have life-changing effects for the people who take them. It is also increasingly affecting the lives of corporate citizens. Since June 2021, when Wegovy, the first GLP-1 slimming jab, was launched in America, the market value of WW (formerly Weight Watchers) has crashed by 90%. On February 28th Oprah Winfrey announced that she would leave the dieting firm's board and sell all her shares in order to avoid a conflict of interest around her use of GLP-1s. Food giants such as Nestlé are already planning for a future where the drugs dampen demand for sugary snacks. Bosses of consumer-goods firms brought up weight-loss drugs twice as often in the last full set of quarterly earnings calls, in late 2023, as they had in the previous one (see chart 1 on next page).

The drugs' biggest impact so far, though, has been on their makers. Sales of Wegovy, developed by a Danish firm called Novo Nordisk, swelled from $876m in 2022 to $4.5bn in 2023. The company expects double that this year. Zepbound, introduced in America in November by Eli Lilly, an American pharma giant, is expected to generate $2.9bn in sales in its first full year. Bloomberg, a data provider, predicts that by 2030 yearly sales of weight-loss medications will reach a staggering $80bn, putting them among the biggest classes of drugs in history. Eli Lilly and Novo Nordisk are expected to corner more than 90% of the market (see chart 2).

Investors' appetite for the duopoly's shares has been as insatiable as dieters' for its products. In the past three years Novo Nordisk's market capitalisation has expanded more than threefold, to $560bn, turning it into Europe's most valuable company. Eli Lilly is worth $740bn, more than twice what it was at the start of 2023 (chart 3). They are now the world's two biggest pharma firms by market value. There is excited talk of the industry's first trillion-dollar company—and the second. To live up to those lofty expectations, however, Eli Lilly and Novo Nordisk must make enough of the drugs to meet demand, widen the pool of patients and fend off a clutch of challengers.

GLP-1 agonists are extremely effective and relatively safe. Originally introduced to help diabetic patients by promoting insulin production, they regulate the body's response to eating and create a feeling of fullness that suppresses appetite. Patients who take them lose more pounds than people on other weight-management plans. In clinical trials users of Wegovy shed about 15% of their body weight on average. Those on Zepbound lost around 20%.

Given that 2.7bn people, or 38% of those aged older than five, are obese or overweight, according to the World Obesity Federation, the drugs are also in high demand. Because the injections must be taken weekly rather than just once, the more people start treatment, the faster total demand rises. And it is already rising so fast that Eli Lilly and Novo Nordisk are struggling to meet it.

The drugs require two main components: the active ingredient and the "skinny pens" that patients use to inject the ▸▸

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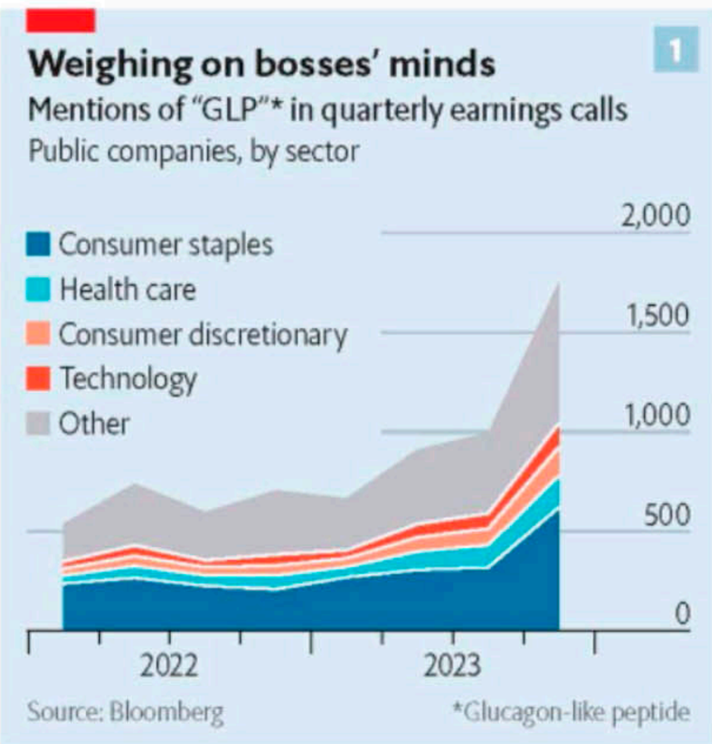


medicine. Right now both are hard to find. Neither the Danish firm nor its American rival has explained why they cannot get hold of more of the necessary chemicals, but it is clearly a problem. A shortage of semaglutide, which gives Wegovy its powers, has forced Novo Nordisk to push back the launch of a pill version of Wegovy, which works as well as the shot, is easier to make and less unpleasant to administer, but which requires 20 times the amount of the active ingredient.

Making enough of the skinny pens for Wegovy and Zepbound has also been a challenge. The devices come from specialised "fill-finish" factories. Eli Lilly and Novo Nordisk are pouring out billions of dollars to boost supply by teaming up with manufacturers or building their own capacity. In November the American firm announced it would spend $2.5bn on a new factory in Germany, and Novo Nordisk said it would invest $6bn in expanding capacity at its Danish site. In February Novo Nordisk's parent company agreed to pay $16.5bn for Catalent, a big American manufacturer, to boost production for America's gargantuan market. Despite these investments, analysts expect demand to outstrip supply for at least a few years.

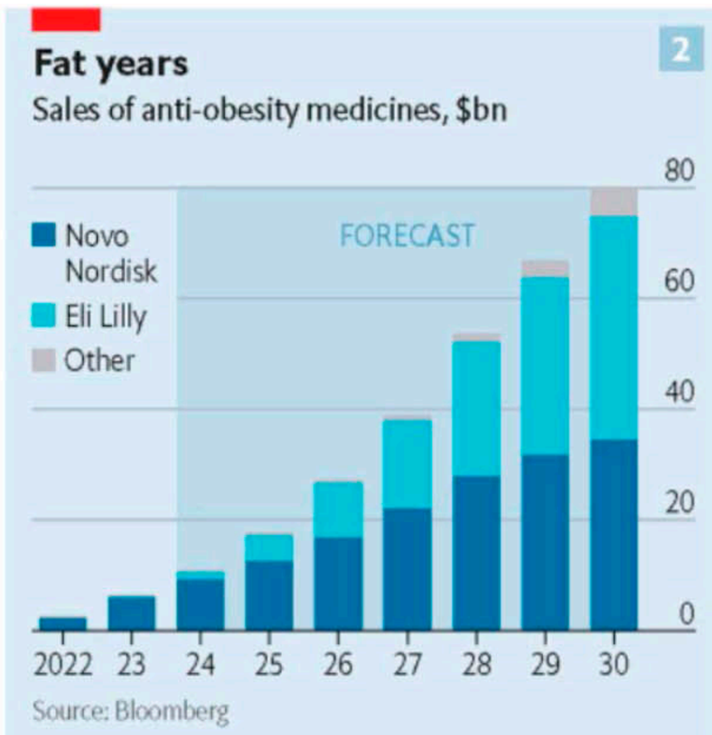
The limited production capacity has helped the companies in one way, by masking another problem. So far only half of the 110m obese Americans have access to the drugs through their health insurance. To hit the rosy revenue forecasts, Eli Lilly and Novo Nordisk need to make their treatments available to a wider group of patients. Medicare, a government healthcare programme for the elderly, is prohibited by law from covering weight-loss drugs. Private health insurers are put off by the medicines' costs. Even though discounts mean they typically pay around 60% of Wegovy's list price in America of some $16,000 a year, many insurance firms are reluctant to cover an expensive drug that must be taken indefinitely.

To bring insurers on board, the duo are running trials to prove that GLP-1s do more than just help people lose weight. A trial by Novo Nordisk found that Wegovy lowers the risk of major heart problems by 20%. Eli Lilly is conducting a giant trial with 15,000 participants, set to finish in 2027, which studies the effect of tirzepatide, the active ingredient in Zepbound and Mounjaro, a related diabetes medicine, on the overall health and lifespan of obese adults. There is evidence to suggest that GLP-1s also help with conditions such as sleep apnea, chronic kidney disease, Alzheimer's disease and fatty liver disease. The use of GLP-1 drugs to treat these illnesses has not yet been approved by regulators. But David Risinger of Leerink Partners, an investment bank, believes that as more health benefits emerge, it will become hard for insurers to deny coverage.

Eli Lilly and Novo Nordisk may in time deal with their capacity and coverage problems. That still leaves a third challenge: competition. The booming market has unleashed a flood of wannabes, from big pharma to biotechnology startups. Bloomberg estimates that close to 100 candidates for weight-loss drugs are in various stages of development. Most imitators are refining the GLP-1 approach to craft drugs that outdo existing ones by delivering more weight loss or easier use.

Combo meal

One idea to boost efficacy is to combine GLP-1 with other agonists. Zepbound already uses one called GIP along with GLP-1 to increase energy expenditure, decrease fat accumulation and reduce nausea. Viking Therapeutics, an American biotechnology company, uses a similar cocktail. On February 27th it shared trial data which showed that its anti-obesity medicine helped patients lose more weight even than Zepbound. Viking's share price more than doubled. A drug in development by Boehringer Ingelheim, a German drug company, and Zealand Pharma, a Danish biotech firm, uses another agonist called Glucagon in combination with GLP-1 to ensure weight loss and fight liver diseases.



Other rivals, such as Pfizer, an American drug giant, and Carmot Therapeutics, a biotech startup which in December was scooped up for $2.7bn by Roche, a Swiss behemoth, are focusing their efforts on doing away with needles. Besides being cheaper to make and easier to pop, oral drugs do not need refrigeration as many injectables do. This makes them more suitable than jabs for patients in poorer countries, many of which also face an obesity crisis but lack robust "cold-chain" logistics. Ray Stevens, chief executive of Structure Therapeutics, another biotech firm pursuing oral weight-loss drugs, believes that it is still "early innings". It will be a while before pharma's weight-loss winners are decided, he says.

The two pioneers have a head start, however. The patents for Wegovy and Zepbound expire only in 2032 and 2036, respectively. No rival product is about to go on sale. Developing a new drug takes on average nine years, and even those now in early trials are unlikely to be available before 2027. Most important, the prospect of years of healthy profits has not turned either leader into a couch potato. On the contrary, the two companies are innovating furiously in order to maintain their edge over potential competitors—and to steal a march over one another.

Already Eli Lilly has closed Novo Nordisk's early lead thanks to Zepbound's greater efficacy. The American drugmaker's share price relative to its forecast profits in the coming year is almost twice that of its Danish rival. Novo Nordisk's fortunes are much more closely bound up with GLP-1 than those of Eli Lilly, which also has money-spinners in cancer and immunology treatments. Novo Nordisk hopes its pill and seven other related drugs in various stages of trials will help it regain its lead. Eli Lilly, for its part, has six drugs in the works, including a promising pill of its own in late-stage trials that, if all goes well, could be in pharmacies by 2026. Only one of them can be the first to a trillion dollars. But as they race, millions of patients will be the real winners. ■

Consumer health

Nootropic kid on the block

Brain-boosting substances are all the rage, whether they work or not

A FILM FROM 2011 entitled "Limitless" is often credited with driving an uptick in interest in products that improve focus or enhance memory. It depicts a struggling writer whose life is transformed by a smart pill. More recently the real-life version of nootropic supplements, as such boosters are called, have received celebrity endorsements. Bella Hadid, a supermodel, is behind Kin Euphorics, a brand which offers consumers the chance to "achieve an elevated state of health, mood or well-being". Joe Rogan, the alpha-male host of the world's most popular podcast, endorses "Alpha Brain", which, he says, "seems to fire up" that organ.

Alpha Brain is made by Onnit, a supplements firm co-founded by Mr Rogan in 2010 to "inspire a journey towards total human optimisation". The brand caught the eye of Unilever, a soup-to-soap conglomerate, which bought it for an undisclosed sum in 2021. Its consumer-goods rivals have piled in. Reckitt Benckiser, the parent company of brands such as Durex and Strepsils, sells Neuriva. They are competing with—and eyeing up—a slew of supplements startups. Polaris, a research firm, reckons global sales of nootropics, which hit $11bn in 2021, will grow at an average annual rate of almost 15% until 2030.

Nootropics are usually an alphabet soup of ingredients: amino acids such as L-theanine, herbal extracts such as ashwagandha, probiotics, vitamins and a bewildering variety of mushrooms. Neuriva contains branded forms of coffee-fruit extract and phosphatidylserine, a type of fat. The ingredients are being combined to form novel products that claim to offer various brain-stimulating benefits. Their emergence has coincided with a post-pandemic interest in wellness. They appeal both to older consumers concerned about cognitive decline, and to younger ones keen to excel in the face of millennial angst (and to imitate Mr Rogan and Ms Hadid).

To manufacturers, their appeal lies both in growing demand and, as David Ridley of Citeline, a research firm, points out, in the ease with which supplements can be put on the market. Many countries regulate the health claims that can be made for products but also leave their producers plenty of wiggle room. It helps that it is hard to say whether nootropics actually work. There is some evidence that they might. Andrea Utley, an expert in motor control and development at the University of Leeds and a self-professed nootropics sceptic, tested one supplement. Her randomised study found that it speeded up decision-making and improved memory.

But few such studies are conducted. So doctors urge caution. Richard Isaacson, of the Institute for Neurodegenerative Diseases in Florida, recalls a patient whose liver function was so "all over the place" that it pointed to too much boozing. It turned out it was in fact too much Lion's mane, a mushroom with supposed nootropic benefits. Trying to arrest cognitive decline with lab-tested supplements tailored to an individual patient's needs is one thing, Dr Isaacson says. Stimulating an unimpaired brain without knowing what risks lie down the road is another. Perhaps he should start a podcast. ■

Correction In our article "In a hole" (February 24th) we wrote that 170m tonnes of steel was ten times current global production. It is, in fact, one-tenth. Oops.

The glass-ceiling index

Directing change

NEW YORK

More women are getting onto corporate boards. Good

WOMEN MAKE up half of humankind, and it is reasonable for representative institutions such as corporate boards to reflect this. In 2022 the European Parliament ruled that at least 40% of non-executive directors at firms with more than 250 employees should be women by 2026. Britain's FTSE 350 companies hit that mark last year, on average. Japan, where only 18% of directors are women, recently told big businesses to get to 30% by 2030. America's constitutional dislike of quotas dooms similar efforts. But its markets regulator wants firms to disclose diversity statistics, which may shame some into action.

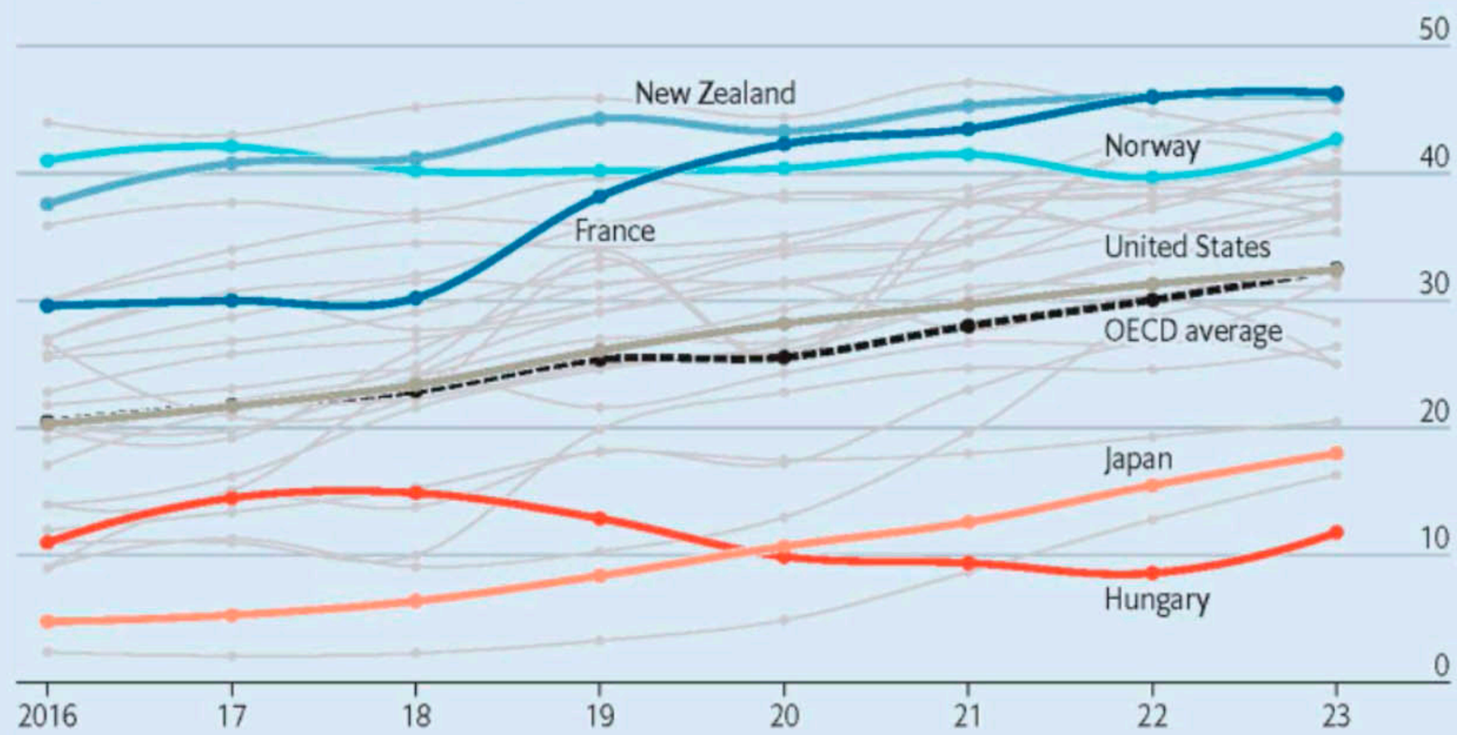
Our annual "glass-ceiling index", which ranks OECD members on ten indicators of female workplace empowerment (and can be found at economist.com/glassceiling), shows all this is having an effect. Across the club of mostly rich countries, women's share of directorships reached 33% in 2023, an all-time high (see chart). In France, New Zealand and Norway it is nudging 50%.

Is there a business case for more female boards, as well as a moral one? In 2020 consultants at McKinsey found that firms in the top quartile for board gender diversity were 25% likelier to outperform their industry average than those in the bottom quartile. Studies have found that appointment of a woman as boss can boost a firm's share price and price-to-earnings ratio (though not its return on assets).

Yet so many factors influence a firm's profitability that proving a causal link between representation and performance is next to impossible; companies that perform well for other reasons may have the luxury to also pay attention to things like diversity, for example. So instead, Margarethe Wiersema of the University of California, Irvine, and Marie Louise Mors of Copenhagen Business School interviewed directors at 200 big companies in Europe and America. They found that women are consistently better prepared for board meetings, had better attendance rates and were more willing to ask probing questions. Female directors in other words, are "setting a higher standard and mitigating the problem of groupthink". That should be a boon for corporate governance. ■

No longer such a male directory

Women on company boards, % of total seats*



Sources: European Institute for Gender Equality; MSCI ESG Research

*Based on the MSCI All-Country World Index of 3,000 companies covering 85% of global investible equities

AI and the law

Judgment day

SAN FRANCISCO

OpenAI's mounting legal problems are not putting off customers—yet

PITY OPENAI'S lawyers. On February 29th Elon Musk added yet another problem to their list by suing the maker of ChatGPT, a wildly popular artificial-intelligence (AI) chatbot, for breach of contract. The lawsuit argues that the startup was originally set up as a non-profit with the aim of building AI for the "benefit of humanity", but has since established a profit-making subsidiary and accepted a large investment from Microsoft, a tech titan valued at $3trn, in exchange for exclusive access to its technology. According to Mr Musk, who was an early investor in OpenAI and has since founded a rival, xAI, these actions benefit not humanity but "literally the largest company in the world".

