The Economist

Is Putin winning?

America's most conservative court

Time for a methane deal

India's military modernisation

DECEMBER 2ND–8TH 2023

BLUE-COLLAR BONANZA

Why conventional wisdom on inequality is wrong

The world this week

The world this week

Politics

Nov 30th 2023

Antony Blinken, America's secretary of state, went to **Israel**to press for more extensions to the ceasefire in Gaza. Under the truce **Hamas** has released Israeli hostages in exchange for Palestinian prisoners in Israel. During the week William Burns, the director of the CIA, and David Barnea, the head of Mossad, Israel's intelligence agency, went to Doha to hold talks with the Qatari prime minister and Egyptian officials about the hostages. The Americans want Israel to prolong the ceasefire. Israel's government is insisting that the war against Hamas must resume soon.

The annual climate summit convened by the UN got under way in Dubai. **COP28** is being attended by 70,000 climate advocates, diplomats and journalists, though Joe Biden is skipping this one (he attended the previous two COPs as America's president). The three main battles at the 12-day gathering are cracking down on methane emissions, reaching a deal on climate finance and finding a path to end the use of fossil fuels.

An attack on a prison in Freetown, the capital of **Sierra Leone**, killed 20 people, including 13 soldiers, and freed 1,890 inmates. The country's information officer described the assault as a failed coup directed by bodyguards loyal to the former president.

Volodymyr Zelensky said his government would reform the system for mobilising troops in **Ukraine**. The president did not disclose details, but the recruitment process has been plagued by draft evasion and corruption. Ukraine said that Russia was intensifying its attacks, and had carried out its biggest drone assault on Kyiv since the start of the war. Meanwhile, the wife of Ukraine’s military intelligence chief was poisoned.

Finland shut its entire border with **Russia** for two weeks to stop what it claims is an organised attempt by Russia to ferry illegal migrants across the frontier. The Finnish prime minister, Petteri Orpo, described it as “Russia’s influence operation”.

Negotiations began in the**Netherlands** to form a new government after the election victory of the far-right Party for Freedom (PVV), led by Geert Wilders. Mr Wilders is trying to determine which parties will enlist in a coalition, a tricky task given that the mainstream conservative party has ruled out joining him in government, though it has suggested it would support a centre-right cabinet.

Ireland’s prime minister, Leo Varadkar, said he would tighten the country’s laws against incitement to hatred “and hatred in general”. He was responding to a rare spate of rioting in Dublin that was sparked by the non-fatal stabbing of three children and a school assistant by a man of Algerian origin.

Dead government walking

The Polish president, Andrzej Duda, swore in a new government formed by the Law and Justice (PiS) party. The government is expected to last just two weeks. PiS won a minority of seats in **Poland’s** recent election. A coalition led by Donald Tusk, a former prime minister, gained the most seats and will vote the government down when it presents its plans to parliament. Mr Duda hails from the PiS.

Downing Street became embroiled in a diplomatic row when it cancelled a meeting between Rishi Sunak, the British prime minister, and his Greek counterpart, Kyriakos Mitsotakis, claiming that Mr Mitsotakis had broken a promise not to raise the thorny issue of the **Elgin marbles** in public during his visit. The Greeks denied that he had made such a promise.

Tens of thousands of people marched in **London** against antisemitism, the city's biggest demonstration in support of Jewish people since 1936. The previous day another large protest was held calling for a ceasefire in Gaza.

Mass demonstrations took place across **Italy** to protest against violence against women. The murder of a college student by her former boyfriend has brought the issue to the fore in a country where 105 women have been murdered this year, more than half at the hands of a current or former partner.

Prosecutors in **America** charged an Indian national with trying to arrange the assassination in New York of a leading proponent of a separate state for Sikhs in **India**. The reported target, Gurpatwant Singh Pannun, is one of the leaders of the Khalistan movement. Mr Pannun describes himself as a dual American-Canadian citizen. Two months ago Canada claimed that Indian agents had murdered a Sikh separatist in Vancouver.

All 41 **workers** who were trapped in a tunnel in the Indian state of Uttarakhand were rescued. They had been cut off for 17 days when the tunnel, part of a construction project connecting four holy Hindu sites, collapsed.

New Zealand's new right-wing government said it would overturn a ban on smoking introduced by the previous left-wing administration. The ban was the first in the world to outlaw gradually the sale of tobacco products to future generations, starting with anyone born after 2008. The law was due to come into force next year. The government has suggested it needs the revenue from tobacco sales to fund tax cuts.

The government of the **Philippines** is to restart peace talks with the country's communist rebels, six years after negotiations were abandoned. Norway is facilitating the talks to end a conflict that has lasted five decades and killed 40,000 people.

A 48-year-old man was charged with the attempted murder of three students of **Palestinian** descent in the town of Burlington, Vermont. Two of them were wearing a *keffiyeh*, a Palestinian headdress, when they were shot.

An illiberal college education

The **University of California** was sued by the Brandeis Centre, a Jewish watchdog, for an alleged "long-standing, unchecked spread of antisemitism" on Berkeley's campus. The centre says that since the October 7th terrorist attack in Israel, antisemitism "has run rampant at the school." It is the most prominent such claim to be filed against an American college so far. Three Jewish students lodged a legal complaint against New York University in early November.

Almost 50,000 Americans killed themselves last year, according to preliminary statistics. At 14.3 per 100,000 people the **suicide** rate was the highest since 1941. Men accounted for almost 80% of the deaths.

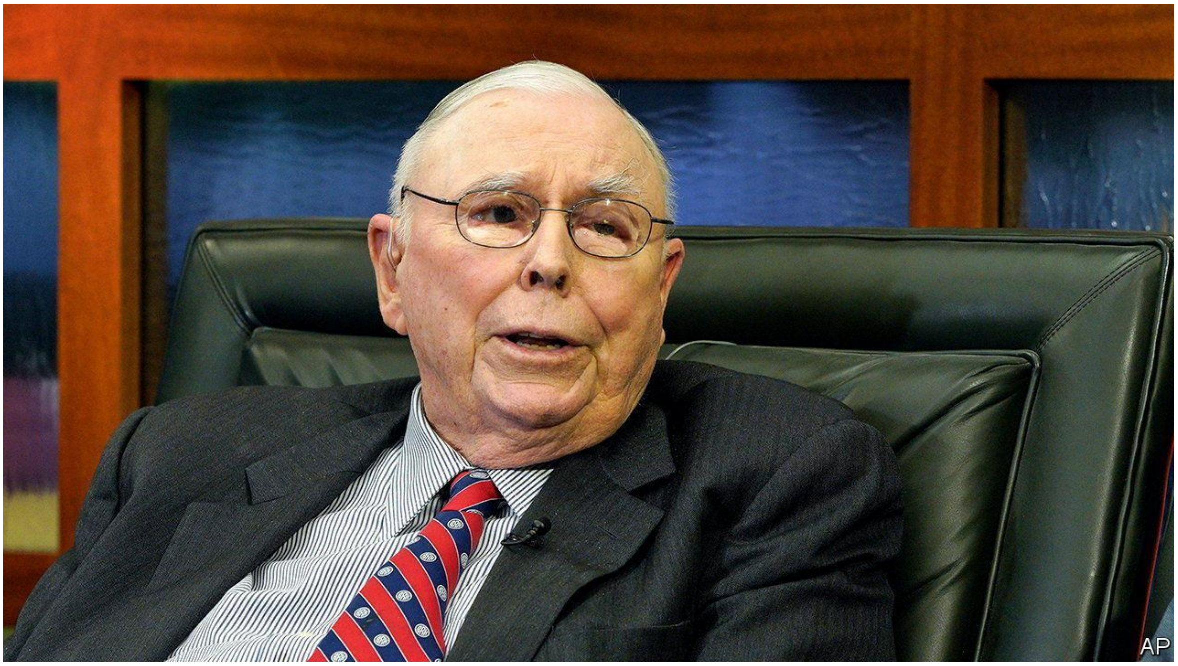
Henry Kissinger, one of the world's most powerful statesmen during the 20th century, died aged 100. Mr Kissinger fled Nazi Germany to become America's top diplomat and one of the architects of foreign policy on

Vietnam and the cold war. In a recent interview he said that Hamas's terrorist assault on Israel and Russia's war in Ukraine were a "fundamental attack on the international system."

The world this week

Business

Nov 30th 2023



Tributes were paid to **Charlie Munger**, who died aged 99. Mr Munger was Warren Buffett's long-standing partner at Berkshire Hathaway. Their friendship stretched back to Mr Buffett's first investments in the 1950s. Mr Munger joined the holding company's board in 1978. Mr Buffett credited Mr Munger with breaking "my cigar-butt habits" and driving company strategy, once telling shareholders that he was merely the contractor while Mr Munger was the architect of the business's growth.

The sun shines for Shein

Shein, a fast-fashion retailer, has filed for an initial public offering in America, according to reports. Shein's cheap clothing range is hugely popular; its sales are comparable to those of H&M and Zara. America is its biggest market and Shein's website is almost as in demand as Amazon's among teenagers. The company was founded in China but now has its headquarters in Singapore. That might smooth the process for what could be the biggest stockmarket flotation of a Chinese-origin firm since Didi Global's ill-fated IPO in 2021.

ByteDance, the Chinese company that owns TikTok, is reportedly pulling out of the mobile-gaming business. Its Nuverse division accounts for only a fraction of its revenues and is being wound down.

Hong Kong's exports grew in October by 1.4%, year on year, the first increase since April 2022. Shipments to mainland China were up by 5.6%, which was taken as an optimistic sign that regional trade is on the road to recovery.

The **euro zone's** annual inflation rate dropped to 2.4% in November from 2.9% in November. That puts more pressure on the European Central Bank to hold interest rates steady, if not cut them. Before November's figure was released Christine Lagarde, the president of the ECB, said that "This is not the time to start declaring victory" against inflation, as there was considerable uncertainty about future movements in prices.