Whether or not that argument has legal merit is unclear. On March 5th OpenAI published emails in which Mr Musk apparently backs its plan to create a for-profit business. But the case adds to a long list of legal challenges facing the world's hottest startup. Could these clip its wings?

OpenAI's problems started in November, when the board ousted Sam Altman, its boss, and Greg Brockman, a co-founder, alleging that Mr Altman had not been "consistently candid in his communications". Messrs Altman and Brockman were reinstated days later. But the apparent lack of candour raised eyebrows at the Securities and Exchange Commission, America's markets regulator, which is now investigating the firm to see whether Mr Altman misled investors. In December the *New York Times* sued OpenAI and Microsoft for copyright infringement, claiming that the startup had used the newspaper's articles to help train its models. (On March 5th Microsoft filed a motion to dismiss the case, accusing the *Times* of "doomsday futurology".) In January America's Federal Trade Commission launched an antitrust probe into OpenAI's deal with Microsoft. Regulators in Britain and the EU are considering similar moves.

The lawyers will be back

So far such legal hurdles are not putting off customers and investors. According to SimilarWeb, a data firm, OpenAI clocked 1.6bn visits to its mobile app and website in February, five times what Gemini, Google's rival AI, has managed. Surveys of large companies invariably find OpenAI and Microsoft to be the most popular purveyors of AI tools. In December OpenAI was making an annualised revenue of $2bn, up from virtually nothing the year before. Venture capitalists report that the startups they back see its models as best on price and performance. This week it emerged that Temasek, a Singaporean sovereign-wealth fund, wants a stake in the firm.

Even so, the mounting legal action may hobble OpenAI in the long run. Brendan Burke of PitchBook, a research firm, argues that OpenAI's lawyers may be worried about the additional legal risks that new models could create. That in turn could lead OpenAI once again to push back the release of GPT-5, expected to be the world's most powerful AI yet. The delay would give rivals an advantage.

For one thing, it gives competitors time to catch up technologically. In mid-February Google updated its Gemini model. The search giant claims that the new version is able to process far more data than GPT-4 (though it has also been criticised for being too "woke"). Two weeks later Mistral, a French challenger, launched a small but high-performing model. On March 4th Anthropic, an AI startup backed by Google and Amazon, released its latest AI, Claude 3, claiming that it outperforms GPT-4 on a number of tasks (including the Multistate Bar Examination for lawyers).

This in turn is leading businesses to think more carefully about diversifying their AI toolboxes. Startups and corporations are already designing software to make it easy to switch between OpenAI's current top model, GPT-4, and alternatives. That is partly a way to minimise costs by using cheaper, less powerful models for simpler tasks, but also insurance in case one model-maker runs into trouble. Paul Daugherty of Accenture, a consultancy, says one of the most common questions company bosses ask about AI is which model they should use. This suggests that OpenAI is no longer the default choice. Even Microsoft is spreading its bets. Last month it announced a partnership with Mistral, whose open-source models will be available on Microsoft's Azure cloud.

Court cases and regulatory probes are, then, an unwelcome distraction for OpenAI. As for Mr Altman, he seems confident he can multitask. So confident, in fact, that he is reportedly in talks with the government of the United Arab Emirates and SoftBank, a Japanese tech-investing powerhouse, among others, to build a $7trn AI-chip manufacturer. ■

Bayer

More than a headache

BERLIN

Can the Aspirin-maker recover from its chronic pain?

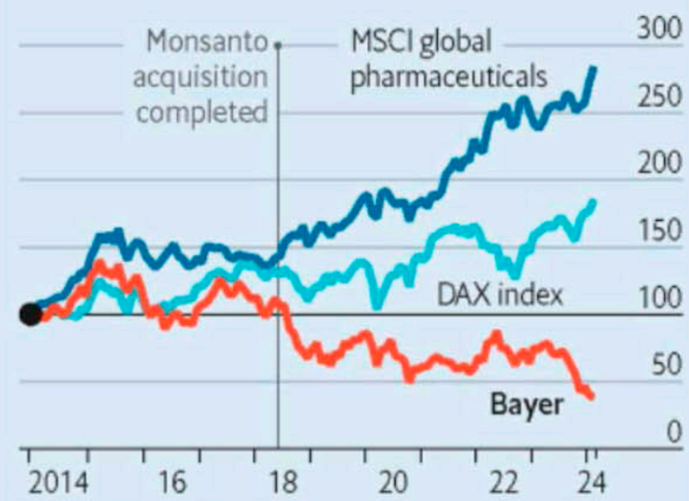
ON MARCH 6TH 1899 acetylsalicylic acid, better known as Aspirin, was registered at the imperial patent office in Berlin. The first-ever synthetic drug went on to become one of the world's most successful medicines. On Aspirin's 125th birthday its maker, Bayer, is in no mood for schnapps. In the run-up to the presentation of its new strategy and annual results on March 5th, analysts and investors speculated about the radical surgery that Bill Anderson, the newish chief executive, might announce in order to quell chronic crises facing Bayer. Would he, perhaps, split its drug and crop-science businesses? Or spin off the consumer-health unit, which makes Aspirin and other non-prescription staples? "Not now," Mr Anderson said. But, he clarified, this does not mean "never".

Bayer certainly needs more than a painkiller. Last year it made a net loss of almost €3bn ($3.2bn). Sales fell by 6%. It has torched 70% in shareholder value since June 2018, when it completed the acquisi- ▸▸

Bayer's remorse

Total shareholder returns, January 1st 2014=100

€ terms



Source: Bloomberg

tion of Monsanto, an American agrochemical giant (see chart on previous page). If the company is to recover, Mr Anderson must first and foremost undo that deal's toxic legacy.

The $63bn Bayer splurged on Monsanto turned out to be just a downpayment. Lawsuits from Americans who claim that Monsanto's blockbuster weedkiller, Roundup, causes cancer have forced Bayer to disburse $9.5bn in settlements with more than 100,000 plaintiffs. It has set aside $6bn for further payouts. The deal also saddled the company with stomach-churning debt. It owes creditors a net €35bn.

All this may have made it harder to replenish its dwindling drug pipeline. The patents for two bestsellers, Eylea, an eye drug, and Xarelto, a blood-thinner, expire in 2025 and 2026 respectively. In November Bayer stopped testing an anti-clotting drug it had hoped could generate more than €5bn in annual sales, after trials showed disappointing efficacy. Another bet, Elinzanetant, a menopause medicine in late-stage testing, looks more promising. But even if it is approved it would rake in only a fifth as much as Xarelto.

To start the healing process, Mr Anderson has trimmed dividends by 95% and announced large job cuts. He wants to do away with chunks of a 1,326-page book of internal rules for managers and halve the number of management layers from 12 to six. "We hire brilliant people. They don't need baby-sitters," he says. The organisational changes may cut annual costs by €2bn, or nearly as much as Bayer spends on administrative expenses, by 2026. Given that its share price fell after Mr Anderson unveiled his plan, investors may think that amputation is in order, after all. ■

Bartleby Snake bites and lunar landings

The problem of passing on tacit knowledge

LAST MONTH *Odysseus* became the first American spacecraft to land on the surface of the Moon in more than 50 years. The mission, a collaboration between NASA and a private firm called Intuitive Machines, can be counted a partial success: the craft did send back images even though its landing did not go to plan. Things might have gone better still if it had not been so long since NASA last visited the Moon. Experience usually makes things go more smoothly.

NASA does have an archive of materials from the Apollo missions. Sometimes, however, knowledge is lost for good. Gino Cattani of NYU Stern School of Business and his co-authors have looked at the violin-making family dynasties of Antonio Stradivari and others in Cremona, in Italy, in the 17th and 18th centuries. Modern players still laud the sound of the instruments made by these craftsmen. But there was a gap of about a century between the heyday of these dynasties and the rise of the public performances that showcased the instruments' qualities. In that time the techniques of the Cremonese luthiers were lost.

Most organisations do not routinely blast into orbit or wait a century for customer feedback. But all organisations face the problem of storing and transferring knowledge so that newcomers know what's what, lessons are learned from successes and failures, and wheels are not constantly being reinvented. An ageing workforce adds to the urgency of training inexperienced hires before the old hands leave the building.

Some knowledge is easier to codify than other. In the 1960s Corning, a glassmaker, had developed a particularly strong glass that was christened Chemcor. Plans to commercialise this material faltered—among other reasons, it turned out that this was not a great windscreen for motorists to hit at speed—and Chemcor was put on the shelf.

There it remained until 2005, when the firm started to wonder whether mobile phones might provide a use for Chemcor, which was renamed Gorilla Glass. In 2007 the boss of Corning took a call from Steve Jobs, who was hunting for the right kind of glass for a new smartphone. You presume that no one at Corning has since questioned the value of keeping good records.

The tougher task is capturing "tacit knowledge". This is the know-how born of experience, which cannot easily be documented in the manuals and is not much thought about by those who have it.

Working alongside experienced colleagues is the best way to transfer tacit knowledge but it is not always possible. Sometimes you only want your very best people working on something, especially if the stakes are high. The most valuable employees are usually the ones with the least time to mentor others. When NASA was working on a Mars rover programme in the 2010s, it gave younger engineers a smaller, parallel project: to build a rover for use in educational programmes on Earth. It wasn't the real thing, but it was a way to give them some hands-on experience. NASA also has an emeritus programme that gets retired veterans to mentor junior staff.

Technology is both an answer and a barrier to the transfer of tacit knowledge. It is easier than ever to record and disseminate the wisdom of older hands. Unfortunately, it is easier than ever to record and disseminate the wisdom of older hands: the podcast episodes proliferate, the hours of unwatched training videos pile up. Watching someone on a screen is often less stimulating than hearing from them face-to-face. A recent study by Niina Nurmi and Satu Pakarinen, two Finnish researchers, found that participants in virtual meetings feel drowsier than those meeting in person, which is saying something.

Christopher Myers of Johns Hopkins University is a fan of informal storytelling as a way of passing on tacit knowledge. He spent time with the crews on an air medical transport team in America, whose jobs include flying patients by helicopter from the scene of an emergency to a hospital. Crew members routinely shared stories—on shift changes, at mealtimes and at weekly meetings—in order to learn how to respond to unusual situations. (Top tip: in the event of a poisonous-snake bite, the local zoo is a good bet to get antivenom.)

Some stories are more gripping than others: people don't sit round camp fires telling each other how to get the printer to work. But managers everywhere should think about how to capture tacit knowledge. That starts by recognising the importance of retaining workers. You can't share experience if no one has any.

Schumpeter | Something's Cooking

Apple is right not to rush headlong into the generative-AI hypefest

IF YOU THINK Tim Cook has always led a charmed life at the helm of Apple, think again. The years straight after the death of Steve Jobs in 2011 were a trial by fire. First there was antitrust: America's Department of Justice (DOJ) sued Apple for conspiring to fix e-book prices. Then there was competition: Samsung, a South Korean rival, went to war with the iPhone with bigger, sleeker models. Then came broader concerns. Apple's new voice assistant, Siri, made rookie errors. Ditto Apple Maps, which went as far as relocating the Washington Monument to the Potomac river. At the time, the question hanging over the company was existential: could Apple's creative spark survive the death of its founder? One of Mr Cook's lieutenants was so miffed at the criticisms that he publicly retorted in 2013: "Can't innovate any more, my ass!"

A decade or so later, Mr Cook may be feeling *déjà vu*. On all three counts—antitrust, Asian competition, the existential question of innovation and growth—there are parallels between then and now. Competition watchdogs in the EU are demanding compliance from March 7th with rules that for the first time breach the "walled garden" which keeps users and developers bound within Apple's playpen. On March 4th they fined the company €1.8bn ($2bn) for allegedly stifling competition in music streaming. In America the DOJ may soon launch a case against Apple. In China, Huawei, a domestic mastodon, is seizing market share. Hanging over everything is the nagging concern, amid a levelling off in iPhone sales, that Mr Cook is missing the chance to pull another rabbit out of the hat with generative artificial intelligence (gen AI).

In short, with its market value down by 10% since mid-December, and Microsoft, thanks to gen AI, vaulting past it to become the world's most valuable company, sceptics wonder if Apple is now so dominant it has lost its mojo. So jaded is the narrative that many pay little heed to the buzz about the Vision Pro, Apple's snazzy—though lavishly priced—mixed-reality headset. What hopes they have are pinned on the company's annual developer conference in June, when they want Mr Cook to announce whizzy gen-AI upgrades proving that Apple can join the chatbot hypefest. That, though, is not how the company does things. Nor should it be.

Go back to the threat from Samsung in Mr Cook's early days. Back then investors pestered Apple to come up with a bigger phone, just as now they want it to match Samsung's models with gen-AI bells and whistles. But Apple doesn't rush things. It wasn't until the launch of the iPhone 6 in 2014 that it produced a large-screen device. When it came, it was a smash hit. Its modus operandi remains the same. It is rarely first with a product. It seeks to improve what is already out there, learning from others' mistakes and eventually trouncing the competition. Of course, that poses a risk. In theory, a scrappy upstart may produce new technology products cheaper and faster, pulling the rug from under the market leader. Perhaps a young company building a killer gadget for the gen-AI era already has Apple in its sights.

Yet you do not have to be a true believer to see why Apple may be right to take its time. First, there will be more to gen AI than chatbots. They appear revolutionary. But so far they are just a better (and accident-prone) way of putting in a query and getting an answer. That is not Apple's forte. "They are features, not products," as Horace Dediu, an expert on Apple, puts it. Nor does Apple compete with other tech giants, such as Microsoft, Amazon and Alphabet, to run cloud-computing platforms with AI models on which customers can build gen-AI apps. Instead of relying on the cloud, it seems to be working on ways to embed gen AI in its own devices, bolstering its ecosystem. Since 2017 it has been using homemade chip technology called neural engines to handle machine-learning and AI functions its gadgets use behind the scenes.

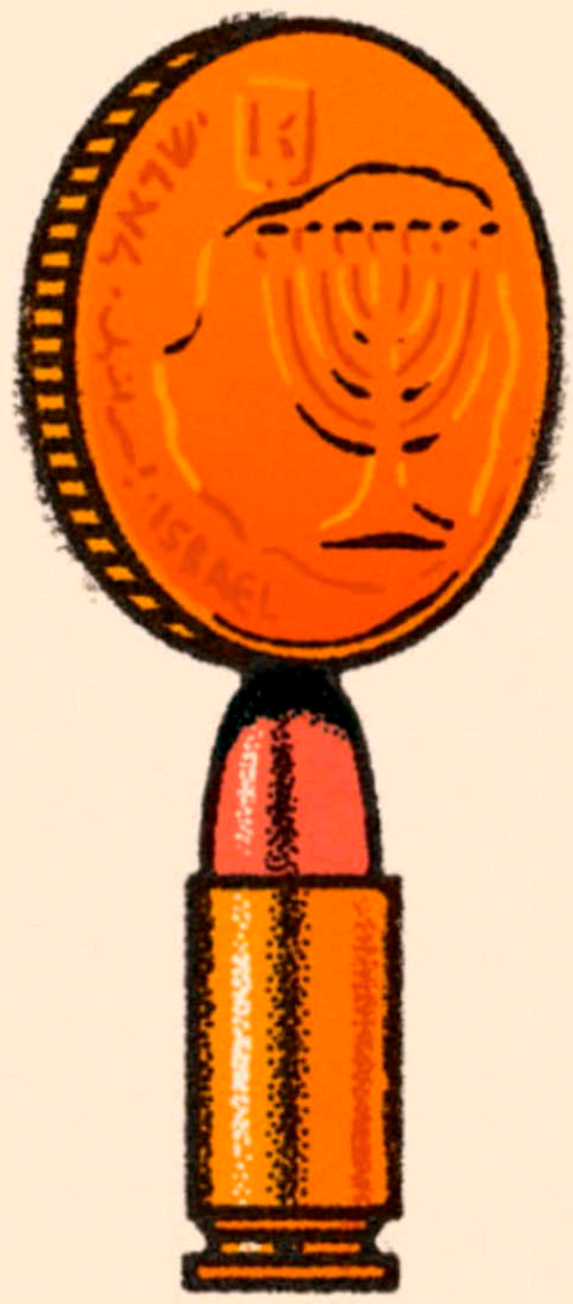
In late February it emerged that it was scrapping its ten-year project to build an Apple car and redirecting the engineers towards gen AI. No doubt it is moving up a gear—though not from an idle start. Apple will reveal nothing about its intentions. But one of the options it has is hiding in plain sight: the Vision Pro. The most recent gen-AI launches, such as OpenAI's Sora, which converts text to video, and Groq, which speaks at humanlike speed in response to questions, suggests that eventually something other than written words could be the main gateway to gen AI. The Vision Pro is all about sounds and images.

Known unknowns

In the short term none of this will resolve the growth question. In fact, the regulatory onslaught in the EU via the Digital Markets Act, which will henceforth apply to big-tech "gatekeepers" including Apple, could potentially crimp its biggest growth engine, services. For the first time Apple will be forced to allow third-party app marketplaces and alternative payment systems outside its App Store on devices in Europe. It has made no secret of its disdain for the rules. It calls them a threat to safety and privacy, and has introduced complex new fees for those who dare bypass its protective walls. Some developers have slammed its compliance measures, but they are likely to work: inertia means that many will probably stick with the status quo. As for a possible DOJ antitrust case, it would be a headache. But its scope is not yet clear.

China is a bigger problem with no clear solution. Huawei has become a formidable competitor, though in the long run it may be constrained by an America-led ban on sales to it of high-end chips. However big the geopolitical risks, Apple and China are so co-dependent that they may be stuck with one another.

Still, don't give up on Mr Cook yet. Apple is bound to be working on gen-AI products that do not leave egg on its face—just, as is its way, not in the open. At this stage, the vast sums needed to train AI models favour deep-pocketed incumbents over scrappy upstarts, which will work to Apple's advantage. You can almost hear Cupertino muttering, "Can't innovate anymore, my ass!" ■



Conflict economics

Bullets v benefits

JERUSALEM

As the war continues, costs are spiralling. Can Israel afford it?

IN THE NEXT few weeks Binyamin Netanyahu, Israel's prime minister, hopes to gain final parliamentary approval for an emergency war budget. It includes more cash for settlers in the West Bank, as well as for religious schools, where teenagers study the Torah rather than science—part of an attempt to unite his fissiparous political coalition. And it also contains a startling break with the past. Everyday welfare spending (long generous in Israel, owing to its socialist foundations) will be slashed in order to fund the country's armed forces. The military budget will almost double from 2023 to 2024. Israel's unwritten social contract, which has for 70-odd years promised both a generous welfare state and a fearsome military, is under threat.

Despite continuing discussions about a ceasefire, Mr Netanyahu has been clear that any pause will be temporary. Even if a ceasefire ends up being extended or he leaves office, there is widespread political support for a mightier military. At the same time, the war is proving more expensive than expected. Between October and December Israel's economy shrank by a fifth at an annualised rate, compared with the previous three months—more than twice the contraction predicted by the central bank. In the same period, over 750,000 people, or a sixth of the labour force, were away from work, many of them evacuees or reservists. Last month Moody's, a rating agency, downgraded the country's credit rating for the first time ever. All this raises a question. Can Israel afford to wage war?

The core problem is fiscal. On the eve of Hamas's attack on October 7th, Israel's debt-to-GDP ratio was 60%, well below the average in the OECD group of mostly rich countries. But in the final quarter of the year the armed forces burned through 30bn shekels ($8bn), an amount equivalent to 2% of GDP, on top of their usual spending. And it is not just a bigger budget for the armed forces that is causing strain; the government is also having to spend on accommodation for evacuees, furlough schemes and support for reservists. Israeli policymakers think that a debt ratio of 66% would be manageable. Mr Netanyahu's budget would target an annual fiscal deficit of 6.6% of GDP—enough to produce a debt ratio of around 75%.