Tesla prepared the first deliveries of its long-delayed **Cybertruck**. Initial orders for the vehicle were placed before the start of the pandemic but production has been plagued with problems. Elon Musk has described the SUV as a "badass, futuristic armoured personnel carrier" and "intentionally an insane technology bandwagon". Tesla doesn't expect to make a profit from it for at least 18 months.

Nissan and AESC, its battery-making partner, are investing another £2bn ($2.5bn) making electric cars and batteries in Sunderland, a deprived city in England's north-east. The investment includes a new gigafactory. The news was welcomed by the British government, which has made more money available to support battery manufacturing. The factories will add 20 gigawatt hours of battery capacity annually by 2030.

Boots, Britain's biggest chain of chemists, sold its £4.8bn ($6.1bn) pension scheme to Legal & General, a financial-services firm. The deal opens the way for a potential sale of Boots by its owner, Walgreens Boots Alliance. The American company tried, and failed, to sell the business last year.

The European Union's antitrust commissioner lodged a formal objection against **Amazon's** proposed acquisition of **iRobot**, claiming the deal "may restrict competition in the market for robot vacuum cleaners". Amazon announced the takeover in August 2022. America's Federal Trade Commission, which launched a wide-ranging antitrust lawsuit against Amazon in September, is also investigating the proposal.

Another potential tech takeover also received a setback when Britain's Competition and Markets Authority decided that **Adobe's** offer to buy **Figma**, an online service used by designers to develop apps and websites, could harm the digital-design industry. Adobe has offered $20bn for Figma. Critics of the deal claim the software giant is trying to squash a potential rival.

Pet project

America's Food and Drug Administration accepted a "reasonable expectation of effectiveness" application from Loyal, a firm in San Francisco, for its candidate **life-extending drug for large dogs**. This is the first time the administration has officially recognised the possibility that a drug intended for any species might have general lifespan-extending properties.

A record summer helped propel **easyJet** to its first annual pre-tax profit since the start of the pandemic. It has reinstated its shareholder dividend, making it one of the first big European airlines to do so.

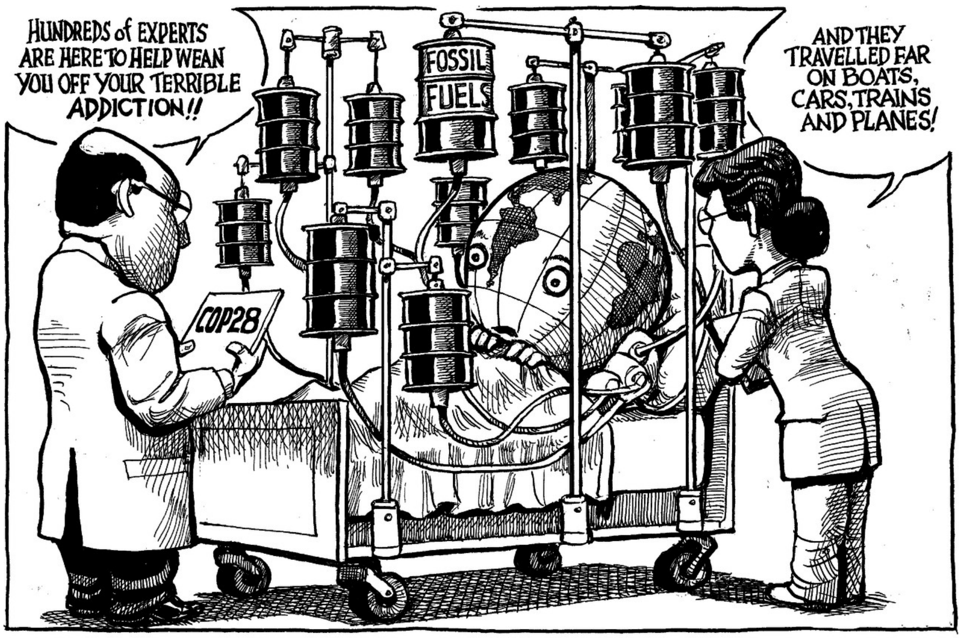
Saudi Arabia's sovereign-wealth fund is buying a 10% stake in **Heathrow**. Ferrovial, an infrastructure company, is selling its 25% holding in the airport. Ardian, a French private-equity firm, is buying the other 15%.

A Virgin Atlantic 787 made the world's first commercial flight powered completely by **sustainable aviation fuel**. The plane burned a fuel blend that was 88% waste fat (from cooking oils and food scraps) and 12% synthetic kerosene made from plant sugars. The aircraft flew from London to New York. It did emit carbon, though the emissions over the fuel's life cycle were 70% lower than those that power a regular flight. Greens contend that the only way to reach climate targets is to fly less.

The world this week

KAL's cartoon

Nov 30th 2023



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

[What the world must do to tame methane]
[Could carbon credits be Africa's next big export?]
[Politics and technology are pushing oil firms to cut methane]

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

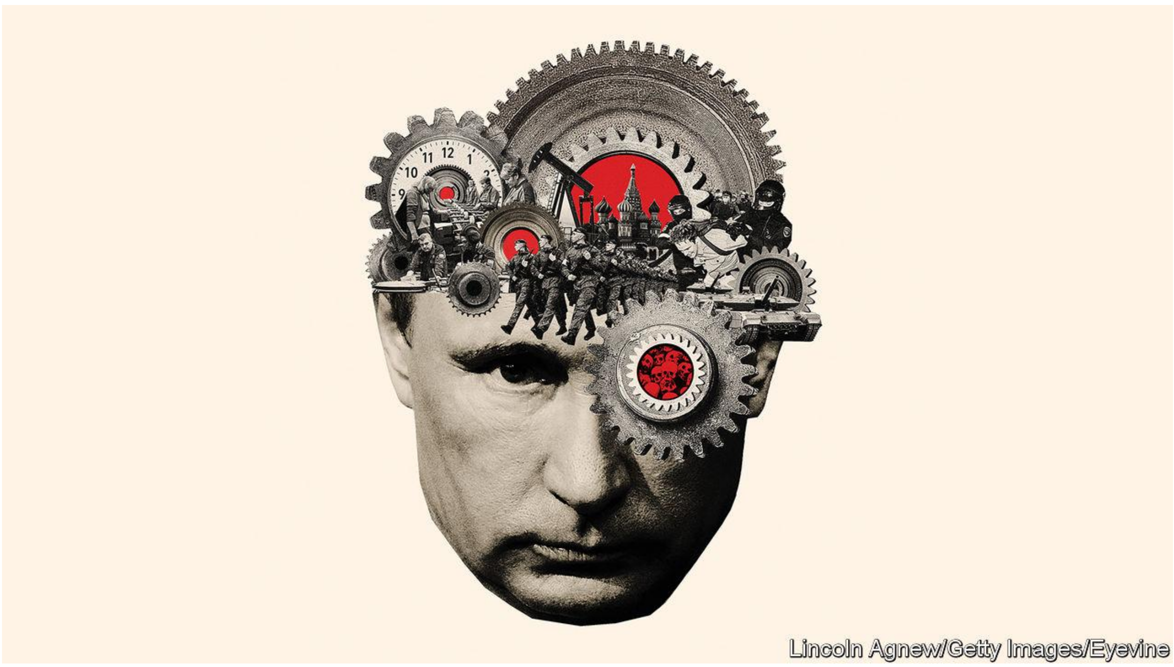
Leaders

War in Ukraine

Putin seems to be winning the war in Ukraine—for now

His biggest asset is Europe's lack of strategic vision

Nov 30th 2023



Lincoln Agnew/Getty Images/Eyevine

FOR THE first time since Vladimir Putin invaded Ukraine on February 24th 2022, he looks as if he could win. Russia's president has put his country on a war footing and strengthened his grip on power. He has procured military supplies abroad and is helping turn the global south against America. Crucially, he is undermining the conviction in the West that Ukraine can—and must—emerge from the war as a thriving European democracy.

The West could do a lot more to frustrate Mr Putin. If it chose, it could deploy industrial and financial resources that dwarf Russia's. However, fatalism, complacency and a shocking lack of strategic vision are getting in the way, especially in Europe. For its own sake as well as Ukraine's, the West urgently needs to shake off its lethargy.

The reason a Putin victory is possible is that winning is about endurance rather than capturing territory. Neither army is in a position to drive out the other from the land they currently control. Ukraine's counter-offensive has stalled. Russia is losing over 900 men a day in the battle to take Avdiivka, a city in the Donbas region. This is a defenders' war, and it could last many years.

However, the battlefield shapes politics. Momentum affects morale. If Ukraine retreats, dissent in Kyiv will grow louder. So will voices in the West saying that sending Ukraine money and weapons is a waste. In 2024 at least, Russia will be in a stronger position to fight, because it will have more drones and artillery shells, because its army has developed successful electronic-warfare tactics against some Ukrainian weapons and because Mr Putin will tolerate horrific casualties among his own men.

Increasing foreign support partly explains Russia's edge on the battlefield. Mr Putin has obtained drones from Iran and shells from North Korea. He has worked to convince much of the global south that it has no great stake in what happens to Ukraine. Turkey and Kazakhstan have become channels for goods that feed the Russian war machine. A Western scheme to limit Russian oil revenues by capping the price for its crude at $60 a barrel has failed because a parallel trading structure has emerged beyond the reach of the West. The price of Urals crude from Russia is $64, up nearly 10% since the start of 2023.

Mr Putin is also winning because he has strengthened his position at home. He now tells Russians, absurdly, that they are locked in a struggle for survival against the West. Ordinary Russians may not like the war, but they have become used to it. The elite have tightened their grip on the economy and are making plenty of money. Mr Putin can afford to pay a lifetime's wages to the families of those who fight and die.

Faced with all this, no wonder the mood in Kyiv is darker. Politics has returned, as people jostle for influence. Volodymyr Zelensky, Ukraine's president, and Valery Zaluzhny, its most senior general, have fallen out. Internal polling suggests that corruption scandals and worries about Ukraine's future have dented Mr Zelensky's standing with voters.

Western governments insist they are as committed to Ukraine as ever. But polls around the world suggest that many doubt it. In America the Biden administration is struggling to make Congress release funding worth over $60bn. Next year's election campaign will soon get in the way. If Donald Trump is elected president, having promised peace in short order, America could suddenly stop supplying weapons altogether.

Europe should be preparing for that dire possibility—and for American help to slow, whoever is in the White House. Instead, European leaders are carrying on as if munificent Joe Biden will always be in charge. The European Union has promised Ukraine €50bn ($56bn), but the money is being held up by Hungary and, possibly, a budgetary mess in Germany. In December the EU should signal that it is ready to start talks for Ukraine's membership. But many believe that the process will be intentionally strung out because enlargement is hard and threatens vested interests. Italy's prime minister, Giorgia Meloni, was recorded (during a prank call) saying that Europe is weary. You would think a Trump presidency would galvanise support for Ukraine, as Europe took responsibility for its own defence. One leader privately predicts that support will in fact fragment.

That would be a disaster. By 2025 the strain of running a war may start to catch up with Mr Putin. Russians may increasingly resent the forced mobilisations, inflation and diversion of social spending to the army. Yet simply hoping that his regime collapses makes no sense. He could remain in power for years and if he does, he will threaten war because that is his excuse for domestic repression and his own people's suffering. He has blighted his country's prospects by isolating it from Europe and driving its most enterprising people into exile. Without war, the hollowness of his rule would be on full display.

Europe must, therefore, plan for Mr Putin as the main long-term threat to its security. Russia will rearm. It will have combat experience. Planning for Europe's defence should be designed to prevent Mr Putin from sensing weakness on its flank—especially if he doubts a President Trump's willingness to fight should a NATO country be attacked.

The best way to deter Mr Putin would be for Europe to demonstrate its resolve by showing right now that it is fully committed to a thriving, democratic, westward-looking Ukraine. Weapons matter, especially air defences and long-range missiles to strike at Russian supply lines, which is why it is crucial for America to approve the latest tranche of aid. Because arsenals are already depleted, more work needs to go into increasing the capacity of Western arms-makers. Sanctions could be targeted more effectively to split the regime from the elite.

Political action in Europe is essential, too (see Charlemagne). Mr Putin will attack Ukraine's cities and subvert its society to sabotage the country's transformation into a Western democracy. In response Europe should be redoubling its efforts to ensure that Ukraine progresses, with the promise of money and EU accession. European leaders have not acknowledged the size of the task—indeed, too many seem to shrink from it. That is folly. They should heed Leon Trotsky: they may not be interested in war, but war is interested in them. ■

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Blue-collar bonanza

A new age of the worker will overturn conventional thinking

Around the rich world, wage gaps are shrinking

Nov 30th 2023

FEW IDEAS are more unshakable than the notion that the rich keep getting richer while ordinary folks fall ever further behind. The belief that capitalism is rigged to benefit the wealthy and punish the workers has shaped how millions view the world, whom they vote for and whom they shake their fists at. It has been a spur to political projects on both left and right, from the interventionism of Joe Biden to the populism of Donald Trump. But is it true?

Even as the suspicion of free markets has hardened, evidence for the argument that inequality is rising in the rich world has become flimsier. Wage gaps are shrinking. Since 2016 real weekly earnings for those at the bottom of America's pay distribution have grown faster than those at the top. Since the covid-19 pandemic this wage compression has gone into overdrive; according to one estimate, it has been enough to reverse an extraordinary 40% of the pre-tax wage inequality that emerged during the previous 40 years. A blue-collar bonanza is under way.

Across the Atlantic, such trends are more nascent, but still apparent. In Britain wage growth has been healthier at the bottom of the jobs market; in continental Europe wage agreements are building in higher increases for the lower paid. Long-running trends in inequality are being questioned, too. A decade ago Thomas Piketty, a French economist, became a household name by arguing that it had surged. Now increasing weight is being given to research which finds that, after taxes and government transfers, American income inequality has barely increased since the 1960s.

All this can be discombobulating, not least when the prices you pay for food and energy have risen at an unusually fast pace. So ingrained is the idea that workers are suffering in today's world that claiming otherwise is almost heretical; the dissenting inequality research has sparked an ill-tempered debate among economists.

To understand what is going on, it helps to consider that the blue-collar bonanza is not just an artefact of the statistics: it makes intuitive sense, too. As we explain this week, three forces that shape labour markets—demand, demography and digitisation—have each shifted in ways that benefit workers.

Take demand. After quiescent inflation in the mid-2010s, America's Federal Reserve resolved to run the economy hot in the hope that doing so would bring more people into work. Then, after covid-19 struck, governments across the rich world untied the purse-strings. This year the pandemic is a memory, but America has continued to run deficits of a size usually seen in depressions or wartime. As a consequence, demand for labour has stayed high even as central banks have raised interest rates.

That higher demand has met with constrained supply, owing to shifts in demography. In 2015 a long-running global demographic dividend came to an end as China's working-age population peaked. In the rich world the prime working-age population is growing at its slowest pace on record, and will probably start falling by the end of the decade. That adds to the tightness in labour markets. The unemployment rate across the rich world, at less than 5%, is at historical lows and the working-age employment rate in more than half of OECD countries is running close to an all-time high. As populations shrink, the workforce gaps are likely to become so wide that it is hard to imagine politicians letting in enough immigrants to fill them.

Shifts in digitisation, meanwhile, have changed who stands to benefit most in today's labour market. At the end of the 20th century the information revolution vastly increased the demand for college graduates with brains and computing skills. From Wall Street to Walmart these stars were put to work transforming how firms did business, making use of new tools including email and spreadsheets.

By the mid-2010s, however, the revolution had matured and the college wage premium began to shrink. In 2015 the average rich-world worker with a bachelor's degree or more was paid two-thirds more than the average high-school leaver; four years later, the gap had narrowed to a half. According to one estimate, the college premium for white graduates born in America in the 1980s has been lower than that enjoyed by those born in any of the preceding five decades.

Generative artificial intelligence looks likely to reinforce this equalising trend. Early research suggests that AI bots provide a bigger productivity boost for lower performers, helping the laggards catch up with the vanguard. And until robotics matures, AI may add to the value of the sorts of tasks that only humans can do, such as manual labour, or providing emotional support.

This golden age is still young—and it may be vulnerable. One danger is that recession strikes, cooling demand for workers. On both sides of the Atlantic labour markets have shown signs of softening. In a downturn the least paid tend to suffer most. Another threat is that governments kill it off. Mr Biden's industrial policy came too recently to account for the blue-collar bonanza. In fact, plentiful opportunities and rising pay make it wasteful to spend taxpayer cash promoting manufacturing jobs. Protection and handouts stand to make the economy less productive and more sclerotic, meaning less of a bounty for all.

Blue-sky thinking

If the blue-collar age endures, the effect will be profound. The idea that capitalism fails workers is so pervasive that it may explain why people consistently tell pollsters they are unhappy about the state of the economy—even as they themselves continue to spend freely and to benefit from low unemployment. The idea has shaped views on everything from the dangers of immigration and low-cost manufacturers, to the desirability of more handouts and higher tariffs.

The bonanza for workers, though, shows governments need not shackle markets for workers to do well—and that the best route to prosperity for all is to increase the size of the economic pie. If you fight too much over distribution, you risk bringing the golden age to a premature end. ■

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Israel and Hamas

How America should manage the next stage of the Gaza war

For the sake of Israel and a two-state solution, America has to get tougher with its ally

Nov 29th 2023

IN RECENT DAYS a truce has held in Gaza, which was ongoing as we went to press. As the fighting has paused and hostages and prisoners have been swapped, some things have become clear. One is the cynicism of Hamas, which having taken part in the murder, rape or abduction of 1,400 Israelis is now trading infants. Another is the brutal toll Israel has inflicted on Gaza. The north of the strip lies devastated. Some 15,000 people, including terrorists, have been killed according to the Hamas-run authorities, and 2.2m are crowded into the south in dire conditions.

Also visible is the dilemma facing America, Israel's staunchest ally: for how long should it endorse the war? And how should it try to shape what happens next? These are not abstract questions. As in the past, America has provided Israel with arms and diplomatic cover, and deterred its regional foes. This gives it leverage over Israeli decisions. America's goals must be to protect

Israel's security and right to self-defence, and to reopen a path to a two-state solution that offers Palestinians self-determination. President Joe Biden should choose the approach that maximises the odds of these goals being reached. That means marginalising the extremists on both sides who want to sabotage a long-term settlement.

One option is for America to urge a permanent ceasefire now. That would dramatically cut civilian casualties: were Israel to enter southern Gaza and use the tactics it has in the north, the toll would be far higher because the area is now more densely populated and civilians have nowhere to go. The end of the war might also lead to the fall of Israel's hard-right coalition government led by Binyamin Netanyahu, which has been and remains an obstacle to a two-state solution.

The trouble is a permanent ceasefire now would leave Hamas victorious, undermine Israel's security and wreck the prospects for two states. Hamas still has perhaps three-quarters of its military strength and says it wants more attacks, cheered on by Iran. Gazans would remain under Hamas's grim rule. And if Hamas were Gaza's de facto government, with growing sway in the West Bank, two-states would be impossible, because Hamas would not be seen as a plausible partner for peace. Having used violence to such effect on October 7th, if it were ever to claim that it renounced terror and recognised Israel, it would take years for its word to be believed.

That is why America should instead press ahead with its efforts to shape how Israel conducts the war, influence its post-war planning, and steer its politics towards two-states. Mr Biden must be clear that his support for action in southern Gaza is contingent on Israel adopting new tactics, using less armour and bombardment and more infantry, even if that risks more Israeli military casualties. Israel must spell out a realistic military goal: to destroy most of Hamas's military capabilities and its ability to govern Gaza, rather than eradicating it entirely. Israel needs to go beyond its minimum legal responsibilities and open its border at Kerem Shalom to aid flows, and provide Gazans with shelter and medical help in the enclave and in Israel.