For America or Japan such borrowing would be a breeze. In Israel, however, there is always a chance that more conflict is around the corner. Should the country's tech industry be wounded, perhaps in a war involving other regional powers, up to ▸▸

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a quarter of the country's income-tax take would be vulnerable. The last time that Israel went into battle on the present scale, during the Yom Kippur war in 1973, its debt ratio passed 100%, which sparked a financial crisis. As the central bank printed cash, the banking sector toppled and inflation rocketed to 450% by 1985. To keep bondholders happy, therefore, the government needs room for manoeuvre.

Many now worry that Mr Netanyahu's budget is too lavish. Although in times of crisis governments may borrow to keep things ticking over, they are wise to do so modestly. Given Israel's desire to lift military spending, outgoings will not fall back to pre-war levels any time soon. As a result, the government needs a plan to stabilise debt while spending remains high.

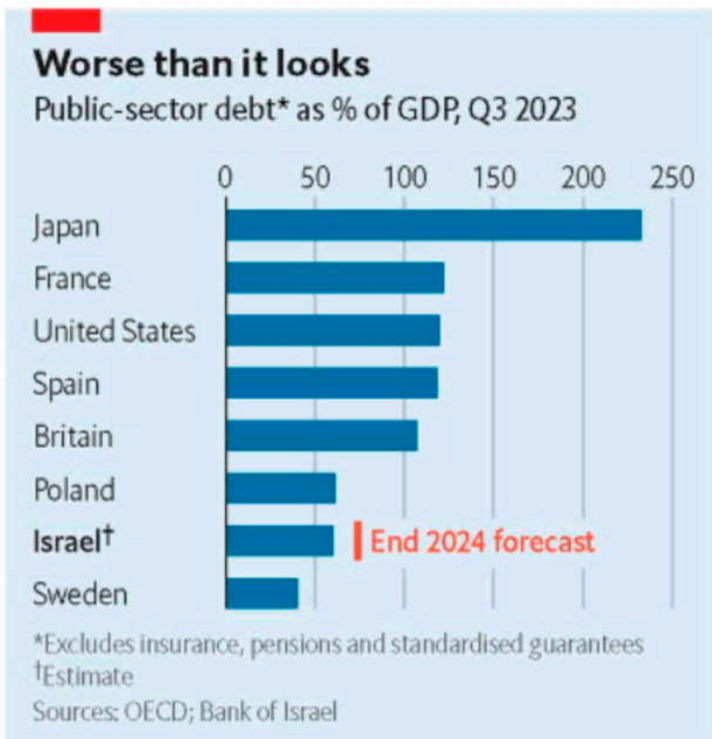
Israel's tax take in 2022 was worth 33% of GDP, just below the OECD average of 34%. Yet Mr Netanyahu's budget includes only modest increases. Next year value-added tax will rise by one percentage point to 18%; a health tax on incomes will go up by 0.15 percentage points. Policymakers worry that raising corporate taxes would cause the tech sector, which is highly mobile and already struggling to find workers, to flee the country. Harsher taxes on households would risk depressing consumption and make life harder still for those who are already struggling because of the war.

A tale of one city

In the suburbs of Jerusalem, secular professional families, which have had members called up and seen income from businesses plummet, are suffering. Many in Arab neighbourhoods—those worst affected by Mr Netanyahu's budget—report no longer being welcome at work. A few miles away, though, ultra-Orthodox households, which are exempt from military service and rely on handouts that Mr Netanyahu wants to make more generous, have barely had to tighten their belts.

The impact on industries is similarly uneven. Israel's tech sector is bearing up. Some firms even think they can spin a profit, benefiting from a new round of military contracts. Many have moved operations abroad, which lessens the impact of losing employees to the fight. "Our productivity actually improved," says Chen Bitan at Cyberark, one of the country's biggest cyber-security companies. "We told our employees the war would be won by the economy," he explains. Although local tech investment has fallen, it has done so by about the same amount as in Europe—suggesting the war is not to blame.

But the rest of the economy is in trouble. Construction is at a standstill. Farms have lost more than half their workforce. And companies involved in tourism are suffering. In January 77% fewer tourists visited Jerusalem than a year ago.

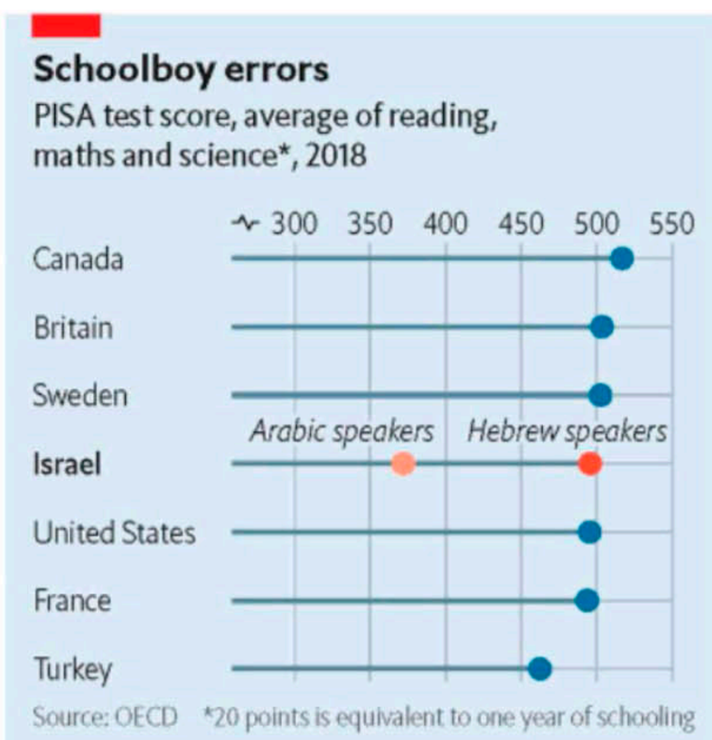


The recovery could be glacial, not least because war has exacerbated long-standing problems. One is the economy's reliance on low-paid Palestinian workers. The West Bank may import as many goods from Israel as before the war, but its 200,000 or so day labourers—equivalent to 5% of Israel's workforce—cannot get out. Their permits were cancelled after October 7th, and Israel's government is refusing to let them back in. Farms, factories and building sites lack workers. Yet industrialists are in two minds. "We need the Palestinians, but we cannot be dependent on them," says one.

Israel's labour market is already tight. Bringing in foreign workers is slow and expensive, and the country's workforce is less than half the size of its total population. Half of the men in Israel's ultra-Orthodox population, which is the country's fastest-growing group, refuse to work on religious grounds. Those who do are often woefully undereducated, having attended religious schools. Arab Israelis, the community with the second-highest fertility rate, also get poor exam results. And in January new rules extended military service from 32 to 36 months for non-Orthodox men, further depleting the labour force.

Should debt continue to spiral, as the economy struggles, things will get difficult. But a repeat of what happened after the Yom Kippur war is unlikely. Israel's ministries are stuffed with technocrats. The public is aware that their security depends on a stable economy, and is liable to depose irresponsible politicians. Markets think that a default is improbable. Although borrowing is now more expensive for the government, it is far short of the eye-watering prices paid by irresponsible leaders elsewhere. Credit-default-swap rates, an indicator of markets' trust in a government, rose from 0.5% to 1.4% after October 7th, but have since stabilised and remain below levels seen a decade ago.

Markets appear to have almost as much faith that Israel will not unleash inflation in order to reduce debt payments. The country's annual inflation, at 3%, is lower than in America, and investors expect it to have fallen to 0.4% by the end of the year. Since the Yom Kippur war, Israel has acquired an inflation-targeting central bank, which is of a hawkish bent. After October 7th it spent $30bn in foreign reserves propping up the shekel (and has another $170bn if the currency needs more cushioning). The shekel has barely moved since.



The home front

Yet even if a financial crisis is unlikely, that does not mean pain will be avoided. It will just come in a different form: through further spending cuts that are required to guarantee stability. The money that holds Mr Netanyahu's coalition together will be protected for as long as he remains prime minister. Instead, as indicated by the war budget, Israel's welfare state will take the hit. Despite having one of the lowest rates of unemployment in the OECD, the country is the fifth-biggest spender on unemployment benefits. Only the governments of Norway and Iceland spend more of their GDP on education. This makes a tempting target for a prime minister who needs to find savings, and has allies to protect.

The welfare ministry, which also cares for evacuees and returned hostages, will have to take an 8% cut under the budget—far above that faced by most other civilian ministries. The ministry has come under fire for its lacklustre support of 135,000 Israelis evacuated from the country's north and south. It has done little other than pay hotel bills; now officials are reportedly pressing families to return. If Israel stays under Mr Netanhayu's mismanagement, other ministries will experience similar treatment. Even if he steps down, however, Israel will have to make hard choices between the two pillars of its social contract: its armed forces and its welfare state. ■

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Crypto's future

Back to the moon

WASHINGTON, DC

How to read the surge in bitcoin's price

FOR A BRIEF moment, everyone who owned bitcoin had made money from it. On March 5th the crypto token rose to an all-time high of just above $69,000—a level sure to delight the meme-loving crypto-crowd—before slipping back a little. The record capped a remarkable comeback from the dark days of November 2022, when interest-rate rises were crushing risk appetite and FTX, a crypto exchange, had just gone bust. Buying bitcoin on such exchanges seemed like little more than a fun and novel way to get robbed.

Bitcoin is hardly rallying in isolation: everything is going up. Stockmarkets all over the world are near record highs. So are gold prices. Even bond prices are climbing after a miserable two-year stretch. The catalyst is a combination of hype about artificial intelligence, joy at the state of the global economy and expectations of looser monetary policy to come.

Still, bitcoin is doing better than most assets. On January 10th the Securities and Exchange Commission, an American regulator, approved applications by 11 investment firms, including BlackRock and Fidelity, to create bitcoin exchange-traded funds (ETFs). These make it easier for everyday investors to buy the cryptocurrency. Rather than setting up an account with a specialist exchange, creating a crypto wallet, making a bank transfer and then finally buying bitcoin, people can now simply log on to their brokerage accounts and purchase an ETF. Assets in the ten largest bitcoin ETFs now come to around $50bn. And the activity appears to be self-reinforcing: the more money is poured in, the higher the price goes, the more people chatter about bitcoin ETFs, the more money pours in and so on and so on.

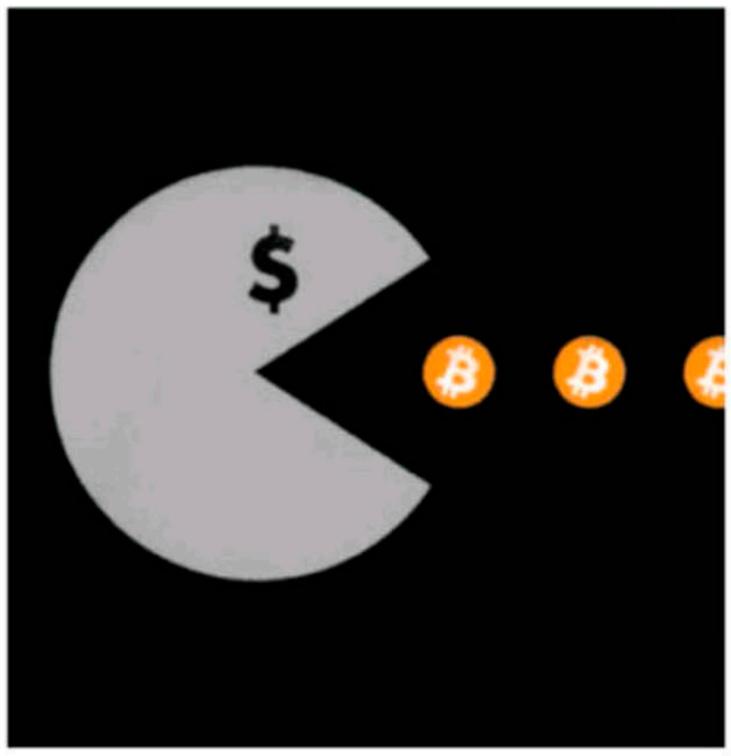
Bitcoin has been in existence for 14 years. The elegant mechanism by which it validates itself and supply grows has never been hacked, meaning that the token is not going anywhere. Yet it is now obvious that it is of pretty limited use for payments, as it is restricted by both the high costs and slow speed of transactions. Those trying to build applications on top of blockchains are not doing so using bitcoin either. With the creation of ETFs, bitcoin's future looks to be as an investment asset and nothing more. So after this initial surge of interest, what will its returns look like?

It would be foolish to extrapolate from bitcoin's entire history. Over the past 14 years the cryptocurrency has morphed from a niche cyberpunk idea into something approaching a mainstream financial asset. Its more recent price movements might provide some clues, however. There are two explanations for them. One is that purchases are basically a broad bet on technological progress, with variations that reflect prospects for crypto itself. For instance, even as tech stocks soared in the middle of 2021, bitcoin slumped after Elon Musk posted negative tweets about crypto payments. Prices were depressed in late 2022, too, even as stockmarkets were rallying, owing to FTX's failure.

The other theory is that bitcoin is a kind of digital gold. After all, supply is inherently limited, just as gold supply is restricted by the amount of the metal in the ground. Neither asset pays a yield nor earns profits. This theory fell out of favour in 2021 and 2022, as inflation soared and bitcoin collapsed, but last year the cryptocurrency once again moved in line with gold.

Perhaps both theories contain elements of truth. And a hybrid tech-stock-crypto-vibes-gold-bet asset could be useful in even pedestrian portfolios, especially if it is only somewhat correlated with other assets an investor might hold. Diversification among uncorrelated assets is the foundational principle of portfolio management. Reallocating, say, 1% of a fund to bitcoin would be a low-stakes hedge.

If investors buy this argument, bitcoin's price is likely to rise for a while yet. What happens, then, when the cryptocurrency's transition into a standard financial asset is complete? Assume that bitcoin has been added to most investor portfolios. Also assume that crypto tech does not really catch on. In this world, bitcoin's returns probably do come to resemble those of gold: there is a fixed amount of it, and its price would rise over the long term roughly in line with the stock of money. That implies steady single-digit returns. The creation of a bitcoin ETF may have set off a frenzy of eye-popping gains—but the future it portends could be slower and steadier. ■



Wealth and poverty

Another illusion

Perhaps globalisation did not, in fact, lead to a surge in income inequality

WORKING OUT who earns what is surprisingly tricky. Both the very rich, who sometimes try to keep their wealth from the taxman, and the very poor, who are sometimes mistrustful of clipboard-wielding officials, are especially hard to pin down. Nevertheless, before the covid-19 pandemic, household surveys consistently found a fall in the number of people living in poverty. The World Bank counted 659m living on less than $2.15 a day in 2019, down from around 2bn in 1990.

Yet this progress came at a cost: a global "precariat" emerged, members of which were barely out of poverty and perilously exposed to shocks, while the top 1% got rich faster. That, at least, is the received wisdom. The World Inequality Database, a project associated with Thomas Piketty and Gabriel Zucman, two economists, combines tax data with other sources of information to estimate the incomes of the uber-rich. They have found that although inequality between countries has fallen, as the rest has caught up with the West, within countries it may have risen. Chinese and Indian elites have done the best relative to their countrymen. American and European plutocrats, who are busy stashing wealth in tax havens, have done well, too.

A new paper by Maxim Pinkovskiy, Xavier Sala-i-Martin, Kasey Chatterji-Len and William Nober, economists at Columbia University and the New York branch of the Federal Reserve, challenges this picture. The researchers look at how likely people in different parts of the income distribution are to understate their income. They find that as the poor become richer, they become more likely to do so. Once adjustments are made for this, poverty has fallen faster than previously thought, and inequality within countries has not risen. It may even have fallen slightly.

To reach this conclusion, the authors look at the difference between estimates of income from regional household surveys and gross domestic product in the same area. When surveys imply that a region has less overall income than official figures, it suggests more income is going unreported. The researchers find that the richer an area, the larger the gap tends to be. This makes sense, notes Mr Sala-i-Martin. As a subsistence farmer becomes a small business owner or market trader, he develops more complex income streams and has more incentive to mislead the taxman. ▸▸

If the finding holds, it changes the history of globalisation. Rather than a precariat, the researchers conclude that a "true global middle class" has emerged. Its members will not be plunged back into poverty by a financial crisis or a pandemic.

Yet the study will not be the final word. Economists have been arguing about trends in global inequality—and the quality of the data that lie beneath them—for decades. When it comes to the world's richest people, the new research has more to say about the top 10% than the top 1%, who are widely believed to have done so much better than the rest. Like most papers, this one relies on assumptions that could be challenged by other researchers. Working out the global income distribution is one thing; convincing others you have the right answer is quite another. ■

America's economy

Spent on rent

WASHINGTON, DC

The mysterious link between a tight housing market and stickier inflation

DURING THE past few years of inflation, sceptics have insisted that governments are undercounting price rises—usually without much evidence to support their claims. But a new controversy in American economics has highlighted the challenge of accurately measuring prices. Only this time the implication points in the opposite direction, suggesting that inflation may prove a more stubborn foe.

At issue is the manner in which housing fits into the consumer-price index. To the surprise of many casual observers, statisticians typically do not include property prices in their inflation gauges since they view housing as an investment good, perhaps a once-in-a-lifetime purchase for homebuyers. However, statisticians do know that housing is a big part of personal budgets and want to track regular changes in the price of shelter, much as they do for other consumer products. So instead of measuring property prices outright, their inflation indices factor in how much people pay for rent—or would pay for rent if they leased their own homes. The latter is known as owners' equivalent rent (OER).

In America OER accounts for about a quarter of the consumer-price index, making it the single biggest component. Direct rent, by contrast, is just 8% of the index, because renting is less common: about two-thirds of American households own the homes they live in. Where things get tricky is estimating the OER value. It is not as simple as totting up all market rents and assuming that homeowners would pay the same. Rather, wonks assign a heavier weight to rental prices for single-family homes, which are similar to the kinds of houses that people own. The problem is that there is a relative dearth of single-family homes for rent, giving statisticians a small sample with which to work.

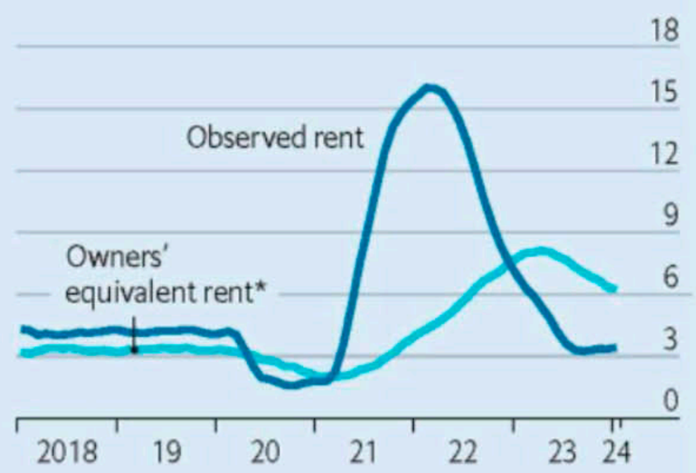
These intricacies have come to the fore as concerns mount about the persistence of inflation in America. In January the consumer-price index rose by 0.3% from a month earlier, above forecasts for a 0.2% increase, suggesting that the Federal Reserve is struggling to tame inflation. But nearly half of the broader inflation increase was attributable to a rise in OER alone. And strikingly, the rise in OER was much higher than the rise in market rents.

The question is whether OER is being estimated correctly. It is true that single-family homes have commanded larger rent increases than flats recently, a reflection of the fact that few such homes are available to tenants. Moreover, the Bureau of Labour Statistics, which compiles the consumer-price index, tweaked its methodology in January, lifting the weight of detached single-family homes in OER by about five percentage points, part of its constant efforts to capture changes in how people live. The combination of higher rents plus a larger weighting does explain much of the rise in OER. Added to that, though, is the inevitable volatility of extracting prices from the small sample of single-family homes for rent. This raises the possibility that at least some of the high OER reading was a fluke.