Last, America should insist that Israel articulate a long-term plan. In the coming weeks we will explore how a new two-state solution might work. But the ingredients are an interim authority in Gaza, with a role for Israel's friendly Arab neighbours; a new government in Israel and new, moderate Palestinian leaders; and a resumption of negotiations. As an ardent opponent of two-states, Mr Netanyahu is not credible on the subject. But America can signal its intent by talking to his potential successors and by requiring that he release cash owed to the Palestinians, crack down on violent settlers and restrain the army in the West Bank. If this results in Mr Netanyahu’s coalition falling, so be it. America, rightly, offers Israel extraordinary support in times of need. That gives it extraordinary influence. It should be put to use. ■

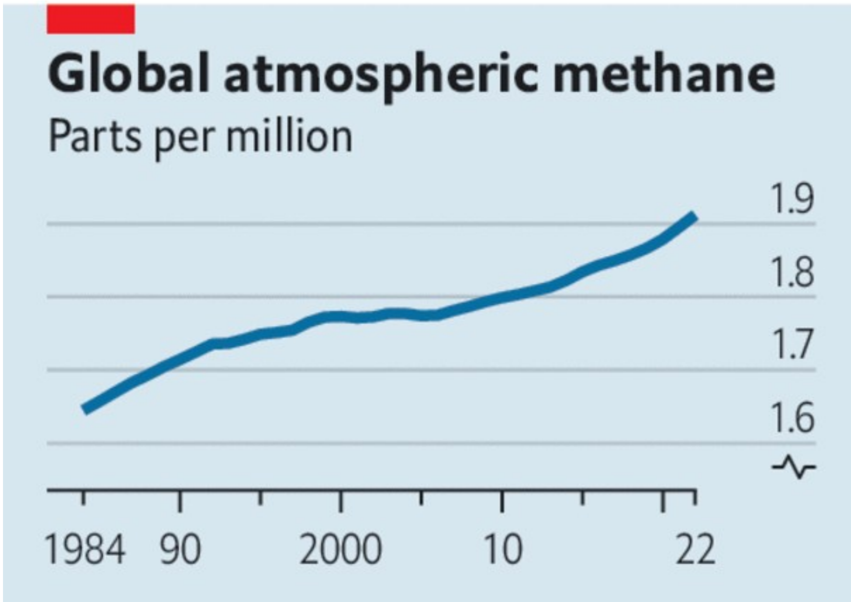
A planet-cooking gas

What the world must do to tame methane

The world needs a deal during COP28 to limit a nasty source of emissions

Nov 30th 2023

METHANE IS A potent greenhouse gas. Over 20 years it has over 80 times the planet-cooking power of carbon dioxide, and is the culprit behind nearly 45% of warming today. Because methane is the main component of natural gas, a big chunk of man-made emissions comes from the energy industry. Yet because it is short-lived, curbing methane offers the world its best possible chance for quick progress against climate change.



The Economist

As COP28, the UN’s climate summit, gets under way in Dubai, it is greatly encouraging, therefore, that the chances of such a deal on methane are good. Negotiators must leap at a rare opportunity to strike one.

The reason a deal looks possible is that the politics are auspicious in all the biggest markets. China has recently announced that it will start including methane in its national climate plans, a reversal of its previous stance. America will soon finalise regulations to reduce methane emissions from its huge oil and gas sector, including measures that cover leaky pipelines and storage. And the European Union has also agreed on tough methane standards, covering both domestic sources and imported fossil fuels.

Innovations are helping, too. A range of new technologies for monitoring methane will help spot large sources of emissions from the energy industry. Because oil and gas firms can often sell methane (rather than wastefully flaring or venting it), many investments to avoid emissions will pay for themselves. Most firms do not invest because of the hassle, higher returns on other projects, or wells’ distance from consumers. Whatever the reason, they suffer no penalty for adding needlessly to global warming.

If a global methane deal is to be more than greenwashing, therefore, it will need rigour. Methane-control seemed to take off at the UN climate summit in Glasgow two years ago, when negotiators noisily trumpeted a pledge to slash emissions by 30% by 2030. Yet the deal was voluntary, and had no enforcement mechanisms; emissions have since risen. An agreement this time round must link promises to signatories' national climate plans and, crucially, to domestic enforcement mechanisms.

An agreement should also be ambitious and verifiable. A good target is methane-emission intensity of below 0.2% of total marketed gas by 2030, a threshold that the world's best oil majors now manage to meet. Because methane measurement involves a hotch-potch of inconsistent methodologies, negotiators must agree on how to standardise those measurements. They must also accept mandatory third-party verification, which some state-linked firms have until now rejected.

That points to the most important test. Any deal must include national oil companies, which account for most of the industry's emissions. Many greens complained about the United Arab Emirates (UAE), one of the world's biggest petrostates, being given the responsibility for hosting the world's annual climate summit. Now is the UAE's chance to humble its critics by bringing a hitherto recalcitrant oil industry to the negotiating table. An even better outcome would be for the UAE to secure OPEC's participation in enforcing a methane agreement.

A deal that meets these tests will not solve the methane problem altogether. Other anthropogenic sources, such as belching cows and rice paddies, will eventually need to be tackled, too. And recent studies suggest that global warming may be accelerating the rate at which tropical wetlands emit methane—a potentially huge problem. But an agreement that starts to curb this pernicious greenhouse gas is within reach. It could turn out to be even more important than COP28 delegates realise. ■

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

Superpower politics

What does Henry Kissinger's diplomacy have to teach the world?

A grasp of the subtle interplay between interests, values and the use of force is still useful

Nov 30th 2023

FOR SOMEONE who promoted his own views so tirelessly, Henry Kissinger was surprisingly misunderstood. Many see him as the arch-exponent of an amoral realism that tarnishes America. Sure enough, like any diplomat, he lied for his country (and occasionally himself). More disturbingly, he was willing to see tens of thousands of people killed if he thought that the national interest demanded it. Yet what distinguishes Mr Kissinger, who died this week aged 100, was not only his realpolitik, but the fact that his practice of diplomacy was also shot through with idealism. It is a style that still holds valuable lessons today.

The would-be Kissingers in the Biden White House (and they exist) confront some daunting challenges. The rivalry between China and America is increasingly poisonous. Bitter wars rage in Ukraine and Gaza. Political divisions are tearing apart Western democracies. Hard-to-solve global issues, such as how to curb climate change and minimise the risks of artificial intelligence, are piling up.

Speaking to *The Economist* in April, Mr Kissinger himself seemed almost overwhelmed. But his central theme cut to the heart of his idealism. His life's work, he said, had been devoted to preventing a repeat of the wars in 1914-18 and 1939-45 that had destroyed his childhood in Germany and much of the world besides. Today that means keeping the peace between China and America.

His method still bears examination. It starts with dispassionate analysis. In his later years, Mr Kissinger was often criticised for being soft on China. But his concern was to see off the thinking that portrayed it as a rising power like the Kaiser's Germany, bent on expansion. China, he countered, saw the rules-based order as America's rules and America's order. It wanted room to adjust, not to overturn the system altogether.

Dispassionate analysis leads to Mr Kissinger's next prescription, to live and let live. Drawing on his study of 19th-century European diplomacy, he argued that stability required states to tolerate each other's differences. The main threat to peace comes not from realists, he thought, but from zealots and proselytisers who are quick to condemn and who demand change over a point of principle. Hence Mr Kissinger recommended that China and America talk, quietly at first, to build trust and that they avoid issues, like trade and Taiwan, where differences are unbridgeable.

Analysis and tolerance are fortified by Mr Kissinger's call for military deterrence. America's assessment of China may be wrong or it may go out of date. The attempt to co-exist could founder. If so, what ultimately keeps the peace is the threat of war and the willingness to carry it through.

Mr Kissinger's many critics hold him responsible for an orgy of killing in Cambodia and Bangladesh in the 1970s, as well as for helping topple elected governments. He retorted that everything had to be subordinate to peace between America and the Soviet Union. The idea that he was acting out of necessity is a sweeping and unknowable claim. However, as the world's reaction to Israel's strikes on Gaza shows, his readiness to sacrifice human life in the search for stability would probably be seen as intolerable today.

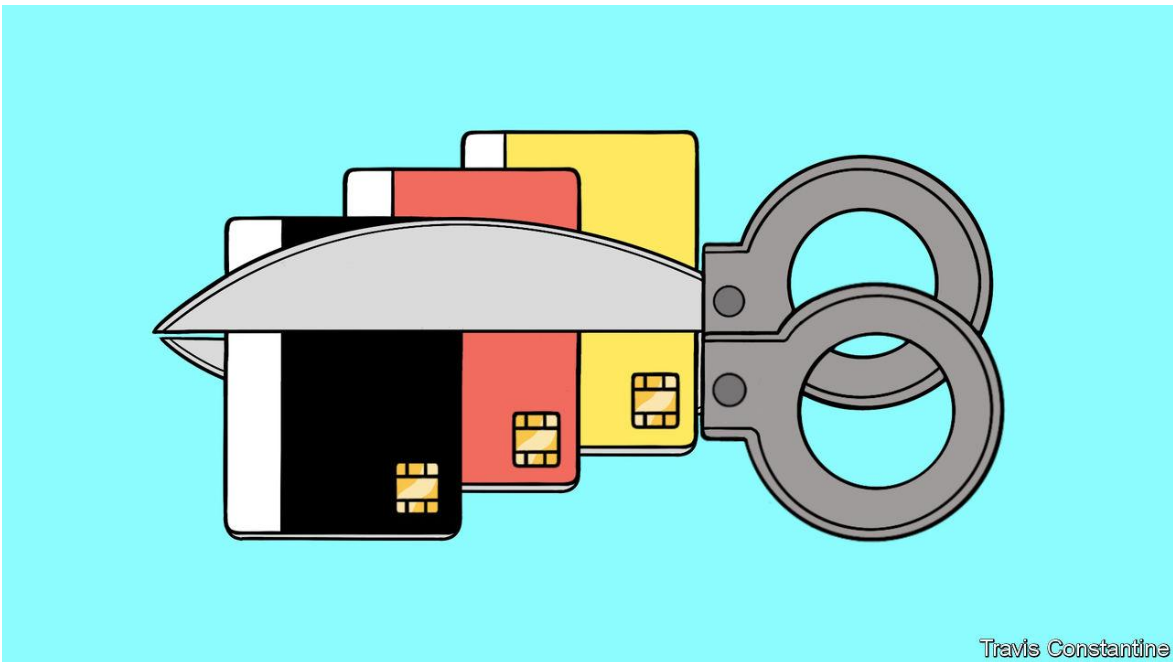
In other ways, too, Kissingerian diplomacy is harder now than when he was shuttling around the Middle East as secretary of state. Secret back-channel meetings end up being plastered on TikTok. The world cannot so easily be ordered according to a hierarchy of Soviet- and American-backed allies and clients. It is multipolar. For all that, it would be a pity if Mr Kissinger's vision of diplomacy died with him. A dangerous world sorely needs his grasp of the subtle interplay between interests, values and the use of force. The search for stability must go on without him. ■

Debt break

Germany is in a bizarre fiscal mess of its own making

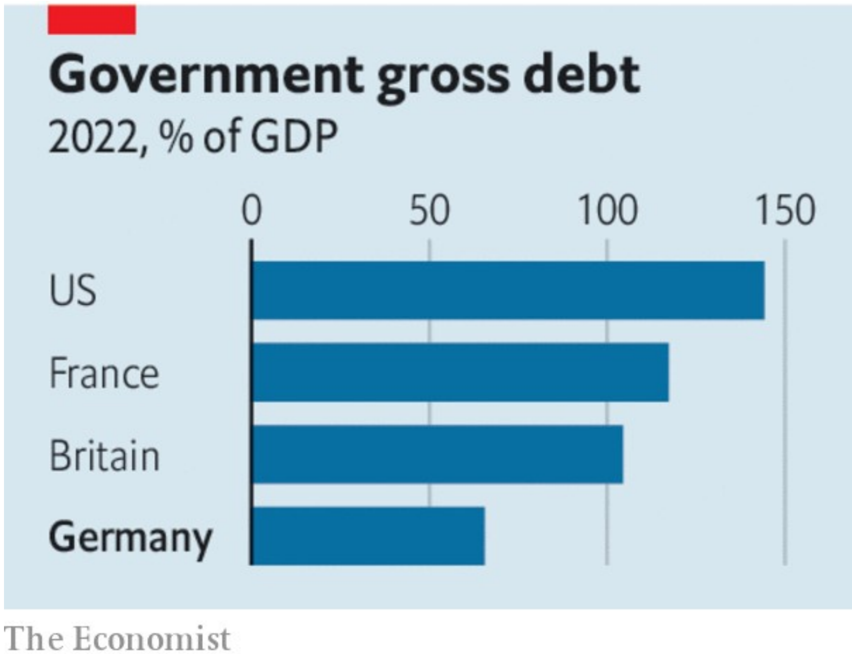
Three steps to resolve the fiscal panic

Nov 30th 2023



GERMANY MAY pride itself on its fiscal prudence, but over the past fortnight it has been in the grip of a bizarre fiscal panic. At the heart of the drama lies the much-revered “debt brake”, a constitutional clause that limits the country’s budget deficit, but which the government has resorted to circumventing through a series of special funds. On November 15th the country’s constitutional court ruled that one such wheeze to finance €60bn ($66bn), or 1.5% of GDP, in climate spending was illegal, jeopardising all the financing done in this way.

The consequences have been shambolic. As lawmakers have scrambled to plug fiscal holes, members of the ruling coalition have resorted to squabbling and the opposition are divided, too. On November 28th Olaf Scholz, the Social Democratic chancellor, promised in the Bundestag that some fixes would be found. The government will invoke an emergency clause to ensure its spending for 2023 passes legal muster, but there was no explanation of where the money for future years would come from. Because of its obsession with its debt rule, Europe's largest economy now looks unable to revive domestic demand, to finance an energy transition or to achieve its geopolitical aims. Unless Germany can lead by example, other countries in Europe are unlikely to offer more aid for Ukraine.



The strange thing is that the fiscal mess has nothing to do with economics. Germany is the envy of the rich world because it still has room to borrow. Its public debts are equivalent to about 65% of GDP, compared with an average of 90% across the OECD club of mostly rich countries. And the case for investing is crystal clear. Its growth is lagging behind its peers'; after decades of neglect, its infrastructure desperately needs refreshing. Because the benefits of such spending accrue over time, debt finance, which smooths the costs of investment, makes sense.

Faced with a strong economic case for spending, but political and legal hurdles to doing so, how should Mr Scholz proceed? One step is to review current spending and cut unnecessary handouts. Years of affluence have led previous governments to spend on pensions giveaways and to paper over inefficiencies in health care. The cuts will be tough, but necessary.

Another step is to protect investment spending. Soon after Russia invaded Ukraine in 2022, the federal government agreed to raise €100bn for the armed forces, to make up for years of underinvestment, and tweaked the constitution to isolate that commitment from debt-brake provisions. A similar fund could be set up to permit debt-financed infrastructure and climate investment over the long term. This would need a majority in two-thirds of both houses of parliament, which the coalition alone would not have. But it would be far-sighted of the Christian Democrats, the largest opposition party, to co-operate. The CDU was the main party of government between 2005 and 2021, and the chief architect under Angela Merkel of the debt brake. Should it ever return to office, it too would face the difficulty of getting its investment plans through.

Such manoeuvres are not ideal, but they allow time for the Social Democrats and the Christian Democrats to make the argument for reform—the most important step of all. Germany's reputation for prudence was won not because of the debt brake itself, but because years of strong growth boosted its tax receipts and flattered the deficit figures. As much as Germans love their rules, to put the debt brake before achieving growth today would be a perverse act of self-harm. Much better instead to enshrine principles such as debt sustainability in the constitution, and to leave deficit limits to elected politicians. Germany has many problems. Excessive public debt is not one of them. ■

Letters

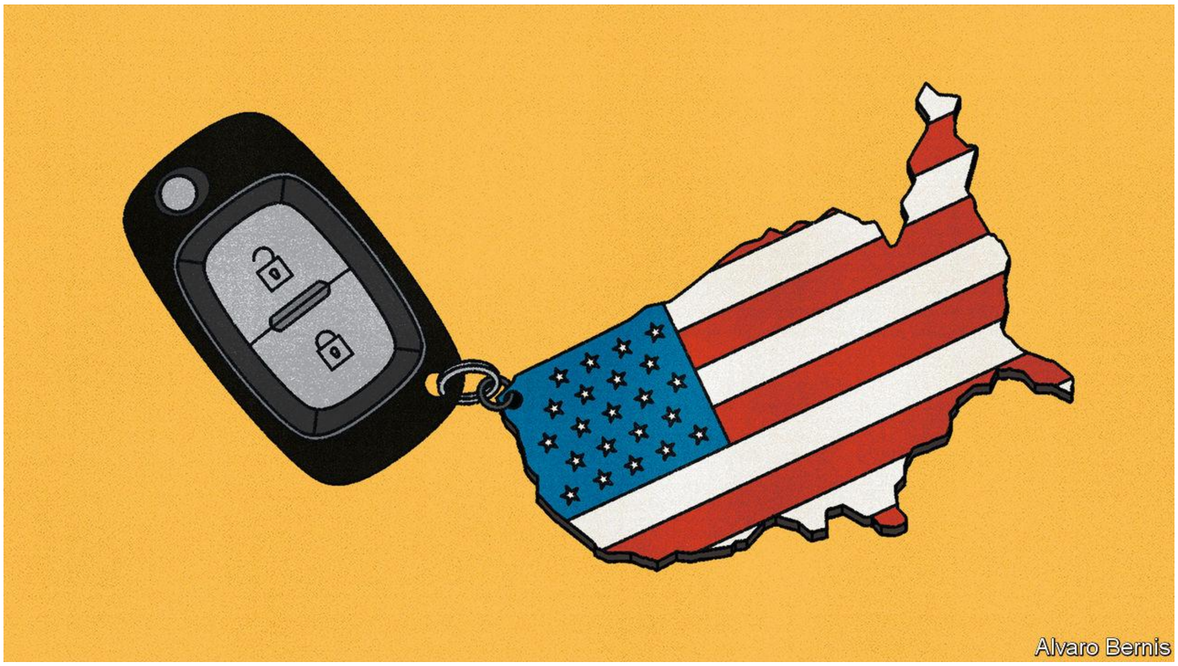
- **Letters to the editor**

On cars in America, Spain, Indian whisky, “King Lear”, Belgium, dinner etiquette

Letters to the editor

A selection of correspondence

Nov 30th 2023



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

Here in my car

You praised some benefits of America’s addiction to cars (Free exchange, November 11th). Cars and the extensive road network in America have always been about culture as well as mobility. Principles such as freedom, independence and autonomy are reflected in the scale, character and abundance of the infrastructure. Unlike much of Europe, where small cars were designed to accommodate intimate existing streets, America paved its roads and later built its communities around cars. Americans drive larger vehicles than the rest of the world, in part because wide American roads allow for such largesse. With their disjointed urban design, American suburbs can be characterised as a space without place. Roads and the associated infrastructure, such as large shopping malls, calcify a car lifestyle.

The self-driving revolution will have an impact on this culture, especially in the North American suburb. Make the car do the driving and the expanded cabin space has significant implications for the behaviour of drivers, who will be free to work, play and perhaps enjoy a drive-through meal with a knife and fork in their cars. In an autonomous-burb, cars will function more like small buildings on the move.

This will have profound implications on the suburban cultural landscape that should be considered alongside the development of self-driving technology itself. As the song goes, the only way to live is in cars, but now innovation will change how we do so.