Still, the bigger picture is that OER inflation is running well above pure rent inflation (see chart). Continued tightness in the market for single-family homes ensures the divergence will probably continue for some time, and this in turn will place upward pressure on general measures of inflation. The details of how to calculate OER can seem abstruse. But the conclusion is clear: by feeding into stickier inflation, it may well deter the Fed from cutting interest rates anytime soon. ■

A very long lag

United States, rental prices, % increase on a year earlier



Sources: Bureau of Labour Statistics; Zillow

*Official proxy for rental cost of owned homes

Urban economics

Boom: towns

Why everyone is building new cities

AFRICA'S TALLEST building is rising under empty skies. Beneath the Iconic Tower in northern Egypt sits a city that officials expect to one day house 6.5m people. For now, though, it is mostly empty—like the desert that came before it.

Egypt's "New Administrative Capital" is part of a rush of city-building. Firms and governments are planning more settlements than at any time in the post-war period, with many already under construction. Ninety-one cities have been announced in the past decade, with 15 in the past year alone. In addition to its new capital in the north, Egypt is building five other cities, with plans for dozens more. India is considering eight urban hubs. Outside Baghdad, Iraq, workers have just broken ground on the first of five settlements.

And it is not just emerging economies that are building. Investors in America have spent years secretly buying land for a new city in California. To the east, the deserts of Arizona and Nevada have lured Bill Gates and Marc Lore, two billionaires, each with plans for their own metropolis. Even Donald Trump, in his bid for re-election, has proposed ten "freedom cities". In their early stages, many of these projects will attract derision. History suggests that plenty will fail. But the number and diversity of settlements under construction suggests some will triumph.

That is a great thing. Edward Glaeser of Harvard University has lauded cities as mankind's greatest invention. He notes that agglomerations of money and talent make societies richer, smarter and greener. Since companies move closer to their customers and people closer to their jobs, growing cities beget economic growth. Economists think that doubling a city's population provides a boost to productivity of 2-5%. Given both the pressing need for new urban areas and the constraints on physical growth in existing ones, starting afresh is sometimes a shrewd decision.

In much of the poor world, land disputes, shantytowns and poor infrastructure choke development. The problem will worsen as urban areas swell by an extra 2.5bn inhabitants by 2050, according to projections by the United Nations, with the new urbanites appearing in regions where cities are already under extreme stress. Builders hope that new metropolises will help relieve the pressure. In Nairobi, near where Stephen Jennings, a former ▸▸

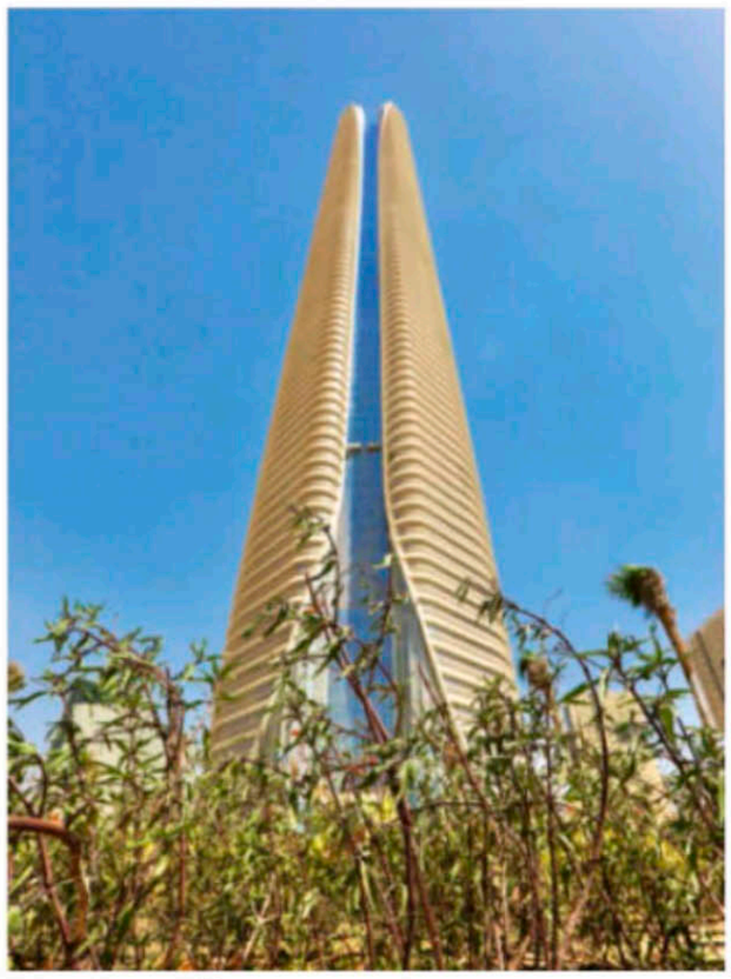
private-equity boss, is building a new city called Tatu, public-transport commutes run to over an hour for most jobs. Construction is progressing nicely in Kenya's newest settlement, where 5,000 residents already live and work in a gated village. Mr Jennings is building seven other cities across five countries in the region.

Rich-world cities have problems of their own. The push for a new town outside San Francisco—a project that goes by the label of "California Forever"—came from an "epic housing shortage" on America's west coast, says Jan Sramek, who leads a group of Silicon Valley investors making it happen. The group, which includes Laurene Powell Jobs, Steve's widow; Reid Hoffman, a co-founder of LinkedIn; and Sir Michael Moritz, a venture capitalist, will put their plans for "homes, jobs and clean energy" to a public vote in November. If approved, the city will house up to 400,000 residents on 60,000 acres of what is now farmland. Starting again is a necessary part of the solution to housing shortfalls, says Mr Sramek, citing the high costs of revamping existing infrastructure.

California Forever is among a clutch of planned towns that also aim to improve urban living. The developer is promoting high-density neighbourhoods in which residents can reach schools, jobs and shops without a car. Today's city-builders have decided that walkability—or what is sometimes called a "15-minute city"—is a crucial selling point. Some, like Dholera in India and Bill Gates's Belmont in Arizona, are pitching so-called "smart cities", which use sensors to direct residents away from traffic or tell them the most environmentally friendly time for a shower.

A few projects double as social experiments. Mr Lore's Telosa city (adapted from the Greek word for "highest purpose") will do away with private ownership of land, which will instead be held in a communal trust, with money generated from leasing it spent on public services. Praxis (another Greek word, meaning "theory in practice") has raised $19m and collected a waiting list of potential residents who want to "create a more vital future for humanity" in the Mediterranean. A private company is building Próspera, a cryptocurrency-accepting, libertarian special economic zone in the Honduras, with a mission to "maximise human prosperity". Praxis and Próspera are funded in-part by Pronomos, a venture-capital fund established in 2019 to invest in new cities, which is run by Patri Friedman (grandson of Milton) and counts Marc Andreessen and Peter Thiel, two billionaire investors, among its supporters.

Messrs Andreessen, Lore and Thiel are among a crop of wealthy folk with ideas about how to run cities. But governments also want to experiment. Abundant capital and low interest rates in the 2010s allowed



The desert flowers

politicians to borrow cheaply. Although rates are now higher, enthusiasm for building remains, as countries copy one another. Leaders are keen on using state finances to reshape domestic economies—and believe that new cities will help.

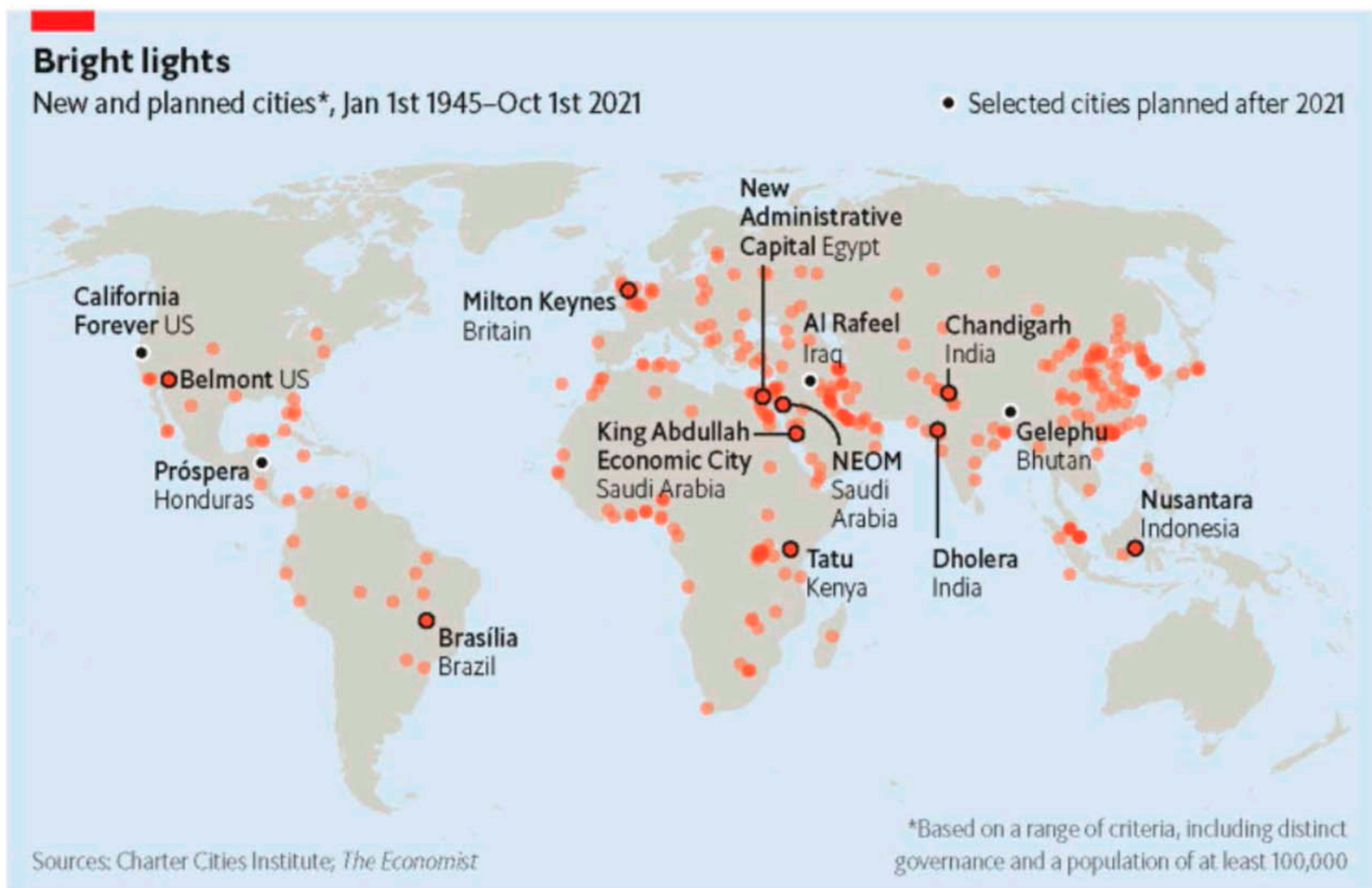
Houses built on sand

Muhammed bin Salman of Saudi Arabia hopes that several gleaming new metropolises will attract industries that his country lacks, such as financial services, manufacturing and tourism. NEOM, a city made up of a 170km-long building in the desert, is to be the jewel in the crown. Egypt's New Administrative Capital is purpose-built for the state's bureaucratic machinery; the government hopes it will reduce congestion in Cairo. The city already includes the Ministry of Defence's imposing Octagon—not to be confused with America's Pentagon—which spreads over a square kilometre. In Indonesia workers are clearing forests for a new capital, Nusantara. For leaders such as Joko Widodo of Indonesia and Abdel Fattah el-Sisi of Egypt, a new capital promises a legacy, lots of jobs and the ability to keep voters at arm's length.

In other countries, rulers have slightly more esoteric ambitions. El Salvador is planning to sell bonds that pay out in bitcoin in order to fund a crypto-city. The Kingdom of Bhutan said in December that it would build a "mindfulness city", with neighbourhoods designed on the repeating geometric patterns of a mandala, a Buddhist symbol. The emergence of the China State Construction Engineering Corporation, whose workers are building cities in Africa, South-East Asia and the Middle East, has lowered the costs of all megaprojects, whether fanciful or prosaic.

How many of these cities will prosper? Some infrastructure, such as electricity, internet and roads, must be in place before the first resident arrives, which means that upfront costs can be staggeringly large. Mr Sramek's company has already sunk $1bn into buying land for California Forever and will need an additional $1bn-2bn for just the first stage of construction. Mr Lore expects to marshal $25bn in initial investment for his city in the desert. Prince Muhammed will lean on his kingdom's oil riches to pay for NEOM at an initial cost of $319bn. But enthusiasm, and money, can run out; grandiose projects can become white elephants. Work on Egypt's $60bn capital city has slowed as the country's economy falters. The Chinese developer behind Malaysia's Forest City defaulted in 2023, before residents had even moved in.

History points to characteristics shared by successful projects. State institutions can help anchor cities, as Brasília (in Brazil) and Chandigarh (in India) showed in



the 20th century. Although both have had problems, people in Brazil and India are voting with their feet. Brasília's population is growing at 1.2% a year, more than double the national average. Chandigarh, a state capital, is now India's fourth-richest region on a per-person basis.

The future is less certain for cities that cannot rely on taxpayers to provide jobs and pay the bills, but California Forever and Tatu seem to be based on sensible ideas. As Mr Jennings puts it, the crucial thing is to focus on getting the "boring stuff", such as roads and sewerage, right in order to create a city that is walkable and green, but not especially smart. In addition to being what he calls "a dumb city", Mr Sramek's California Forever shares another advantage with Tatu: both will piggy-back on neighbouring economies. "We are five miles away from cities on both sides," says the Californian developer. "The strength of the demand makes a big difference to how fast you can grow." In Britain, Milton Keynes—a city established in the 1960s, less than an hour by train from London—is thriving. Reston, a planned town outside Washington, DC, is another success.

Sensible city-builders are wary of taking on debt. Developers have instead started to sell stakes in projects, demonstrating buy-in for what are long-term ventures. "You are looking at a 50-year time horizon," says Mr Jennings, who admits that it "sounds insane". He has tapped friends for capital, avoiding private-equity backers and their investment horizons, which normally come in at under a decade. California Forever is entirely funded by equity investments. If the two new settlements succeed, their investors will be rewarded. But so will many others. That is the glory of cities. ■

Buttonwood Why risk it?

Contrary to investment theory, more volatile stocks do not outperform

HIRE A WEALTH manager, and one of their first tasks will be to work out your attitude to risk. If you are not sure exactly what this means, the questions are unlikely to help. They range from the inane ("How do you think a friend who knows you well would describe your attitude to taking financial risks?") to the baffling ("Many television programmes now have a welter of fast whizzing images. Do you find these a) interesting; b) irritating; or c) amusing but they distract from the message of the programme?"). This is not necessarily a sign that your new adviser is destined to annoy you. Instead, it hints at something fundamental. Risk sits at the heart of financial markets. But trying to pin down precisely what it is, let alone how much of it you want and which investment choices should follow, can be maddening.

To get around this, most investors instead think about volatility, which has the advantage of being much easier to define and measure. Volatility describes the spread of outcomes in a bell-curve-like probability distribution. Outcomes close to the centre are always the most likely; volatility determines how wide a range counts as "close". High volatility also raises the chances of getting an extreme result: in investment terms, an enormous gain or a crushing loss. You can gauge a stock's volatility by looking at how wildly it has moved in the past or, alternatively, how expensive it is to insure it against big jumps in the future.

All this feels pretty risk-like, even if a nagging doubt remains that real-life worries lack the symmetry of a bell curve: cross the road carelessly and you risk getting run over; there is no equally probable and correspondingly wonderful upside. But set such qualms aside, pretend volatility is risk and you can construct an entire theory of investment allowing everyone to build portfolios that maximise their returns according to their neuroticism. In 1952 Harry Markowitz did just this, and later won a Nobel prize for it. His Modern Portfolio Theory (MPT) is almost certainly the framework your new wealth manager is using to translate your attitude to risk into a set of investments. The trouble is that it is broken. For it turns out that a crucial tenet of MPT—that taking more risk rewards you with a higher expected return—is not true at all.

Elroy Dimson, Paul Marsh and Mike Staunton, a trio of academics, demonstrate this in UBS's Global Investment Returns Yearbook, an update to which has just been released. They examine the prices of American shares since 1963 and British ones since 1984, ordering them by volatility and then calculating how those in each part of the distribution actually performed. For medium and low volatilities, the results are disappointing for adherents of MPT: returns are clustered, with volatility having barely any discernible effect. Among the riskiest stocks, things are even worse. Far from offering outsized returns, they dramatically underperformed the rest.

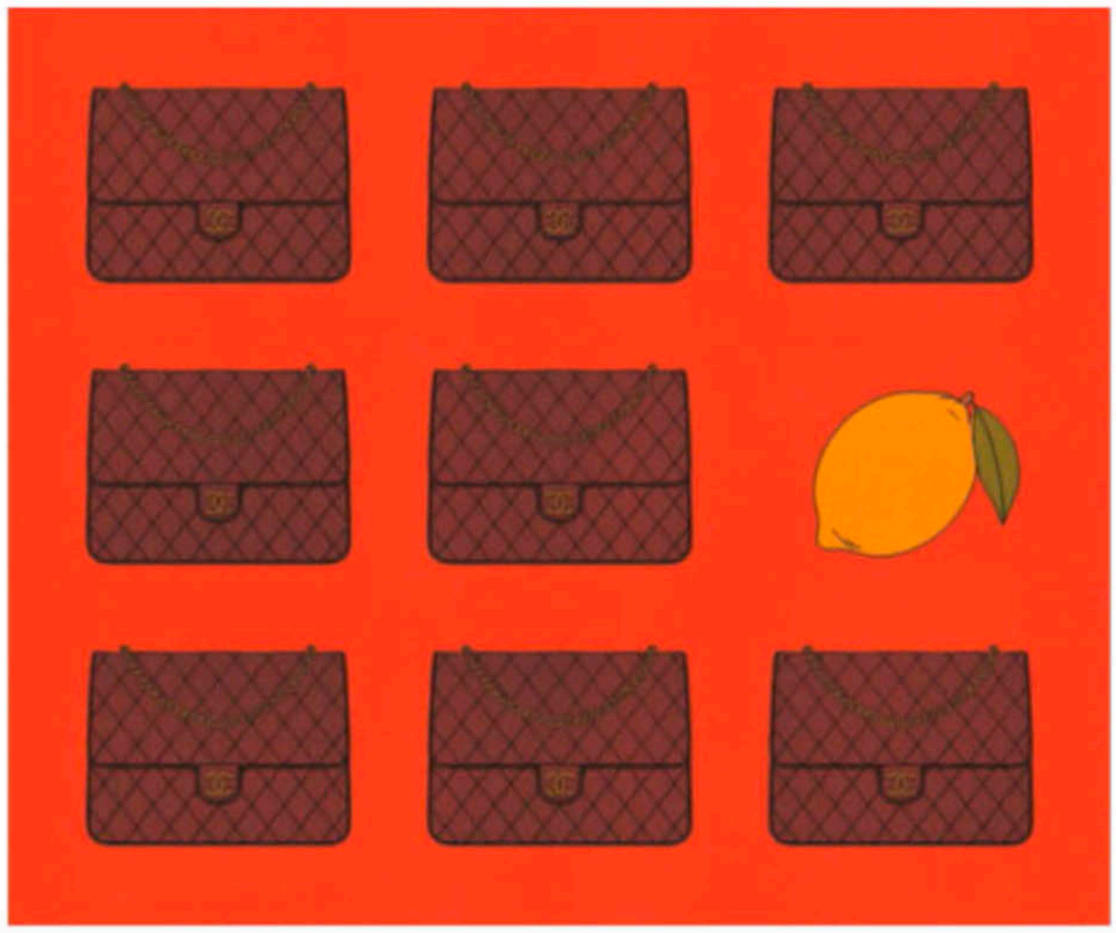
The Yearbook's authors are too thorough to present such results without caveats. For both countries, the riskiest stocks tended to also be those of corporate minnows, accounting for just 7% of total market value on average. Conversely, the least risky companies were disproportionately likely to be giants, accounting for 41% and 58% of market value in America and Britain respectively. This scuppers the chances of pairing a big long position in low-volatility stocks with a matching short position in high-volatility ones, which would be the obvious trading strategy for profiting from the anomaly and arbitraging it away. In any case, short positions are inherently riskier than long ones, so shorting the market's jumpiest stocks would be a tough sell to clients.