ALEX YUEN
Lecturer in urban design
Harvard University Graduate School of Design
Cambridge, Massachusetts

During his four-plus decades in power, Robert Moses, New York's controversial master builder, constructed a vast array of public works and became, in the words of Robert Caro, "perhaps the single most influential seminal thinker" in 20th-century urban planning. Urban planners from across the country frequently sought his consultation, and his vision of a city that was traversable by cars, criss-crossed by roads and highways and parkways ultimately influenced the designs of countless others.

AUBREY PERONA
New York

I was surprised that your article disregarded the basic externalities of cars. The lower housing costs of the suburbs are achieved at great personal cost, both in terms of the dollars that go towards owning and operating a car and because of the cost of time. You neglected the burden that America's car addiction places on individuals, particularly those on low incomes. On average, car expenses stack up to $1,000 a month. That is a huge cost for most families' budgets. The farther out you live the more likely you are to own more than one car. Our car-driving landscape often makes that cost unavoidable (going to a supermarket for example).

Then there are the environmental costs, in terms of air and water pollution, that our car dependence creates. As the impact of urban heat islands increases because of climate change, we are once again seeing the costs forced on families, who now pay for more air conditioning, updates to their homes and medical costs associated with increased temperatures.

There is a better way. Our communities should be constructed for people instead of cars. Giving people choices about how to get around is the foundation of communities that are safe, healthy and economically secure.

EARL BLUMENAUER
Representative for Oregon's 3rd congressional district
Washington, DC

Many cities with a car-friendly suburban footprint like Los Angeles have effectively run out of space for single unit housing. This deficit in supply caused prices to rise to the point that people can no longer afford to live there. Moreover, our roads may be 27% faster than our foreign counterparts, but our cities are 72% larger. This road infrastructure also comes at a direct expense to every other form of transportation. Rail, bus, biking and walking all require a certain degree of density that is incompatible with suburbia. And while the average American household may have two cars, what does that mean for those who can't afford the car payment, taxes, gas, and insurance that comes with owning a car?

The costs of our car culture come in the form of more expensive housing, less vibrant public spaces, dispersed public resources, and a more polluted environment. Weaning this addiction would alleviate many of these ailments.

WYN DOBBS
Resident physician
Johns Hopkins Hospital
Baltimore, Maryland

The return of Pedro Sánchez

You underestimate the extent to which the deals that Pedro Sánchez has struck with other parties to return as prime minister of Spain threaten the rule of law ("Spaniards on the verge of a nervous breakdown", November 18th). A parliamentary commission will not only investigate the supposedly politically motivated criminal prosecutions against separatists, but will also supervise the judges' application of Mr Sánchez's amnesty law. That is not just "a big concession" to Junts per Catalunya, the main separatist party in Catalonia, but a recognition that Spain is not a full democracy (which it is in all main international indicators) and a denial of the judiciary's independence. The agreements also single out the constitutional court as the source of the conflict, which is another attack on an independent institution.

Also, there is no "renunciation of unilateral action" in the agreement. Although the ruling Socialist party rejects unilateralism, the separatists maintain the legitimacy of their illegal and unilateral actions and could repeat them in the future. The deals also state that in Catalonia a "popular and parliamentary" legitimacy coexisted with the constitutional legitimacy, which is tantamount to declaring that a majority in parliament is not subject to the constitution.

The rule of law, the independence of the judiciary and the equality of citizens should not be the price to pay for keeping Mr Sánchez in power.

SEGISMUNDO ALVAREZ
President
Fundación Hay Derecho
Madrid

A profitable liquor

Your article on the boom in Indian-made whisky gave three reasons for its success: more middle-class consumers, greater acceptance of alcohol and growing confidence in domestically produced goods ("Swadeshi spirits", November 18th). However you skipped over the most elementary factor. Whisky imported to India bears duty of 150% and the domestic stuff can sell at the same price. This means that whisky produced in India has margins that would raise anyone's spirits.

STUART KING
Southwick, Dumfries

The theme of love

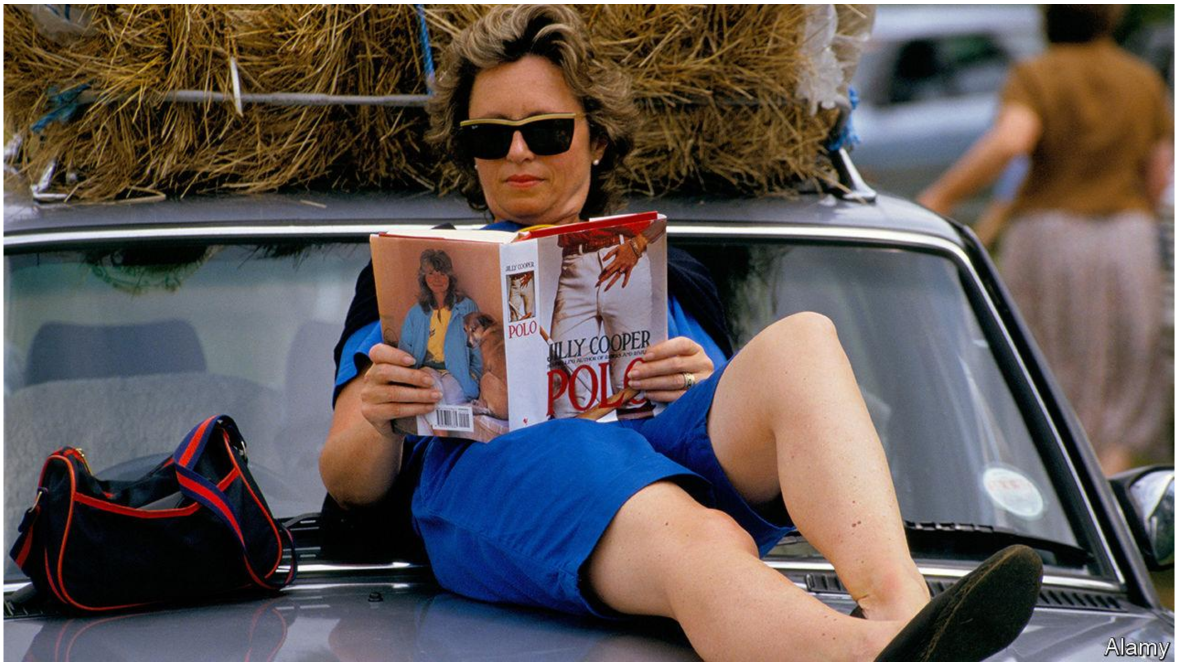
The stoic remarks of Edgar in "King Lear" arising from his father's laddish indiscretions and the horrible suffering that resulted from them are often taken as the bleak moral of the play (Back Story, November 4th). But tragedy is never that neat. Lear's shockingly narcissistic remark to his beloved daughter, "better thou hadst not been born than not to have pleased me better", leads him on a painful path that teaches him how to love unconditionally. Perhaps the intense grief of the last scene overwhelms this fact for some audiences. We are urged to love. It's all you need in the end.

MICHAEL MCCABE
St Catharines, Canada

Belgian influencers

There is some irony in citing Belgium as an example of the fading outsize influence of small states in the European Union (Charlemagne, November 11th). Since adopting the reforms of the rotating presidency that the column mentioned, two of the three presidents of the European Council have been, well, Belgian prime ministers (Herman Van Rompuy 2009-2014 and Charles Michel since 2019).

RAPHAËL SCHRÖDER
Budapest



Pressure at the dinner table

In discussing the world of Jilly Cooper's novels, passing comment was made on advice in the Debrett's guide to etiquette on how to deal with choking on food when at Royal, Diplomatic and Formal Occasions: "do it as discreetly as possible" ("Sex and horses", November 4th). Unfortunately, this somewhat risky approach to good manners goes back a long way. In 1601 Tycho Brahe, a Danish astronomer, was at a royal dinner in Prague and, as the evening progressed and the wine flowed, he found himself with a painfully full bladder. Etiquette decreed that he should not leave the table before his host so he sat compliantly until his bladder finally burst for want of relief. He died a few days later.

MICHAEL LAGGAN
Newton of Balcanquhal, Perthshire

By Invitation

- **Why the West needs to stop the global rise of revisionism**
- **Rhys Davies and Ben Keith argue that the UAE is a tainted COP host**

Geopolitics

Why the West needs to stop the global rise of revisionism

There is much more at stake in Ukraine than that country's fate, argues Kirill Rogov

Nov 29th 2023

IN RECENT WEEKS pessimism about the war in Ukraine has gripped Western media and opinion-makers. The Ukrainian counter-offensive over the summer and autumn yielded disillusionment. Leaks suggest that Western officials have broached the subject of possible peace talks with Russia with Ukrainian counterparts. Trumpian Republicans are blocking American military assistance to Ukraine.

That a stalemate on the battlefield would feed pessimism is not surprising. But the argument for scaling back support for Ukraine is premised on framing the war there as fairly isolated, and its loss of territory as tragic and unfair but neither existential for the West nor unique in modern times. This perspective gives the West an option on when and how to administer its help to Ukraine, and when to scale it back or stop. This logic is wrong and the perspective—convenient as it may be—leaves out a bigger and more disturbing picture.

Far from being an isolated conflict, Vladimir Putin's war against Ukraine has led to a wave of revisionism in international politics. Azerbaijan's lightning war against the ethnic-Armenian enclave of Nagorno-Karabakh and Hamas's attack on Israel may be different in scale, but they have the same cause: the weakening of guarantees and provisions that maintained the balance of power, encouraging previously constrained players to challenge this balance. The logic of revisionism suggests that each failure by the West to establish deterrence and each tactical retreat—in Ukraine, Syria, Azerbaijan or the Middle East—is another step on the way to dismantling its geopolitical dominance.

Those who urge Ukraine to negotiate with Mr Putin must understand that he is mainly interested in two things. One is to force Ukraine to recognise and accept his conquests—at a minimum Russia's land corridor to Crimea—as *faits accomplis*. The other is to humiliate the West by showing that it is unable to secure, and thus will betray, Ukraine.