Yet it is now clear that no rational investor ought to be buying such stocks, given they can expect to be punished, not rewarded, for taking more risk. Nor is the fact that they were risky only obvious in hindsight: it is unlikely that the illiquid shares of small firms vulnerable to competition and economic headwinds ever looked a great deal safer. Meanwhile, lower down the risk spectrum, the surprise is that more people do not realise that the least volatile stocks yield similar returns for less risk, and seek them out.

Readers may not be flabbergasted by the conclusion—that investors are not entirely rational after all. They might still wish to take another look at the racier bits of their portfolios. Perhaps those are the positions that will lead to a gilded retirement. History, though, suggests that they might be speculation for speculation's sake. Call it return-free risk.

Free exchange | I love your bag! Thanks, it's a lemon

An economist's guide to the luxury-handbag market



YOU COULD spot a fake a mile off. The plasticky "Prado" wallets arranged on bedsheets on the pavements lining Canal Street in New York bore only a passing resemblance to the ones for sale in the Prada store in Soho. The fake Chanel bags they lay next to were lumpy, misshapen and smelled a little like petrol. An attempt to make a quick buck by buying one and passing it off as genuine—perhaps by taking it to a small local consignment store—would have been met with raised eyebrows and a chuckle.

What an innocent time. Now booming demand, technological improvements and sheer opportunism have transformed the market for buying and selling luxury bags. LVMH, a luxury conglomerate, sold about €10bn-worth ($13bn) of leather goods in 2013. By 2023 it was selling €42bn-worth—a 320% increase in just ten years. (The global economy, by contrast, grew by only 30%.) Dedicated reselling platforms, such as the RealReal and Vestiaire Collective, have expanded rapidly. Revenues from reselling luxury bags and clothing now add up to around $200bn a year. So producers of counterfeits have upped their game, too. Women now gather in Reddit groups to "QC" (quality check) bags they order from China via WeChat. Called "superfakes" by the *New York Times*, such dupes are often spot on—down to having the correct number of stitches on each side of the classic Chanel quilted diamond (up to 11, apparently). They cost about a tenth of the regular price.

Thus the market for secondhand luxury bags is now vast, widespread and complicated enough that those interested in buying a genuine handbag risk being swindled. As a result, it ought to be of interest to economists, who have long been gripped by questions about how markets function when "information asymmetries" exist—when the seller of a good knows more about its quality than the buyer does. The topic was the subject of "The Market for 'Lemons'", a paper about the used-car market published by George Akerlof in 1970, for which he won a Nobel prize 31 years later.

In Mr Akerlof's model there are just four kinds of car: new cars and used cars; good cars and bad cars. (In America bad cars are known as "lemons".) New cars are worth more than used ones and good ones should be worth more than bad ones. Mr Akerlof assumes that a car's owner will learn over time if it is a lemon. But this will not be obvious to a potential buyer. They will therefore offer the same price whether a car is good or bad, and the price will take into account the possibility that the car might be a lemon. Unable to fetch a fair price, sellers of good cars will withdraw, further driving down prices. Gresham's law will assert itself: just as bad money chases out good, lemons chase out solid cars. As such, the market for decent used cars may vanish entirely.

It is not hard to spot the parallels with the market for luxury handbags: bags are either new or used; they are either real or fake. The seller will know if they bought their bag from a boutique on Fifth Avenue, ordered it via WeChat or even picked it up on Canal Street—but their potential buyer will not.

To help overcome situations like this, it helps to have independent third parties who are able to adjudicate quality. It is often easier to sell a used car to a mechanic or a dealer, for instance, who will then be able to provide a guarantee to a less knowledgeable buyer. Many luxury brands provide authenticity cards with bags when they are sold, so that customers can prove their purchase is real. Checking these and other markers of quality is precisely the kind of role that the luxury-resale platforms, which provide authenticity-checking services, are supposed to fulfil.

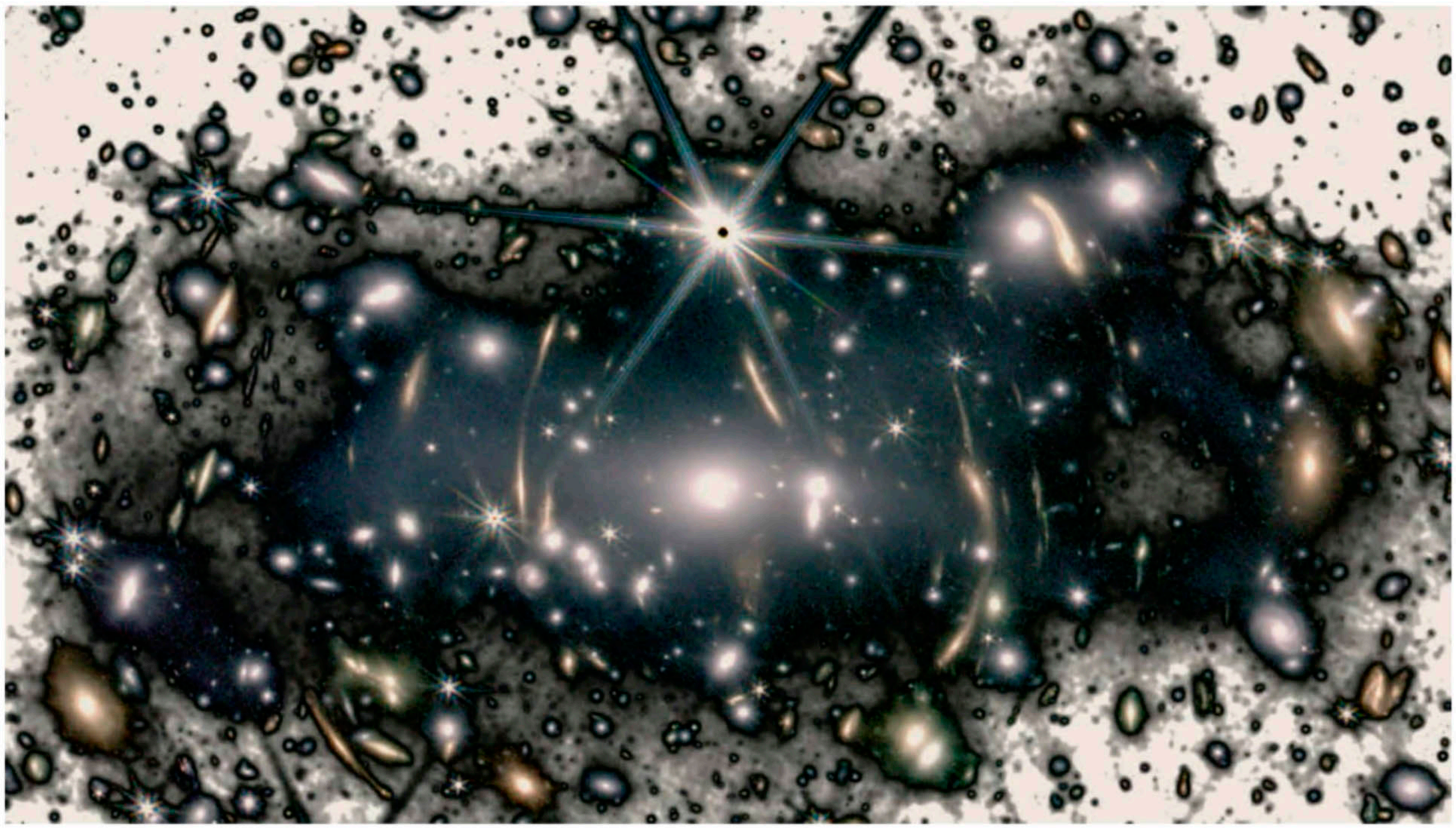
Yet the task is increasingly difficult. This became clear in January, when a lawsuit brought by Chanel, a French fashion house, against What Goes Around Comes Around (WGACA), a vintage store in New York, went to trial. Chanel provided evidence that WGACA, which markets itself as providing a "100% authenticity guarantee", may have sold counterfeits. In 2012, 30,000 authenticity cards, which are included in every Chanel bag, were stolen from the warehouse of one the firm's manufacturers. No bags went missing. Their serial numbers were then voided in Chanel's database. Joseph Bravo, an executive at the firm, said that he was later asked by police in Florence, Italy, to identify one of these cards which had been tucked into a fake bag. Chanel provided evidence that 50 bags with voided serial numbers had ended up being sold by WGACA. On February 6th the jury sided with Chanel, awarding the firm $4m in damages, for copyright infringement and other infractions. Chanel is also suing the RealReal over counterfeit issues, which the reselling platform denies.

"Today's verdict was not about not selling a counterfeit," argued Seth Weisser, the founder of WGACA, but "selling items which were voided in Chanel's database." He stood by the firm's 100% authenticity guarantee. But the decision plants a seed of doubt about what is being sold. If even the professionals cannot be trusted, then what? The theory of lemons suggests that the market for used handbags might collapse.

A sour taste

Nobody should be happy with such an outcome. The reselling platforms lose out for obvious reasons. But brands lose out, too. A robust resale market provides an additional reason to buy a luxury bag. Whereas a white T-shirt is a pure consumption good, likely to be used until worn out and discarded, a fine handbag is closer to buying a car: the product is an asset that depreciates over time, yet still holds value. (It can also cost about as much as a vehicle.)

The collapse of the market would also be a blow to shoppers. Lemon problems vex economists quite so much because they prevent willing buyers and sellers of perfectly good cars and handbags from striking deals that would benefit each party. Chanel has proven its point about how hard it is for third parties to authenticate its products. It may now be wise for the company to use its ample resources to find a more robust way for them to do so. ■



Cosmology

Dancing in the dark

Physicists are reimagining dark matter—there could be several dark particles, dark forces and perhaps even a Dark Big Bang

READERS OF THIS paper will probably need no reminder that most of the universe is missing. The atoms and light you see—from people to planets, stars and galaxies—make up just 5% of the universe. The rest is a two-part mystery—a substance called "dark energy", which pushes space apart, comprises 68% of the cosmos; what's left, around 27%, is dark matter.

Dark matter emits no light and scientists only know it exists because, when they look into the night sky, they see galaxies rotating a lot faster than they should. The laws of physics suggest that these galaxies should tear themselves to shreds at such colossal speeds. But astronomers do not see galaxies flying apart, which implies that there is a lot more stuff in them than can be observed in the form of stars, and therefore more gravitational force holding everything together.

For decades astronomers have been able to measure how dark matter behaves and can point to parts of the sky where it must exist. But what it actually *is*—that remains a mystery. The leading hypothesis, which goes by the name "Cold Dark Matter" (CDM), suggests that dark matter is a fluid of particles that move sluggishly relative to the speed of light, and interact with each other and everything else in the universe mainly through gravity.

Giving up the ghost

But after more than half a century of fruitless searching, compounded by a string of recent astronomical anomalies, CDM is in trouble. Physicists are gravitating towards a different theoretical framework, known as "Self-Interacting Dark Matter" (SIDM), which proposes the existence of a hidden universe of dark particles and dark forces, that exists in parallel with the familiar particles and forces of normal matter. This dark universe could even have had its own "Dark Big Bang", a birth event that would have taken place some time after the more familiar Big Bang that began the universe 14bn years ago.

CDM forms one pillar of the Standard Model of Cosmology. The other, which aims to explain dark energy, is known by the Greek letter Lambda. Together these descriptions almost perfectly reproduce the evolution of the kinds of large-scale structures that astronomers observe in the universe today—galaxies, galactic clusters and gargantuan galactic superclusters.

The theory is agnostic about exactly what particles make up dark matter. But the most promising candidates until now have been known as Weakly Interacting Massive Particles (WIMPs). These are particles with up to 1,000 times the mass of a proton and models of the early universe predict that—if WIMPs do exist—they should be present in the right quantities today to account for dark matter, a happy coincidence known as the "WIMP miracle".

Dozens of highly sensitive detectors have been built around the world to spot WIMPs. Many hide hundreds of metres underground to shield them from noise and give them the greatest chance of detecting the subtle interactions WIMPs are predicted to make with normal matter. There have even been hopes that particle accelerators such as the Large Hadron Collider (LHC) at CERN in Switzerland might discover a WIMP candidate or two in the shrapnel of high-energy particle collisions. Unfortunately, despite more than 40 years and millions of dollars spent on the search, WIMPs ▸▸

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have remained stubbornly elusive.

That is not the only problem with CDM. The theory does a terrific job at reproducing the large-scale structures of the universe but, as new telescopes allow astronomers to peer ever deeper into distant galaxies and rapidly improving supercomputer simulations allow them to explore the implications of CDM at smaller scales, it is becoming clear that the theory does not do as well at reproducing much finer-grained structures of the universe.

The dark side of the Moon

Two anomalies stand out. The first concerns the structure of galaxies. CDM implies that, since it moves slowly and feels the effects of gravity, dark matter ought to accumulate in unfathomably high densities in the cores of galaxies. But this is not what astronomers observe. The density of dark matter does rise as you travel from the edge of a real galaxy towards its centre. But, several thousand light-years from the middle, the density reaches a plateau and then remains steady all the way to the core.

The second anomaly concerns satellite galaxies. CDM implies that large galaxies ought to be orbited by thousands of smaller satellite galaxies. But this is also not what astronomers observe. The Milky Way, and galaxies like it, tend to be orbited by a handful of satellite galaxies and those that astronomers observe are also smaller than predicted by CDM.

These discrepancies can be explained by SIDM. Simple versions of the theory propose just one new elementary dark matter particle and one new fundamental "dark force"; in more complex versions there is a smorgasbord of new dark particles and forces, continually interacting with each other. The more complex versions are inspired by the well-established Standard Model of particle physics, which is a quantum mechanical description of all the particles (such as quarks and electrons) and forces (the strong, weak and electromagnetic) of normal matter.

One version of SIDM introduces a new dark force that is equivalent to electromagnetism, which is felt by a hypothetical particle with "dark" charge—a dark electron, essentially—that interacts by exchanging "dark photons". Unlike the familiar photon, however, which is massless and carries the electromagnetic force, dark photons could potentially carry a mass.

SIDM solves the problems that plague CDM while preserving all the features that made CDM attractive in the first place. If dark matter can interact with itself, its particles would be able to scatter off each other, generating a pressure in the centre of galaxies that prevents the dark matter from reaching unfathomably high densities. This is similar to the pressure in a balloon, caused by air molecules bouncing off each other. That would explain why the dark matter densities of galactic cores are so much lower than predicted by CDM.

This idea kills two birds with one stone. In a paper published in the journal *Monthly Notices of the Royal Astronomical Society* at the end of 2022, Victor Moreno and colleagues from Durham University showed that galaxies with less concentrated dark matter in their cores more violently cannibalise satellite dwarf galaxies in a process known as "tidal stripping", where the gravitational pull of the larger galaxy strips both the matter and dark matter from its satellites. That would explain why there are fewer satellites than CDM predicts and why the ones that are observed are smaller than CDM predicts. They have been stripped down to a smaller size or stripped into non-existence.

Beyond solving issues with CDM, SIDM also makes predictions that allow it to be tested against CDM. In the conditions that defined the early universe, but which are thankfully no longer present in the universe today, both CDM and SIDM allow for the possibility of "dark stars". These are not stars as we know them today but, instead, solar-system sized clouds of gas in which dark matter and its antimatter counterpart—dark antimatter—waged a war of constant mutual destruction. Because such interactions release exponentially more energy even than nuclear fusion, these gigantic diffuse clouds of gas would have glowed with the light of an entire modern galaxy.

In a paper published in the journal *PNAS* in July 2023, Katherine Freese, a particle physicist at the University of Texas, and her colleagues identified three objects old enough, bright enough and compact enough to be dark-star candidates in data collected by the James Webb Space Telescope. "If these turn out to be dark stars—and that can be confirmed with more data—their masses, temperatures and emission spectra could one day be used to distinguish between dark-matter models, including between CDM and SIDM," she says.

Anything down here?

Dr Freese has also made the case for a Dark Big Bang that could have given rise to dark matter independently of normal matter in the days after the Big Bang. The traditional model of the universe says that matter and dark matter were produced at the same time. The earliest evidence of dark matter, however, only appears later in the early evolution of the universe, when cosmic structure starts to form.

One explanation for this is that matter and dark matter did not, in fact, appear together, but that dark matter entered the universe in a second cataclysmic release of energy from the vacuum—the Dark Big Bang—as much as a month after the traditional Big Bang. The model that Dr Freese and her co-author Martin Winkler explored would explain why dark matter might be completely decoupled from traditional matter and it also naturally produces SIDM candidates. If there was such a Dark Big Bang, it would have left a clear signature—a pattern in the frequencies of the gravitational waves that hum across the universe—that could be picked up by future gravitational-wave detectors.

Finally, there may also be ways to detect self-interacting dark matter directly. The fact that SIDM candidates are considerably lighter than WIMPs means that traditional WIMP detectors, operating in the past few decades, are likely to have missed them. New experiments could change that.

The FASER detector at the LHC, which began collecting data in 2022, is designed to detect extremely light dark-matter particles, such as dark photons, that might be produced in collisions at the LHC. Similarly the SuperCDMS experiment at SNOLAB will begin operations in 2024. Based in an abandoned mine in Canada, SuperCDMS is designed to detect subtle collisions between light dark matter particles—including SIDM candidates—and atoms in silicon and germanium crystals.

No longer afraid of the dark

For now, however, dark matter remains resolute in its refusal to yield its secrets. Fortunately, physicists are rarely short of ideas. SIDM may not be the one that unlocks the true nature of dark matter, but one idea eventually will.

In the meantime, it offers a romantic vision of the cosmos. There is comfort in the idea that, somewhere, astronomers made up of dark atoms peering through telescopes that magnify dark photons might also be scratching their heads, wondering why a small amount of matter is missing from their universe. ■

Organoids

Model baby

Scientists can grow tiny replicas of the organs of a developing fetus

When a fetus shows signs of trouble in the womb, doctors face a precarious task. They must find out what is wrong and how to help without jeopardising the pregnancy. Despite sophisticated modern genetic and imaging tests, many questions are difficult to answer—how severe a malformation is, for example, or how a fetus might respond to treatment. But now scientists have developed a way to create simplified versions of a fetus's own organs, outside the womb, giving doctors the ability to prod and probe without putting anyone at risk. "For the first time, we can actually access the fetus without touching the fetus," says Mattia Gerli, a stem-cell biologist at University College London (UCL).

The approach rests on using cells from the amniotic fluid that surrounds a growing fetus to grow an organoid, a structure that resembles a simplified organ. Because an organoid is made from a person's (or in this case, a fetus's) own stem cells, trials are demonstrating that they can reveal individual features of a disease and their specific responses to drugs or treatments.

Making an organoid usually requires a biopsy, which is why it has not been possible to make them from living fetuses until now. Dr Gerli and his colleagues, writing this week in *Nature Medicine*, got over this hurdle by extracting progenitor stem cells from amniotic fluid. These comprise around 1% of the fluid and, like other stem cells, they can turn into different types of cells in the body.

The researchers fished out the progenitor cells of 12 amniotic-fluid samples taken from second- and third-trimester pregnancies, and cultured them into kidney, small-intestine and lung organoids. Because the progenitors were already on their way to forming those organs, they needed little encouragement. Once they had become useful organoids, they had telltale features of the organs they were mimicking. The lung organoids, for example, had working lung cilia—hairlike structures that rhythmically beat to clear mucus and debris—just like the real thing.

Crucially, Dr Gerli's work was completed without interrupting any pregnancies. Amniotic fluid is routinely extracted to test for abnormalities and, because the organoids only take four to six weeks to grow, the technique allows ample time to both test and treat. The organoids can also be used to report on a treatment's progress.

Looks just like you!

The team at UCL also grew organoids from fetuses with congenital diaphragmatic hernia, a birth defect that compresses the lungs and prevents them from properly developing as a child grows in the womb. They then compared organoids from amniotic-fluid cells taken before and after treatment, which was a small balloon inflated in the fetus's windpipe. After the procedure, the organoids looked healthier, suggesting that the balloon was doing its job. Such studies would otherwise be "impossible" to conduct, says Paolo de Coppi, a biologist and paediatric surgeon who was part of the UCL team.

Oren Pleniceanu, a kidney researcher at Sheba Medical Centre in Tel Aviv in Israel who is not involved with the work, says organoids also show promise in basic research and drug discovery. His team looked at premature births, complications from which are the leading cause of death in children under five. When doctors think a baby might come early, they give the mother steroids to help the newborn baby's lungs breathe ahead of schedule. But the treatment does not work in all cases. When Dr Pleniceanu exposed lung organoids in his lab to steroids, they sped up maturation just as they are meant to. He argues that such studies could be used as a benchmark against which to test other options.

It will take many years of tests and a lot more research for fetal organoids to reach patients in the clinic. And there are some limitations, since not all organs can be replicated this way either; the brain, for example, is unlikely to be a target for future organoids since amniotic fluid does not seem to contain the appropriate progenitor cells. Still, a prospective mother could soon look down a microscope and see a replica lung belonging to the baby she feels kicking inside—not bad for a first step. ■

Forensic pathology

Final countdown

How to work out a corpse's time of death, using AI

In fiction, hard-pressed pathologists presented with a corpse are able to take a bite of their sandwich and instantly pronounce a time of death. Reality is, of course, a lot messier, and the results—or lack of them—can make or break a case.

Now artificial intelligence is offering a helping hand. By analysing thousands of deaths and what follows, the technology can offer the best estimates so far of the post-mortem interval (PMI).

Working out when a person has died is the most basic (but frustratingly imprecise) part of a forensic investigator's work. For decades these specialists have had to rely on intuition, combined with observations of the state of the deceased and clues such as temperature, both of the dead body and the environment. Different bodies decay at different rates, however, and individual circumstances can throw off the most careful PMI calculations. A body found in a ditch in northern England in 2004, for example, was given an erroneously late time of death because the ditch was shielded from sunlight and the colder-than-expected conditions had helped preserve the corpse.

Forensic-science journals are full of such cases—some routine, others bizarre—while the potentially useful details of thousands more investigations are buried in case files around the world. Now forensic researchers in America are working to access and compile these valuable write-ups, and to use machine learning to analyse them. The result is an AI-powered tool, called geoFOR, that could offer the most reliable estimates of PMI so far. Sandwiches are not included.

Developed by a research team led by Katherine Weisensee at Clemson University in South Carolina, the model is based on data pooled from more than 2,500 death investigations, with more added each week. About 1,800 of these are real-world cases involving the discovery of a body. The rest are drawn from forensic experiments at so-called "body farms" in Texas and Tennessee, in which corpses are left to decay for weeks and months under varied circumstances.

For this second group, the precise PMI is known. So photos and descriptions of their various states of decomposition over time, along with information about temperature, humidity, wind, soil type and other conditions, have all helped train the AI ▸▸

model. Like many good detectives, the algorithm can spot patterns and make connections between the clues.

To use the tool, forensic investigators attempting to date a body simply enter some specifics of their case into an app. Entering the location allows the AI model to factor in local weather conditions. The investigators then add observations about the deceased, such as whether they were obese, whether insects have moved in and whether dogs or rats have gnawed on the body. They must also add any indications of "purging"—a particularly grim scenario in which foul-smelling fluid oozes from the nose and ears of the corpse. In return, the AI compares the case with those in its training data and offers a likely PMI and, therefore, an estimated date of death.

At present the model offers a range of days within which it is 80% confident the true PMI lies, according to Dr Weisensee's team. This confidence level should improve as experts and investigators around the world continue to add their own cases and examples to the database.

The results could be used to check alibis and help solve crimes, but they have other uses too. Madeline Atwell, a forensic anthropologist at Clemson University who works on the project (and serves as a deputy coroner for Richland County, South Carolina), says the model has already helped close several missing-person cases. Combining time of death with when people were last seen alive is very useful in identifying human remains. "You match it with missing-person records, and that helps narrow your time frame," she says.

And sometimes a more reliable PMI simply gives bereaved families a better sense of a loved one's last moments. "It helps with that process of understanding," says Dr Atwell. ■

Graphene

Rising to new heights

CRANFIELD

How medical gloves can launch satellites

GRAPHENE IS strong, lightweight, flexible and an excellent conductor of electricity. In the 20 years since it was first isolated at the University of Manchester, however, it has also proved dispiritingly light in useful applications. That is slowly beginning to change, as its remarkable properties keep researchers well-stocked with inspiration. For Krzysztof Koziol at Cranfield University in Britain, for example, what began as a covid-era plan to use graphene to improve surgical gloves has now morphed into a project to use high-altitude balloons to launch satellites into space.

Graphene, which consists of monolayers of carbon atoms bonded in a repeating hexagonal pattern, can be made in a number of ways, mostly by stripping flakes of carbon from mined graphite (sticky tape and pencil lead will do). Levidian Nanosystems, a Cambridge firm, uses a more sustainable process. It captures methane, a potent greenhouse gas, from various industrial sources, and then zaps it with microwaves inside a reaction chamber. This cracks the gas into its constituent parts, with hydrogen emerging at the top and graphene flakes at the bottom.

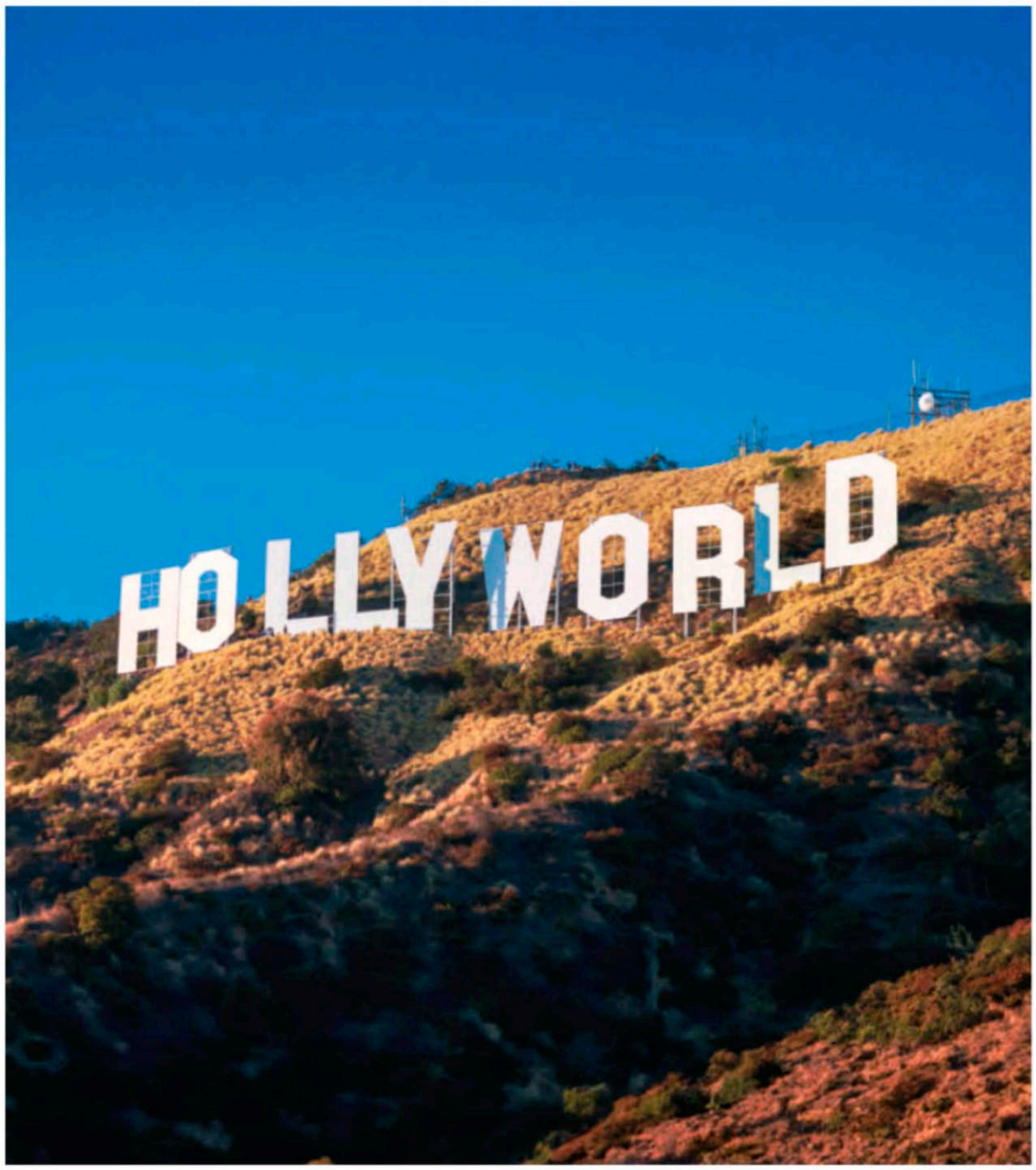
Dr Koziol leads a team of researchers who work with Levidian on a variety of graphene-based applications, from reinforcing aircraft, cars and wind turbines to lining gas pipelines. In 2019, they also worked with Meditech Gloves, a Malaysian firm, to improve its surgical and examination gloves. The company makes these from latex, a mixture of water and natural rubber tapped from the bark of rubber trees. As some people are allergic to proteins found in latex, most medical gloves tend to be made from petroleum-based nitrile rubber instead. As covid took hold, some 80m pairs of gloves were being used by health workers every month, with the nitrile ones ending up in landfill. There, they could take roughly 100 years to decompose.

Cranfield helped Meditech speed up production. It developed a new latex formula to make the firm's gloves hypoallergenic and then added graphene for a version that is lighter and stronger. Both types are currently being certified for medical use. They are more sustainable than nitrile gloves because natural rubber absorbs carbon dioxide rather than producing it, and they should biodegrade in about a year.

Testing the integrity of surgical gloves involves filling them with air and looking for leaks. Treating them, in other words, like balloons. For Dr Koziol, the parallel was particularly intriguing. Most balloons used in aerospace applications (to conduct high-altitude monitoring, for example, or for communications) are produced with synthetic plastics and filled with helium, which is becoming scarce on Earth. A graphene balloon, however, could carry heavier payloads and be filled with hydrogen instead. The hydrogen might also power any on-board devices through a fuel cell.

The Cranfield team are working with Levidian and others to produce graphene-infused natural rubber aerospace balloons to operate at altitudes of 30km. Satellites could one day be sent into orbit from here on rocket-powered launch vehicles, which would need only a small amount of fuel having been lifted to a thinner atmosphere with lower gravity. The researchers are now investigating 3D-printing to make medical gloves and balloons. For safety reasons, rockets tend to be launched over remote areas or the sea. Balloons offer greater flexibility and Dr Koziol wants to build a launch pad at Cranfield, in the heart of the English countryside. There is plenty of room: as a former aeronautical college, it still operates an active airfield. ■

Can someone give me a hand?



The Oscars go global

Zones of interest

Whoever gets Best Picture at the Oscars, international films are winning

"THE OSCARS are not an international film festival. They're very local," Bong Joon-ho, the director of "Parasite", a South Korean film, declared in 2019. "Parasite" went on to win four Oscars, including Best Picture, in 2020. It was the first time a foreign-language film took Hollywood's top prize, breaking what Mr Bong called the "one-inch-tall barrier of subtitles".

Films made outside America are often relegated to the Best International Feature category (known as Best Foreign-Language Film until 2020) and have been nominated for the top award only 14 times since "Z", a French-Algerian film, made the shortlist in 1970. (To be considered "international", a film must be produced outside America and have more than half its dialogue in a language other than English.) In the 2010s foreign films were nominated for an Oscar fewer than six times each year on average, but since 2020 there have been around 15 nominations a year (see chart).

This year's winners will be announced at a live ceremony on March 10th; the nominees are the most international yet. For the first time, two of the ten Best Picture contenders are foreign features: "Anatomy of a Fall" and "The Zone of Interest". (Their directors are also both nominated for Best Director, first won by an international film in 2019.) A third, "Past Lives", is an American production but mostly in Korean. Nearly half of this year's nominees across all categories are not American, including directors of four of the ten films up for Best Picture.

The rising profile of international and foreign-language films at the Oscars is the start of an overdue correction to Hollywood's incestuousness and inflated self-image. It is also one of the most important—but least discussed—consequences of the ceremony's parent organisation, the American Academy of Motion Picture Arts and Sciences, trying to become more diverse and global.

That process began in 2015 with a hashtag, #OscarsSoWhite, which was coined by an activist after all 20 nominated actors were white. It struck a chord with a public energised by the first Black Lives Matter protests. The Academy has long favoured well-connected, older men in need of extra-strength sun cream. In 2015 the Academy's membership was estimated to be 92% white and 75% male.

Eager to deflect negative publicity, the Academy took steps to move beyond the demographics of the 90210 postcode. (It also instituted a controversial set of diversity requirements for films to be eligible for Best Picture; in some cases 30% of minor roles must be filled with actors from at least two under-represented groups.) The Academy's governors weeded out inactive voters and invited a greater diversity of film-makers to join. Membership has since grown from around 6,000 in 2014 to more than 10,800 today. The share of members from under-represented races and ethnicities has doubled, and nearly a fifth of them now live outside America.

"The Academy as a voting body is less invested in Hollywood as a place and as a centre of the industry," says Michael Schulman, author of "Oscar Wars", a book about the history of the Academy Awards. Louis Mayer, who co-founded the Academy in 1927, would probably not approve, since the trade group was partially intended to shore up American film companies beset by labour troubles and to "project their image" worldwide, he says.

After #OscarsSoWhite, the look and feel of a Best Picture film began to change. Last year Stephen Spielberg's "The Fablemans", a story about a young film-maker that is the kind of thing Hollywood has always favoured, was bested by "Everything Everywhere All At Once", a film marketed as a breakthrough in the representation of ▸▸

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Asians on screen. The message is clear: the Academy does not look like it used to—and does not think like it, either.

Many Hollywood films feel "foreign" to the non-Americans who are voting. Hence the supposed snub of the director of "Barbie", Greta Gerwig, an American who was not nominated for Best Director. A similar explanation has been offered for why a former American favourite, Alexander Payne, was passed over for "The Holdovers", set at a boarding school in New England. The swing towards non-American films has been most marked in the documentary category; for the first time not a single American production was nominated for Best Documentary Feature Film.

Changing tastes may please arthouse habitués. But some think that the Academy does itself no favours when it crowns foreign, independent and niche films like those that have started winning Best Picture. If the Oscars stay on this course, "it'll be some version of BAFTA," predicts one veteran film publicist, referring to the British Academy of Film and Television Arts, whose annual ceremony is watched mainly by film aficionados. Viewership of the Oscars has been on a downward trend for 20 years. Whereas some 57m people watched when "Titanic" was up against "LA Confidential" in 1998, only around 19m tuned in to the Academy Awards in 2023. Compare that with the Super Bowl, which 83.7m Americans watched in 2023, about 30% more than in 1998.

Academy members pride themselves on the Oscars' artistic bona fides, and research suggests that the awards are an incentive for studios to make serious movies that might not otherwise be commercially viable. "All those people who want to make

Back Story Marriage's top billing

Marriage is at the heart of this year's Oscar nominees. This is how they see it

IMMEDIATELY, YOU know. You meet a famous physicist at a party in California and ask him to explain quantum mechanics. As he describes the "forces of attraction" between particles, your fingers interlace with his, and you know he is talking about you. Or you are a musical *wunderkind*, whimsically playing the piano at a soirée in New York. A young woman approaches and—wham! You know she is your destiny.

At least it can work like that in the movies. Ostensibly, the nominees for Best Picture at the Oscars on March 10th have themes ranging from nuclear physics in "Oppenheimer" (pictured), to Leonard Bernstein's music in "Maestro", to the Holocaust and migration. They span biopic, comedy, courtroom drama and fantasy. But at the heart of most is a marriage story. Together they sketch a composite picture of marriage as it is seen today—giving you a couple's-eye view of this most intimate relationship.

Similarity and difference, need and admiration: the forces of attraction between people are paradoxical. In "Past Lives", you meet a Korean-born writer at an artists' residence on Long Island and find you and she like the same books. In "Killers of the Flower Moon", you are steered towards a rich Native American woman by your villainous white uncle. Yet you love her sincerely for her frankness and sly humour. In the first flush of infatuation, you are each other's worlds.

After the knot is tied, though, life isn't all galloping on horseback in New Mexico (as the lovers do in "Oppenheimer"). You have ambitions, and, initially, marriage helps to power them. You share and revel in each other's successes. When your husband detonates the world's first atom bomb, he lets you know in a cryptic message. "We're living how we dreamed we would," your wife exults in "The Zone of Interest". She cherishes your house and garden, which abut the wall of Auschwitz, where you are commandant.

But if marriage can fuel ambition and achievement, it can also be scorched by them. That may be especially true if, as in "Anatomy of a Fall", you are a feted woman and he is a thwarted man. Once you felt the atmosphere change when he entered a room. Now he is 40, unfulfilled, and needs an alibi for his failures. In "Poor Things", you are young and adventurous, but the men around you are stiflingly possessive. Sure, you are an oversexed, reanimated corpse, but your plight is familiar.

Then there are the interlopers in your marriage: the children. You adore them, they are a delight, but if there is a crack in your relationship, they will find it. And they are exhausting. In "Zone", you must read them bedtime stories after a hard day of mass murder. In "Oppenheimer", genius and infants don't mix; knowing you are "selfish, awful people", you ask friends to take in the baby. If something bad befalls a child, as it does in "Anatomy", you may

never forgive yourselves, or each other.

Perhaps you seek solace in another's arms (like love at first sight, adultery is over-represented in cinema). In both "Maestro" and "American Fiction", a satire of publishing, the sneaking around scars the kids as well as the betrayed spouse. In "Past Lives", you are gaming on the sofa when your wife returns from a day out with her childhood sweetheart. Visiting from Seoul, he is an emissary from a life without you. "It's not like you're gonna run away with him," you say, joking, but not really. "Are you?"

So you drift apart. Secrets and grievances accumulate. Foibles that you once overlooked come to seem intolerable. You bicker over chores and child care, petty rows that are a form of mourning for the alternative lives you never lived; for the subsuming of your solo self into this wearying double act. As you put it in "Anatomy", a couple can become "kind of a chaos", in which you fight one another as well as taking on the world.

In that film, the result might—or might not—be murder. If you are saved, it is through honesty, with each other and yourself. In "Maestro", your wife concedes that she wanted more of your attention than she admitted. After you confess in "Killers", your beloved almost forgives your role in the slaying of her relatives. In "Past Lives", you see that the past is real but gone. The old flame leaves; you hold your wife as she cries.

With luck, you conclude that your choice was right all along. Attuned to your spouse's moods, indulgent of their failings, you are there for their ultimate triumphs—a rapturous symphony, a presidential medal. By now, as the physicist puts it in "Oppenheimer", you have "walked through fire together". You are married until the bittersweet end.

money want to be in the front row and thanked from the stage," says one Oscar-winning producer.