Pundits close to the Kremlin are already citing what Henry Kissinger, America's former secretary of state, recalled being told by Hafez Assad, Syria's dictator at the time, after the Yom Kippur war of 1973: "You [America] have betrayed Vietnam. Someday you're going to sell out Taiwan. And we're going to be around when you get tired of Israel." Revisionists draw strength from these words.

Countries that have previously drawn comfort from American guarantees are feeling unsettled. In a recent report RAND, a global-policy think-tank, urged America to provide additional assurances of its nuclear-umbrella commitment to South Korea, which is losing its faith in American guarantees and considering its own nuclear-weapons programme to deal with a growing threat from North Korea and China.

This unease reflects a fundamental shift. For many decades security guarantees offered by America were seen by allies as iron-clad. That perception is changing. One reason is the world's inability to halt North Korea's nuclear programme. Another is dwindling confidence in the bipartisan political consensus required in Washington for America to convincingly fulfil its commitments.

Revisionists thrive not on confidence in their own relative strength but on doubts about the resolve of the hegemon. There is no doubt that America is stronger militarily than North Korea, Russia and China, and they know this. But they also know that they can compensate for their relative weakness with their resolve and appetite for risk.

In the first year of the war in Ukraine, the West hesitated over handing advanced weapons to the government in Kyiv, giving Russia time to prepare for a war of attrition. And today's talk of "tiredness" is nothing but a euphemism, used to dodge obligations for long-term assistance to Ukraine in a protracted war with unclear results. In a recent opinion poll for the European Council on Foreign Relations and Oxford University, conducted in 21 countries around the world, only in America did half or more of respondents express confidence in Ukraine winning the war within five years. The prevailing view in the global south is that Russia will emerge victorious—revealing distrust of the West's promises to help Ukraine.

While the West contemplates the setbacks of the Ukrainian counter-offensive, Russia, China and the global south are contemplating the West's failure to contain and punish Mr Putin's aggression. And in the logic of revisionism the accumulation of these setbacks brings closer the moment when the West will be faced with a challenge of far greater stakes, be it over the Korean peninsula or Taiwan. If the West is tired and disappointed with Ukraine, it hardly has the luxury of time to revitalise itself.

Talk of fatigue and the need for negotiations only strengthens the resolve of Mr Putin, the revisionist-in-chief. He is betting that the West will eventually abandon Ukraine, exhausted by its costs. The only outcome of negotiations that would satisfy him lies well beyond anything that Ukraine could accept.

Proponents of peace talks in the West argue that any agreement should be accompanied by "solid" security guarantees to Ukraine. But they don't clarify the nature of these guarantees. In reality, the only credible guarantee is NATO's commitment to go to war with Mr Putin if he crosses the agreed lines. But this commitment may be even less palatable in the West than continuing support of Ukraine.

There is, moreover, no “freezing” option for the West in this war that comes without steep costs, because failing to show its determination and to take risks would inspire new challenges to its power, with ever higher stakes. The rise of revisionism no longer looks like a fantasy in the minds of strategists in Moscow and Beijing. And the only way to stop it is for the West to prove its credibility with deeds rather than words. ■

Kirill Rogov is a Russian political scientist and writer. He is a fellow at the Institute for Human Sciences in Vienna and the founder of Re: Russia, a policy network.

COP28: host of questions

Rhys Davies and Ben Keith argue that the UAE is a tainted COP host

The Gulf state's human-rights record suggests it is no champion of open dialogue, say the two lawyers

Nov 27th 2023

IN THE LANDSCAPE of international diplomacy, the choice of a host country for a global summit is often symbolic. As the world prepares to converge in the United Arab Emirates (UAE) for the COP28 climate conference, the decision to host such a pivotal event in the heart of the Middle East warrants scrutiny.

The UAE has sought to position itself as a beacon of modernity. Yet the decision to hold COP28 in the Gulf state is problematic. The UAE's economy is heavily reliant on oil and gas, and it is one of the world's highest per-person carbon emitters. The BBC has just reported on leaked documents that suggest the UAE was looking to use its position as host of the summit to negotiate bilateral fossil-fuel deals. (The UAE's COP team did not deny this but said "private meetings are private".)

Even setting aside concerns over the UAE's commitment to the green transition, there is another reason to question its choice as host: the country's record on human rights. The very essence of COP28 is to address the pressing challenges of climate change and it demands open dialogue, inclusivity and respect for fundamental rights. Holding the conference in a country where dissenting voices are often brutally silenced sends a conflicting message that is sure to undermine the credibility and efficacy of the summit's outcomes.

In recent years the UAE has embarked on a strategic campaign to bolster its global image. Its foray into renewable-energy projects and its hosting of COP28 is an attempt at greenwashing, a bid to present itself as a leader in the fight against climate change. Likewise, its investments in European football clubs, its partnerships with global sporting icons and its hosting of impressive sporting events, including a Formula One grand prix, are emblematic of sportswashing. The aim? To polish the country's image and shift the narrative.

Similarly, the UAE's investments in museums such as the Louvre Abu Dhabi and international film festivals are a form of culture-washing. By positioning itself as a patron of the arts and culture, the Gulf state crafts an image of sophistication and global cosmopolitanism. Yet, beneath these veneers, the pressing issues of human-rights violations and political suppression remain.

The UAE's human-rights record is dreadful. Freedom of expression is severely curtailed. Dissent, whether in the form of online activism or peaceful protests, is met with unapologetic repression. The case of Ahmed Mansoor, a blogger and human-rights activist imprisoned since 2017 for his advocacy, illustrates a larger, systemic issue: the state's intolerance of criticism.

Our work on human rights in the UAE has shown the dark underbelly of the regime. One of our clients, Ryan Cornelius, a British citizen, has been languishing in a Dubai prison for 15 years in a politically motivated case. A UN panel's finding that he has been arbitrarily detained and demands for his release have fallen on deaf ears. Another client, Zack Shahin, an American, has also been caught in the dishonesty of the UAE's judicial system—and the UN's plea for his release has also been ignored.

The UAE's geopolitical dance, especially its cosying up to Russia and its embracing of sanctions-busting, shows the Gulf state's true colours. Can the world's democracies, in good conscience, engage properly with a host country whose alliances raise questions about its commitment to global peace and co-operation?

The West's engagement with the UAE is a reflection of the shifting networks of global power. Old hierarchies are being challenged and reshaped. COP28, in this context, is not just about environmental policies but also about recognising and navigating these evolving networks of influence. The UAE's role as host is double-edged. On one hand, it offers the country an opportunity to showcase its advancements and commitment to sustainability. On the other, it rightly places its human-rights record under the global microscope.

The West often sees the UAE as an important ally in a troubled region, especially in terms of security and intelligence. However, diplomacy must be balanced with accountability; engagement should not be at the expense of turning a blind eye to its brutality. The COP28 summit presents a unique opportunity, not just to address the existential threat of climate change, but also to champion the universal values of human rights and justice. In a world in which democracy is increasingly under threat from populism and autocracy, this is all the more important.

As delegates gather in the UAE, the world must not be swayed by the country's architectural marvels or its apparent environmental initiatives. Behind the gleaming façades lies a more complex narrative. The UAE's leadership in hosting COP28 must properly be measured not by its hospitality or logistical prowess, but by its willingness to introspect, reform and align itself with the universal principles that democracies hold dear. The world watches, and it expects nothing less than genuine commitment and change.■

Rhys Davies and Ben Keith are international human-rights barristers at Temple Garden Chambers and 5 St Andrew's Hill Chambers, respectively.

They run International Human Rights Advisors.

Briefing

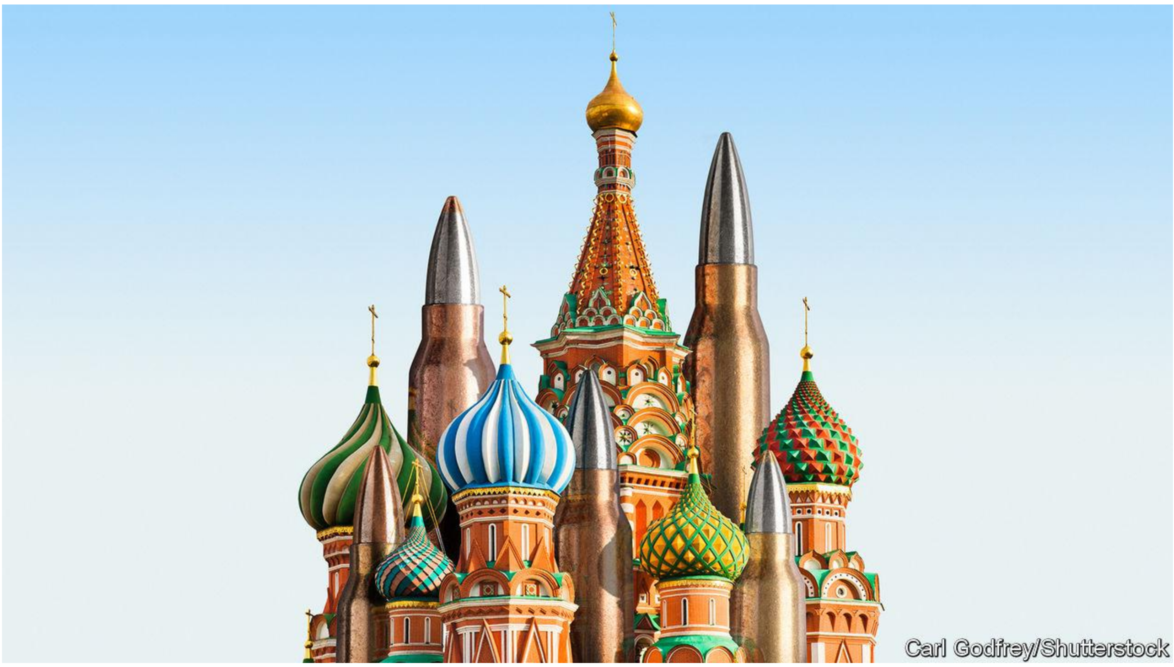
- [How Putin is reshaping Russia to keep his war-machine running]()

For the fatherland

How Putin is reshaping Russia to keep his war-machine running

He is creating a class of wealthy bureaucrats, who are the war's biggest supporters

Nov 30th 2023



WAR AND sanctions notwithstanding, in early November, the renovated Soviet-era "Exhibition of Achievements of the National Economy" re-opened in Moscow. The original, inaugurated in 1939 just weeks before Germany and Russia invaded Poland, papered over the famine and terror of the preceding years. Instead, displays extolled the wonders of Soviet science and the virtues of collectivisation; a special ice-cream hall doled out treats to the masses and a 25-metre statue of Stalin gazed down munificently. Millions died in the dictator's "great break" with the past, and Russia's economy and society were completely reshaped, but it was all depicted as unadulterated progress.