But the divide between Oscar-winners and Oscar-watchers can only be so wide. "Would you watch the Super Bowl if you had never heard of the two teams that were playing?" Gabriel Rossman, a sociologist at the University of California, Los Angeles, asks. He argues that, "From the perspective of maximising the long-term value of the Oscars brand, these micro-budget films are essentially parasitic. They draw fame from the Oscars without contributing fame."

Unlike American football, however, Hollywood relies on audiences outside America for profits. As streaming breaks down national borders, and audiences get used to reading subtitles, the film industry is only becoming more global. "All films are international films today," says Tatiana Detlofson, a publicist for foreign productions. However, she notes that the international titles lucky enough to be nominated for Best Picture have major distribution deals in America and marketing budgets much larger than average. Nominees also tend to be from western Europe.

A tour de force

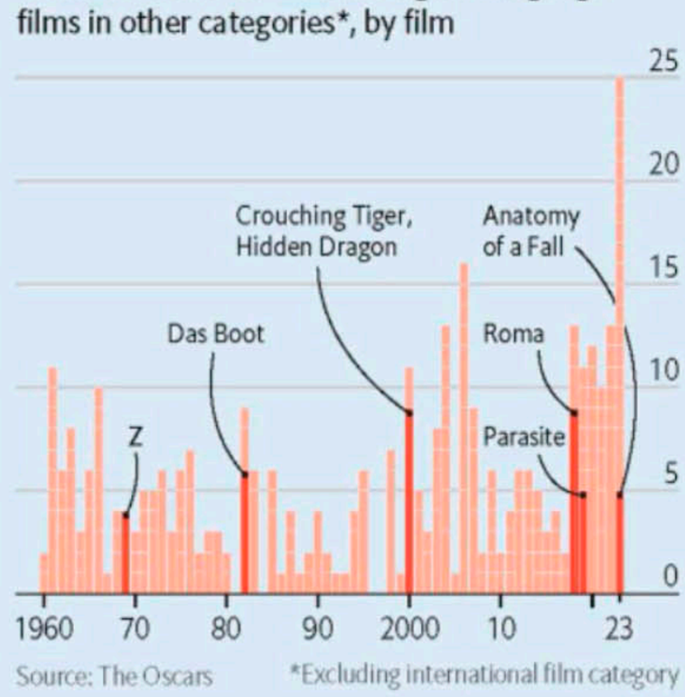
The Academy's boss, Bill Kramer, plans to push international expansion further. Already it has evolved into much more than a Hollywood trade association and annual awards ceremony. In 2021 it opened a museum in Los Angeles, designed by Renzo Piano, an Italian architect, that cost nearly $500m to build, and has established training programmes for young film-makers. It has built up net assets of $844m, including substantial property holdings.

The Academy has started to look a lot more like a university, observes Walt Hickey, who wrote the book "You Are What You Watch". As "everything that isn't a ball-based sport shrivels and dies on American terrestrial television", the Academy is trying to future-proof itself against further disruption to broadcast media.

"Oppenheimer", a film about the father of the nuclear bomb directed by Christopher Nolan, a Brit who lives in Hollywood, is poised to win Best Picture. But even if the Academy finally hands Mr Nolan a well-deserved victory, and traditionalists sigh with relief, it is impossible to ignore all the new faces that may soon admire themselves in the gold-plated, eight-and-a-half pound statuettes. No matter who takes home an Oscar this year, and whether they say "thank you", "danke" or "merci", international cinema has already won. ■

Read my lips

Oscar nominations for non-English-language films in other categories*, by film



Source: The Oscars *Excluding international film category

Reappraising history

And you call yourself civilised?

How the World Made the West. By Josephine Quinn. *Random House; 592 pages; $38. Bloomsbury; £30*

ASKED WHAT he thought of Western civilisation, Mahatma Gandhi is said to have quipped that such a thing "would be a good idea". (The West, he suggested, was not so enlightened.) But as Josephine Quinn makes clear in her new book, Western civilisation has always been a bad idea, or at any rate a wrong-headed one. To compartmentalise history into a set of distinct and essentially self-contained civilisations is a misguided quest that has dangerously distorted our understanding of the world, Ms Quinn asserts: "It is not peoples that make history, but people, and the connections that they create with one another."

Ms Quinn, a historian and archaeologist who teaches at Oxford, does not spend 500-odd pages trashing what generations of schoolchildren have been taught to take pride in as European achievements. Instead, she demolishes the underlying concept of what she calls "civilisational thinking". Her argument is simple, persuasive and deserving of attention.

The idea of civilisation, Ms Quinn points out, is relatively recent. The word was first used only in the mid-18th century and did not take hold of Western imaginations until the late 19th century. In that imperialist age, historians found that Greek, Roman and Christian civilisations made nice building blocks that could be stacked into a grand-looking construct, which they labelled "Western" or "European" civilisation. To this they attributed a host of inherited "classical" virtues: vigour, rationality, justice, democracy and courage to experiment and explore. Other civilisations, by contrast, were regarded as inferior.

It does not take much unpacking by Ms Quinn to expose the folly of this approach. Behold, for instance, John Stuart Mill, a philosopher in the 19th century, claiming that the Battle of Marathon, Persia's first invasion of Greece in 490BC, was more important to English history than William the Conqueror's triumph at Hastings in 1066. (Without an Athenian victory, the logic goes, the magical seed of Greek civilisation might never have grown into Western civilisation.) Or consider "The Clash of Civilisations" (1996) by Samuel Huntington, an American historian, who declared it impossible to understand history without classifying humanity into mutually hostile civilisations between which, "during most of human existence", contact has been "intermittent or non-existent".

What is non-existent is any truth to that notion. Ms Quinn's brisk, scholarly romp across the arc of European history shows that, far from being rare, contact across and between cultures, often over surprisingly long distances, has been the main motor of human advancement in every age. Rather than being prickly and inward-looking, most societies have proved receptive to ideas, fashions and technologies from their neighbours.

Ancient Greece, for example, was less a place of origins than of transmission from Egyptian, Sumerian, Assyrian and Phoenician cultures, which themselves had mixed and exchanged ideas. And rather than being the wellspring of democracy, Athens was "something of a latecomer" to a form of governance that appears to have been first tried in Libya and on the islands of Samos and Chios. Persians, eternally cast as Greeks' polar opposites, actually imposed democracy on the Greek cities they ruled, suggesting "considerable Persian faith in popular support for their own hegemony", Ms Quinn notes.

This retelling of the West's story scintillates with its focus on the unexpected and on the interstices between realms and eras rather than on history's big, solid bits. But it is also an admirable work of scholarship. Ms Quinn's 100-plus pages of footnotes reveal that she relied not only on a wide range of primary sources, but also on scientific studies on climate change and very recent archaeological research.

Even seasoned history buffs will find much that is new and fascinating. "How the World Made the West" joins a growing sub-canon of works that explores the broad sweep of history using new intellectual framings, such as Yuval Noah Harari's "Sapiens" (2011), Peter Frankopan's "The Silk Roads" (2015) and "Fall of Civilisations", a forthcoming book by Paul Cooper, a British journalist, based on his popular podcast. Anyone who thought history was passé could not be more wrong. ■

Museum moves

What's in store?

At many acclaimed institutions, a whole lot is never on view

BENEATH THE gothic main hall of the Natural History Museum (NHM) in London is a labyrinth of curiosities. Only a tiny fraction of the museum's collection is on display—around 40,000 objects out of some 80m. Much is consigned to the dim, crowded basement. Here is a tortoise once owned by Charles Darwin; there are hundreds of jars of giant fish and thousands of rare shells.

"We've outgrown this space," says Clare Valentine, head of NHM's life-sciences collection. (In addition to the basement, the NHM also relies on storerooms in undisclosed sites.) Many museums have a hoarding problem. The British Museum exhibits just 1% of its treasures; the Smithsonian National Museum of Natural History in Washington, DC, only 0.007%. In storage treasures are usually protected, but the old vaults are dangerously full.

One solution is to move house. The NHM is undertaking the world's biggest relocation of a collection, as 28m objects are shifted to a new centre in Reading. If you think packing up crockery and old photographs is tricky, imagine moving taxidermy: the bears, giraffes and lions require fibreglass moulds to protect their fur, as well as bespoke wooden frames. On arrival, they will be frozen for three days before being transferred into pristine, sanitised rooms. Ms Valentine reckons the whole move will take seven years.

The British Museum has already shifted some of its large sculptures and mosaics to a new storage centre, also in Reading. The Victoria and Albert Museum, Science Museum and Ashmolean Museum have been ferrying objects to fresh buildings, too. In France curators at the National Museum of Natural History in Paris are grumbling over a plan to move their collection to Dijon. Across the Atlantic, the MIT Museum is in the final stages of shifting 1.5m objects.

Moving may be stressful, but it can also afford the chance to rediscover, reassess and reorganise possessions. The Metropolitan Museum of Art in New York admitted that its curator of Islamic art had never seen its collection of Persian rugs because they are trapped at the back of a storeroom.

And if no one knows what items are there, it can take a while to notice if some go missing. Last year it was revealed that a light-fingered curator had stolen up to 2,000 objects from the British Museum and sold some of them on eBay. Wales's seven national museums are missing 2,000 artefacts; the Imperial War Museum in London more than 500.

Some institutions might never miss the odd coin or pottery fragment. Catalogues of goods are outdated and incomplete even at the most august museums. Teams employed to fill inventories are dwindling: the number of staff at the NHM has almost doubled in the past 50 years, but the proportion caring for and researching collections has dropped from 55% to 15%. With the current staff, the NHM reckons it would take 172 years to catalogue everything. But a new team, brought in for the move, will create a detailed database to register the relocated objects.

Modern buildings will shrink to-do lists in other ways. At one museum in Britain, a curator spends half their time checking that objects have not been infested with bugs. New facilities, by comparison, are climate-controlled and have quarantine zones to protect artefacts from pests.

For some, elaborate new storage facilities amount to window dressing. Museums are keeping too much, says Christopher Marinello, an art lawyer. He thinks the objects that are not on display should be donated or sold. The Indianapolis Museum of Art used a ranking system to get rid of a fifth of its collection. Objects were given a score from "A" to "D" (denoting a scale from "rare" to "inferior") and stowed, sold or scrapped.

This sort of exercise could work for any collection. But it helps if objects are attractive in the first place. Selling a pickled fish is harder than a painting. For now, the priority for many museums is getting treasures to safer, more spacious ground. ■

Skeletons in the closet

China's left-behind places

Hillbilly elegies

BEIJING

Noirish books, films and TV shows depicting hardship are popular

IT DOES NOT sound like an easy place to live. Scorched cars litter a desolate landscape. The city's factories are struggling; workers are being laid off in droves. Worst of all, a serial killer is sowing terror.

"Moses on the Plain", a novella of 2016 by Shuang Xuetao, offers an unsparing portrait of life in China's industrial north-east in the 1990s. It inspired a film adaptation in 2021 and a television series in 2023. (It has also been translated into English in a collection called "Rouge Street".) In its various formats, the story is part of a phenomenon called the "Dongbei renaissance". Dongbei is a collective term for China's rust belt: the provinces of Heilongjiang, Jilin and Liaoning. The region, once known in the West as Manchuria, has become a byword for urban decay. Yet precisely because of that, it is pushing to the forefront of Chinese popular culture.

The provinces were once the country's main manufacturing hub. In the 1950s a third of China's biggest industrial projects originated there; workers enjoyed job security and good wages. But in the 1980s economic reforms broke the region's monopoly on production; state-run outfits downsized to make way for private firms. Mass redundancies followed in the 1990s. In 2001 8.3% of the north-east's labour force was unemployed.

Many Dongbei storytellers witnessed these ruptures firsthand. Mr Shuang, Ban Yu and Zheng Zhi, the genre's most promi- ▸▸

nent novelists, all grew up in Liaoning and have chosen disaffected workers as protagonists. Their stories focus on hardscrabble lives shaped by crime, poverty and unrest. Mr Zheng has adapted one of his own novels about the murder of teenage girls into a television series, "Nobody Knows" (2022). Last year "The Long Season", a drama about a murder case, was hugely popular. "The fascinating part of the story," said one reviewer on Douban, a website, is "the destiny of factories and the north-east."

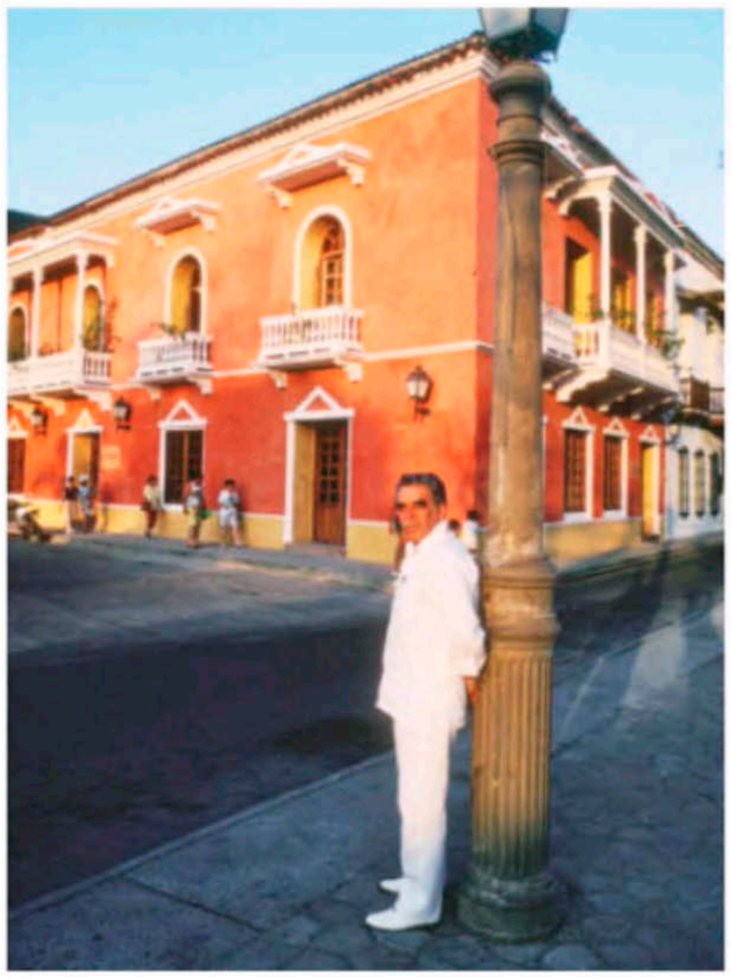
The trend echoes the rise of Hollywood noir in the mid-20th century, which evoked Americans' anxieties in the wake of the Great Depression. As Kevin Grant, a film historian, has noted, the genre was characterised by its "misanthropic ethos and strong sense of fatalism; persistent motifs including entrapment and inescapability, treachery and retribution".

Dongbei fiction also articulates wider concerns about the social and economic malaise that millions of Chinese are experiencing. Characters are listless; some find solace in the bottle. Family relations are strained. In this way, the stories also share themes with "Hillbilly Elegy", a memoir of growing up in a depressed steel town in Ohio by J.D. Vance, who elegised his way into the US Senate.

Though set in the past, these tales resonate today. Decades later, people in Dongbei still struggle. It has the lowest birth rate of any region in China. The north-east's GDP accounted for only 5% of the country's total in 2023, compared with 13% on the eve of reform in 1978. And China's whole economy is slowing, with a housing slump and shrinking consumer demand. Youngsters are disillusioned: the youth-unemployment rate in cities reached a record high of 21% last June. "We have started to understand losers," Huang Ping, a professor at East China Normal University, has said.

Mr Ban has suggested that literature offers a way to "look back and reflect on the trauma people might have experienced". Recently a bookshop in Quanzhou, in the south-eastern province of Fujian, hosted an event dedicated to the genre. "We hope to use reading to battle forgetting," the flyers read. For many Chinese, the things depicted in the pages of books are not distant memories but vivid and realistic.

Dongbei stories are very different in tone, therefore, to those set in present-day China, which are often upbeat and embody the positivity and national pride demanded by Xi Jinping. Yet censors have left books and shows about the travails of Dongbei alone, perhaps because the government has also talked publicly for years about the region's stagnation. The Dongbei renaissance draws attention to places left behind by the nation's rise but also points to demand for honest, nuanced accounts of the real China. ■



Gabriel García Márquez

No solitude

Until August. By Gabriel García Márquez. Translated by Anne McLean. *Knopf; 144 pages; $22. Viking; £16.99*

A SEEMINGLY HAPPILY married, middle-aged woman, Ana Magdalena Bach, makes an annual pilgrimage to an offshore island to lay a bunch of gladioli on her mother's grave. She does this every year on August 16th, staying on the island for only one night and following the same routine, until one year she meets a stranger in the hotel bar and goes to bed with him. This, in turn, becomes a routine, with a different, random man each year, a ritual that begins as controlled but turns her inner life upside down.

She comes to realise that her marriage was sustained "by a conventional happiness that avoided disagreements in order not to stumble over them, the way people hide dirt under the rug". Her husband, too, has been unfaithful, she discovers, but they stay together. It sounds like a conventional plot, but this slim novella is by Gabriel García Márquez, the Colombian Nobel laureate (pictured). It has been published—against his express request—to mark the tenth anniversary of his death.

An act of defiance of a dead person's wishes happens to appear at the end of the novella. But is it justified in life? In a brief preface, the author's two sons recall that their father's judgment, as he declined into dementia, was: "This book doesn't work. It must be destroyed." Confessing "an act of betrayal" in deciding to publish it, they speculate that just as their father's decline prevented him finishing the book, so it may also have prevented him realising how good it was. Are they right?

The master's voice can certainly be heard in "Until August". Unusually for García Márquez's works of fiction, it is set in the present. The unidentified place is the Colombian Caribbean as nobody else can conjure it, with its blue herons, palm-fringed lagoons, squalor and sensuality, and the sea, sometimes sleepy, sometimes terrifying. (It is also the setting of his greatest works: "One Hundred Years of Solitude" and "Love in the Time of Cholera".) It is a world peopled by silver-haired dandies in white linen suits and imperiously beautiful women crooning bolero.

Music occupies a central place in Latin American life, as it does in both "Until August" and, by a curious coincidence, in the latest novel by Mario Vargas Llosa, García Márquez's friend (until they fell out), who also won the literature Nobel. Mr Vargas Llosa, who is 87, has said that "Le Dedico Mi Silencio" ("I Give You My Silence") will be his last book.

García Márquez sketches the complicated complicities and compulsions of love and sex, his favourite subject matter. With his precise, vivid prose, beautifully translated into English, García Márquez creates an atmosphere as few other writers can. But here he does not do as much with it as he might have in his prime. García Márquez worked intermittently on the text of "Until August", which was originally conceived as a long novel, over many years. He published two fragments in magazines. But despite several drafts, he was unable to finish the slimmed-down story to his satisfaction before he died.

Whether a dead author's wishes regarding unpublished material should always be respected is a vexed question. Few today would quibble with the decision of Max Brod, Franz Kafka's friend and literary executor, to publish "The Trial" and "The Castle" against the writer's instructions. More questionable were the actions of Ernest Hemingway's publishers in marketing four works assembled from unfinished material, some many years after the author's death. "You think something is in shape to be published or you don't, and Hemingway didn't," complained Joan Didion, an American writer, speaking for many creators.

García Márquez's Spanish editor, Cristóbal Pera, claims to have hewed closely to the original, approaching it as a "restorer facing a great master's canvas". Diehard fans will rejoice at this posthumous bonus track. But others will find it hard to banish a slight queasiness—much as Ana Magdalena Bach felt on the return ferry from the island—at the commercial opportunism surrounding its publication. ■

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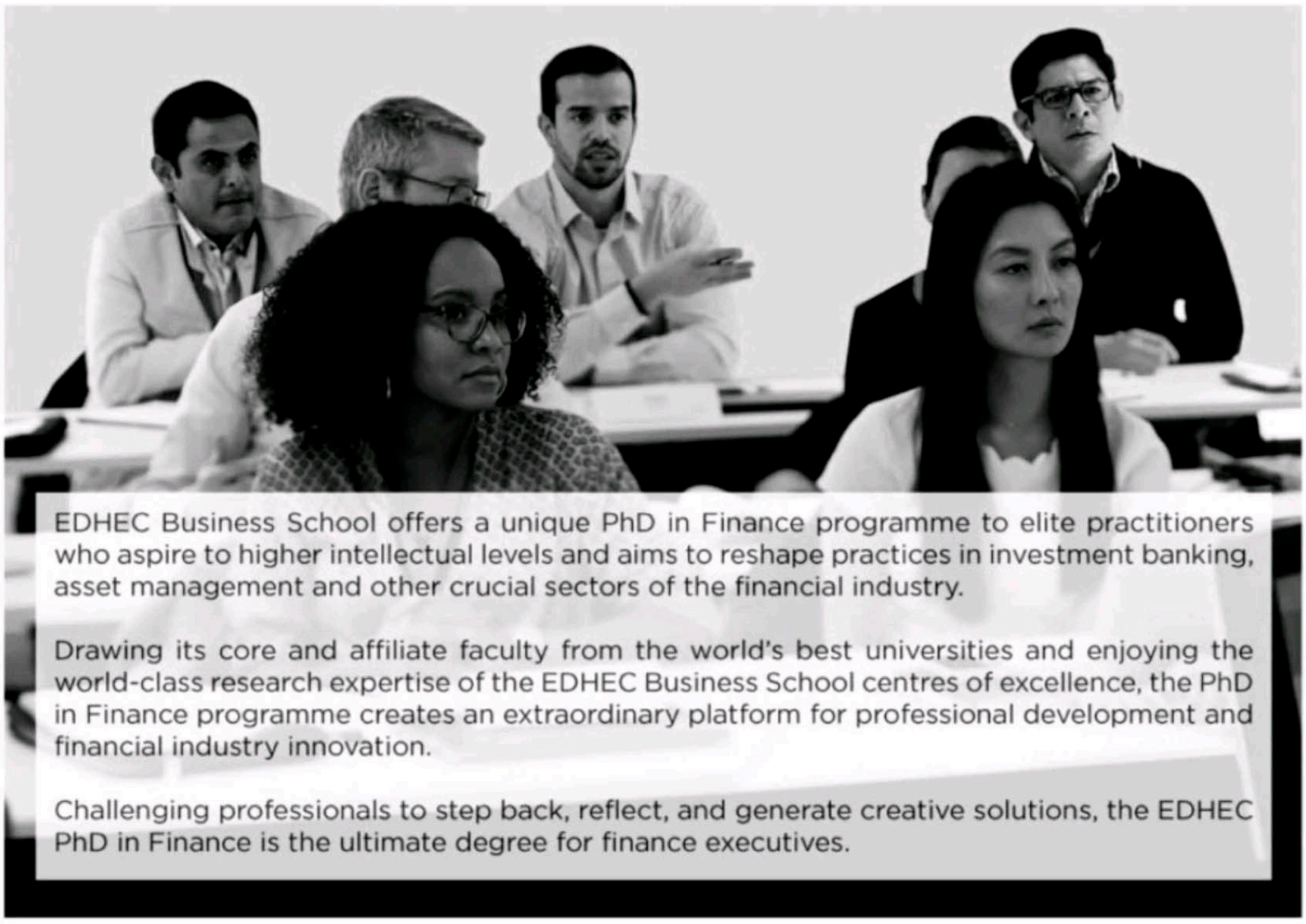

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Economic & financial indicators

Economic data

	Gross domestic product, % change on year ago: latest		quarter*	2023†	Consumer prices, % change on year ago: latest		2023†	Unemployment rate, %		Current-account balance, % of GDP, 2023†	Budget balance, % of GDP, 2023†	Interest rates: 10-yr gov't bonds, latest,%		change on year ago, bp	Currency units: per $ Mar 6th	% change on year ago
United States	3.1	Q4	3.2	2.5	3.1	Jan	4.1	3.7	Jan	-3.0	-6.3	4.1		13.0	-	
China	5.2	Q4	4.1	5.2	-0.8	Jan	0.3	5.2	Jan‡§	1.7	-3.8	2.2	§§	-51.0	7.20	-3.9
Japan	1.0	Q4	-0.4	1.9	2.1	Jan	3.3	2.4	Jan	3.6	-5.2	0.7		20.0	149	-9.0
Britain	-0.2	Q4	-1.4	0.2	4.0	Jan	6.8	3.8	Nov††	-2.9	-3.9	4.2		28.0	0.78	6.4
Canada	0.9	Q4	1.0	1.1	2.9	Jan	3.9	5.7	Jan	-0.4	-1.3	3.4		-1.0	1.35	0.7
Euro area	0.1	Q4	0.2	0.6	2.6	Feb	5.4	6.4	Jan	2.4	-3.3	2.3		-41.0	0.92	2.2
Austria	-1.7	Q4	0.2‡	-0.7	4.2	Feb	7.7	5.0	Jan	1.6	-2.2	2.8		-56.0	0.92	2.2
Belgium	1.5	Q4	1.4	1.4	3.6	Feb	2.3	5.5	Jan	-0.9	-4.5	2.8		-46.0	0.92	2.2
France	0.7	Q4	0.2	0.9	3.1	Feb	5.7	7.5	Jan	-1.1	-4.9	2.9		-34.0	0.92	2.2
Germany	-0.2	Q4	-1.1	-0.1	2.7	Feb	6.0	3.1	Jan	7.2	-2.2	2.3		-41.0	0.92	2.2
Greece	1.8	Q3	0.1	2.2	3.2	Jan	4.2	10.4	Jan	-5.7	-2.1	3.3		-133	0.92	2.2
Italy	0.6	Q4	0.7	0.7	0.9	Feb	5.9	7.2	Jan	0.3	-7.2	3.7		-90.0	0.92	2.2
Netherlands	-0.5	Q4	1.3	0.1	2.7	Feb	4.1	3.6	Jan	9.3	-2.1	2.6		-44.0	0.92	2.2
Spain	2.0	Q4	2.5	2.5	2.9	Feb	3.4	11.6	Jan	2.1	-4.0	3.3		-49.0	0.92	2.2
Czech Republic	-0.2	Q4	1.0	-0.4	2.3	Jan	10.7	3.0	Jan‡	-0.6	-3.9	3.7		-129	23.3	-5.2
Denmark	3.2	Q4	8.2	0.9	1.2	Jan	3.3	2.9	Jan	10.5	2.2	2.4		-58.0	6.83	2.0
Norway	0.5	Q4	6.2	0.8	4.7	Jan	5.5	3.9	Dec††	15.6	16.0	3.7		32.0	10.5	-0.7
Poland	1.0	Q4	nil	0.5	3.9	Jan	11.4	5.4	Jan§	1.7	-4.7	5.3		-116	3.94	11.7
Russia	5.5	Q3	na	3.6	7.4	Jan	5.9	2.9	Jan§	2.4	-1.8	12.7		186	90.8	-16.9
Sweden	-0.1	Q4	-0.2	-0.3	5.4	Jan	6.0	8.5	Jan§	5.4	-0.3	2.4		-31.0	10.3	1.6
Switzerland	0.6	Q4	1.2	0.8	1.2	Feb	2.1	2.2	Jan	10.9	-0.7	0.7		-79.0	0.88	5.7
Turkey	4.0	Q4	3.9	4.5	67.1	Feb	53.9	8.9	Dec§	-4.0	-5.0	26.2		1,460	31.8	-40.5
Australia	1.5	Q4	1.0	1.9	4.1	Q4	5.6	4.1	Jan	1.2	0.7	4.2		33.0	1.52	-2.0
Hong Kong	4.3	Q4	1.8	3.2	1.7	Jan	2.1	2.9	Jan‡‡	8.6	-3.4	3.8		-11.0	7.82	0.4
India	8.4	Q4	8.0	6.9	5.1	Jan	5.7	8.0	Feb	-0.6	-5.8	7.0		-37.0	82.8	-1.1
Indonesia	5.0	Q4	na	5.0	2.8	Feb	3.7	5.3	Q3§	0.4	-2.5	6.6		-30.0	15,700	-2.6
Malaysia	3.0	Q4	na	3.8	1.5	Jan	2.5	3.3	Dec§	1.5	-5.1	3.8		-21.0	4.73	-5.3
Pakistan	nil	2023**	na	nil	23.1	Feb	30.8	6.3	2021	0.2	-8.0	14.2	†††	-146	279	-1.3
Philippines	5.6	Q4	8.7	5.6	3.4	Feb	6.0	4.2	Q4§	-2.8	-6.3	6.3		-25.0	55.9	-1.8
Singapore	2.2	Q4	4.8	1.1	2.9	Jan	4.8	2.0	Q4	19.8	-1.6	3.0		-29.0	1.34	0.8
South Korea	2.2	Q4	2.5	1.3	3.1	Feb	3.6	3.7	Jan§	2.1	-2.9	3.4		-36.0	1,335	-2.8
Taiwan	4.9	Q4	9.7	1.4	1.8	Jan	2.5	3.4	Jan	13.2	-0.1	1.2		-2.0	31.6	-3.3
Thailand	1.7	Q4	-2.3	1.9	-0.8	Feb	1.2	1.1	Jan§	1.3	-2.7	2.8		6.0	35.7	-2.8
Argentina	-0.8	Q3	11.3	-1.6	254	Jan	133.5	5.7	Q3§	-3.3	-6.1	na		na	846	-76.4
Brazil	2.1	Q4	-0.1	2.9	4.5	Jan	4.6	7.6	Jan§‡‡	-1.3	-7.5	10.7		-292	4.94	4.9
Chile	0.6	Q3	1.3	nil	3.2	Jan	7.6	8.4	Jan§‡‡	-3.4	-2.4	5.7		-17.0	984	-18.6
Colombia	0.3	Q4	0.1	1.1	8.3	Jan	11.7	12.7	Jan§	-3.4	-4.2	9.8		-260	3,935	19.9
Mexico	2.5	Q4	0.3	3.2	4.9	Jan	5.5	2.8	Jan	-0.8	-3.3	9.1		-13.0	16.9	6.9
Peru	-0.4	Q4	0.9	-0.6	3.3	Feb	6.3	8.5	Jan§	0.6	-2.8	6.8		-113	3.72	1.9
Egypt	2.7	Q3	na	3.8	29.8	Jan	33.9	6.9	Q4§	-1.1	-6.3	na		na	49.5	-37.8
Israel	-4.1	Q4	-19.4	1.7	2.6	Jan	4.2	3.2	Jan	5.6	-4.1	4.1		12.0	3.59	-0.3
Saudi Arabia	-0.9	2023	na	-0.9	1.6	Jan	2.3	5.1	Q3	2.7	-2.1	na		na	3.75	nil
South Africa	1.2	Q4	0.2	0.6	5.4	Jan	6.1	32.1	Q4§	-2.0	-5.2	10.1		-2.0	18.8	-3.0

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

In local currency	Index Mar 6th	% change on: one week	Dec 29th 2023
United States S&P 500	5,104.8	0.7	7.0
United States NAScomp	16,031.5	0.5	6.8
China Shanghai Comp	3,039.9	2.8	2.2
China Shenzhen Comp	1,722.1	4.3	-6.3
Japan Nikkei 225	40,090.8	2.3	19.8
Japan Topix	2,730.7	2.1	15.4
Britain FTSE 100	7,679.3	0.7	-0.7
Canada S&P TSX	21,594.0	1.6	3.0
Euro area EURO STOXX 50	4,915.5	0.6	8.7
France CAC 40	7,954.7	nil	5.5
Germany DAX*	17,716.7	0.7	5.8
Italy FTSE/MIB	33,363.8	2.3	9.9
Netherlands AEX	857.0	1.1	8.9
Spain IBEX 35	10,197.2	1.3	0.9
Poland WIG	80,742.0	-1.1	2.9
Russia RTS, $ terms	1,151.7	3.3	6.3
Switzerland SMI	11,546.5	1.2	3.7
Turkey BIST	8,744.6	-3.5	17.1
Australia All Ord.	7,990.3	0.9	2.1
Hong Kong Hang Seng	16,438.1	-0.6	-3.6
India BSE	74,086.0	2.5	2.6
Indonesia IDX	7,329.8	nil	0.8
Malaysia KLSE	1,531.5	-0.9	5.3

	Index Mar 6th	% change on: one week	Dec 29th 2023
Pakistan KSE	65,656.6	3.1	5.1
Singapore STI	3,136.1	-0.1	-3.2
South Korea KOSPI	2,641.5	-0.4	-0.5
Taiwan TWI	19,499.5	3.4	8.7
Thailand SET	1,370.6	-0.8	-3.2
Argentina MERV	999,642.1	0.1	7.5
Brazil BVSP*	128,890.3	-1.0	-3.9
Mexico IPC	55,284.5	-0.1	-3.7
Egypt EGX 30	29,743.1	3.0	19.5
Israel TA-125	1,983.2	1.0	5.1
Saudi Arabia Tadawul	12,561.9	-0.4	5.0
South Africa JSE AS	73,578.2	1.9	-4.3
World, dev'd MSCI	3,357.0	1.0	5.9
Emerging markets MSCI	1,028.0	0.9	0.4

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 29th 2023
Investment grade	115	154
High-yield	369	502

Sources: LSEG Workspace; Standard & Poor's Global Fixed Income Research. *Total return index.

Commodities

***The Economist* commodity-price index**

2020=100	Feb 27th	Mar 5th*	% change on month	year
Dollar Index				
All Items	126.1	126.5	-0.8	-6.4
Food	132.9	132.4	0.1	-8.5
Industrials				
All	120.5	121.5	-1.0	-4.5
Non-food agriculturals	135.5	134.7	6.0	2.8
Metals	116.6	118.2	-2.9	-6.5
Sterling Index				
All items	127.8	127.6	-2.0	-12.7
Euro Index				
All items	132.9	132.9	-2.0	-8.9
Gold				
$ per oz	2,032.7	2,127.1	4.4	16.9
Brent				
$ per barrel	83.2	82.9	5.3	-0.7

Sources: Bloomberg; CME Group; Fastmarkets; FT; LSEG Workspace; LME; NZ Wool Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; Urner Barry; WSJ. *Provisional.

For more countries and additional data, visit
economist.com/economic-and-financial-indicators

Age and magnificence

Iris Apfel, a fashion sensation in her ninth decade, died on March 1st, aged 102

HER HAIR WAS grey, turning steadily to white. So what? Whether in a bob, a bouffant or a pompadour, she liked it that way. Carl, her lovely husband, also liked it that way. Dyeing it was out of the question. Her skin was wrinkled, way beyond what any serum or powder could obscure. But what the heck? Wrinkles were a badge of courage. If God had kindly given her all those years, why hide it? True, Iris Apfel was at the age where you just fell apart, and if you had two of anything, one of them was going to hurt when you woke up in the morning. But for her the cure was simple: after the necessaries, get dressed.

Getting dressed was not a simple matter of going to a closet, or even walking into one. Between clothes and accessories, she had so many hundreds of pieces that they hung on a labyrinth of pipe racks. They came from the world over, Africa, Tibet, the Middle East, China, as well as any old flea market or discount store. Everywhere had treasures. Her racks held a glorious muddle. Who had time to organise? Certainly not her. Anyway, she preferred to be surrounded with possibilities.

So, wandering through, she would pick what appealed that day. It was no intellectual exercise, just a gut thing. Perhaps a T-shirt under a shaman's tunic, or couturier trousers with an explosion of fancy shoulder frills, deliberately clashing the colours because colour could raise the dead. The finishing touch, sometimes more like a ton weight, would be a necklace of huge beads or silver plates that covered her like armour, big chunky bracelets by the half-dozen, then bright red lipstick and her trademark, huge round glasses with black frames. Why shrink away as you got old? More was more, and less was a bore.

All the same, when she became a "geriatric starlet", it surprised her. She was 84 when the hoopla happened, in 2005, after the Metropolitan Museum in New York put some of her improvised outfits on display. She thought, when they first asked her, that they just wanted a few accessories to sit in a vitrine. Instead, the museum people were so astonished when they went through her collection, rooting through all the boxes, all the armoires and even under her bed, that they asked her to dress 85 mannequins, and the show, called Rara Avis (Rare Bird) was a sensation. Giorgio Armani and Karl Lagerfeld came, and she was the talk of the town.

After that, deep into her 80s and 90s, she became a model and a fashion icon. Her gravelly opinions (Ripped jeans? Insanity! Strappy dresses on old women? Made them look like a horse's arse!) were taken as gospel truth. She spoke to adoring crowds at Macy's, many wearing her glasses as a tribute. An Iris Barbie appeared, certainly the oldest Barbie ever, in beads and a bright green trouser suit. At 91 she appeared in Comme des Garçons and huge hairpieces on the cover of *Dazed and Confused* magazine. At 101 she became the face of Ciaté, a cosmetics company, the "oldest living broad" to be thus employed. Shoot followed shoot in those years, and she rushed happily from one to the next. Having worked like a beaver all her life, she wasn't about to slow down now (except when she broke her hip, tripping over the hem of an Oscar de la Renta gown). Slowing down was boring, and her love of glamour never flagged. Retire? She might as well be dead.

No one would call her pretty, but she didn't care for prettiness anyway. Instead, she had style. You couldn't learn that, or buy it. But you could recognise it right away, even in tiny things, like the three-tiepin arrangement she praised once on an Englishman's lapel. With her eye for quality as well as pizazz, from the 1950s she had built up a select reputation as an interior designer. She and Carl had started a company, Old World Weavers, to find and replicate rare fabrics from every corner of the globe. These had ended up in the apartments of Estée Lauder and Greta Garbo, as well as in the White House, from Truman onwards. By the 1970s she was using her mother's apartment on Park Avenue, with its harpsichords and Venetian screens, and would escort guests to New York City's fanciest clubs and restaurants. Yet when asked what her job was, she would simply say she put piles of cushions on sofas.

What she did not reveal, with that remark, was that she made the cushions out of bits of material that hadn't quite worked out as clothes. She also devised a coffee table once out of columns and glass from a demolished building in the Bowery. Economy and improvisation were the words she lived by. As a small child, bored on visits to her grandparents, she was allowed to sort through big pillowcases of fabric remnants, putting the scraps together as she pleased. It was great training. Like all the family (her grandfather was a master-tailor, her mother devoted to accessories, and money short during the Depression and the war) she learned early to sew, glue and paint to make something out of next to nothing. Improvisation was like jazz, she thought. You took patches and thread, or a ruby-red tunic, pyjamas and a torque, to build a marvellous ensemble out of the seemingly random.

No surprise then, though she wore haute couture, that her lifelong love was to browse in discount stores. Loehmann's in Brooklyn, with gorgeous clothes at rock-bottom prices, was her Holy Grail. A plastic bracelet for four dollars and some change pleased her as much as if Carl had suggested a trip to Harry Winston, the luxury jeweller. (She also replicated her own pieces for the Home Shopping Network, giving less well-off women the chance to buy them.) Flea markets and souks were a joy. Nobody foraged and haggled more fiercely, or came away with more bags of junk.

People would keep asking what her secret was. No sodas, no fatty foods, of course. No thoughts about death. A long and happy marriage. But, most of all, keeping a child's curiosity. The world was full of wonder. Long before she had needed glasses she had started collecting them, intrigued by the pearl or diamante frames, and started her massive trove of pieces humbly, in a shoebox in her closet. When eventually she had to wear spectacles all the time, she made them as large as possible: less to advertise herself, than to say: Keep looking! Keep being amazed. ■

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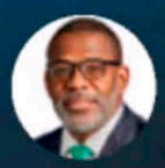

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