It is a similar story with today's refurbishment, where a futuristic screen-lined tunnel regales visitors with the glories of the past 20 years, under the leadership of Vladimir Putin. A pavilion celebrating Russia's regions features Donetsk, Kherson, Luhansk and Zaporizhia, four provinces the Russian army is currently attempting to seize from Ukraine. The only hint of the continuing bloodshed is a flower composed of bits of shrapnel. The initiation of the biggest war in Europe since 1945, the re-imposition of a police state within Russia and the categorical reversal of the reforming and Westernising trends of the early post-Soviet period are nowhere to be seen.

It is an especially far cry from the shock and confusion of the early days of the war, when the rouble plunged, hundreds of thousands fled the country and protests rocked Russia's cities. Mr Putin has since succeeded in stabilising the economy, thanks to the high price of oil, and in squelching dissent, thanks to fierce repression. That has allowed him to retain the allegiance of the elite, who in turn are helping the country adapt. The new equilibrium is unstable, however, with the economy and military recruitment, in particular, threatening further upheaval.

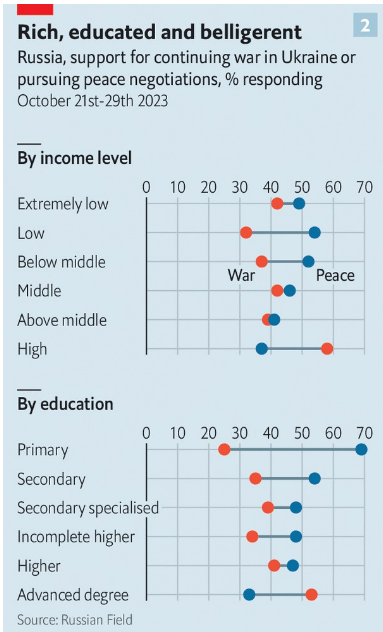
Unsheepish sheep

On the face of things, most Russians have meekly accepted the war in Ukraine, which will soon be two years old. Two-thirds tell Russian Field, a pollster, that the country is moving in the right direction and over half say the war in Ukraine is going well. "I knew that society is totally conformist, but I still didn't expect that incredible measure of psychological adaptation. People have just shut themselves off and tried to live their usual old lives," Nalalya Zubarevich, an academic, said in a recent interview.

Open protest is rare, for obvious reasons. On November 16th Alexandra Skochilenko, an artist and activist, was jailed for seven years for replacing price tags in a St Petersburg supermarket with anti-war messages. ("My great-grandfather did not fight in WW2 so that Russia could become a fascist state and attack Ukraine," read one.) It is not just peaceniks who are persecuted: at least one ultra-nationalist dissenter, Igor Girkin, a retired soldier and blogger, has been jailed for complaining that Mr Putin is not fighting forcefully enough.

The Economist

But just because the majority of Russians have accepted the war does not mean that they are enthusiastic about it. A hastily concocted propaganda film about dastardly Ukrainian "fascists", which cost $2m to make, was a spectacular flop, collecting just $150,000 at the box office. Despite their professed support for the war, the respondents to Russian Field's polls are firmly against a further round of mobilisation, even if Mr Putin himself calls for it. In October, for the first time during the war, a majority of respondents expressed support for peace talks over continued fighting (see chart 1). Fully 74% say they would be happy for Mr Putin to sign a peace deal right away.



The Economist

Perhaps unsurprisingly, the younger people are, and the more they get their news from social media rather than state-run television, the more sceptical about the war they are. More strikingly, however, the richer and more educated people are, the more supportive they are (see chart 2). As an anonymous Russian academic explains in a recent article in *Meduza*, an online publication, there is a big class of bureaucrats and businessmen who have attained their status through patronage and who will uphold the regime to protect it. "They number millions and they have fitted into the moral economy of military aggression," the academic writes.

In part, such people are kept in line by fear, like everyone else. In the first months of the war a spate of mysterious deaths of businessmen and managers at state-owned firms helped to instil fealty. The chairman of the board of Lukoil, Russia's biggest private oil firm, fell to his death from a hospital window in Moscow a few months after the board issued a statement calling for a ceasefire. Western sanctions against oligarchs have helped keep the monied class on board, too.

Look away

But civil servants and businessmen also have long experience of suppressing scruples and working the system. Many have transitioned smoothly from the

Soviet bureaucracy. "They are driven not by ideology, but by loyalty to their corporation, be it the central bank or finance ministry," says Mikhail Komin, who has been surveying Russian technocrats. They see the task of keeping the ship of state afloat as a professional challenge, not a moral quandary.

Maksut Shadaev, the 44-year-old minister for digital transformation, is a good example. He worked at private IT firms in the 1990s, before joining the government to help build a sleek, user-friendly web portal and mobile app that allows citizens to access such public services as making a doctor's appointment and enrolling children in school. He is now using those same skills to build a system dubbed the "digital gulag"—a comprehensive register to help track men eligible for the draft.

By the same token, Russian businesses have helped stabilise the economy not out of any affection for the state, but because they excel at coping with big, unexpected and often arbitrary shifts in their circumstances. Andrei Yakovlev of Harvard University, who has conducted a survey of Russian entrepreneurs, says that having lived through several financial crises and done constant battle with predatory bureaucrats, they put a premium on preparing for the worst. The disappearance of Western imports and the closure of Western firms, meanwhile, has opened new niches for Russian companies. At the same time, the capital controls imposed by the central bank have left them with few options but to invest in Russia. The government has offered loans and even ordered bureaucrats not to harass them.

It helps, of course, that vast quantities of petrodollars have been sloshing around the economy. In the first year of the war Russia earned $590bn in export revenues—most of it from oil and gas. According to calculations by Re: Russia, a network of experts, that is $160bn more than the annual average over the prior decade. In the second year, revenues should still be some $60bn above the average. Re: Russia believes that the war costs at least $100bn a year—so the extra income from oil covers most of the expense of waging it.

The government's budget increased by 26% last year and will rise by another 16% next year. Defence spending will almost double next year, to 6% of GDP—the highest it has been since the collapse of the Soviet Union.

It now accounts for a third of all government expenditure. Spending on health and education, meanwhile, is falling in real terms. As Anton Siluanov, the finance minister, recently declared, “The main emphasis is on ensuring our victory. The army, defence capability, armed forces, fighters—everything needed for the front, everything needed for victory is in the budget.”

Such lavish outlays will not be sustainable indefinitely. The central bank is struggling to restrain rising inflation, which reached 12% year on year in the third quarter of this year. It has raised interest rates to 15%. The authorities, meanwhile, are forcing exporters to convert their revenues to roubles to stave off further devaluation, which would exacerbate inflation. Some 43% of Russians expect their economic situation to worsen in the next year or two, while only 21% expect it to improve, according to Russian Field.

For the moment, however, there is a bonanza, especially in certain parts of the economy and certain segments of Russian society. “Unlike oil, guns drive industrial growth,” argue Alexandra Prokopenko and Pavel Luzin at the Carnegie Russia Eurasia Centre, a think-tank. Construction, consumption and services are growing in regions close to the war zone or with lots of munitions factories. In the far east there is heavy investment in infrastructure to expand trade with Asia, since ties to Europe have withered.

Moscow and St Petersburg do not benefit much from the new order, but depressed industrial regions—Mr Putin’s heartland—are living better than they have for years. In Izhevsk, a poor city close to the Ural mountains which produces guns, missiles and equipment for electronic warfare, the average salary has gone up by 25% since the start of the war. An organic supermarket, VkusVill, and a pan-Asian restaurant, Royal Rolls, recently opened. In Rostov-on-Don, the headquarters of the military district encompassing the front, catering businesses are seeing a 77% increase in turnover. “A lot of men with good appetites have arrived there,” says Ms Zubarevich.

Russia’s vast and poor hinterland has also benefited from the cash the authorities are dangling in order to secure more recruits to the army. Those who volunteer are paid around 195,000 roubles a month, four times the newly increased average salary in Izhevsk, and a one-off bonus on enlistment of 195,000 roubles. The families of those killed in battle receive generous payments, too. Vladislav Inozemtsev, a Russian economist at the Polish Institute of Advanced Studies in Warsaw, estimates that the family of a soldier who gets killed after five months' service would receive about 15m roubles in total, including pay and compensation. It would take an average Russian man 30 years to earn as much. Life expectancy for a Russian man is only 65. Mr Putin's regime is trying to turn getting killed into an economically rational choice, argues Mr Inozemtsev.

Nonetheless, Russia appears to have a manpower problem. The forced mobilisation announced a year ago—the first since the second world war—caused panic and anger. Enlistment commissions were set ablaze and hundreds of thousands of young men fled the country or hid within Russia. Those who were called up then remain at the front, despite promises that they would serve for only six months. That has spawned a protest movement led by their wives and mothers called *Voina Zaebala* (Fucked off by the war). "We don't give birth for our children to be killed," complains an agitated mother in a video that has circulated widely on social media.

The police are searching energetically not only for draft-dodgers, but also for migrants from Central Asia, whom they seem to be press-ganging into military service. They recently raided warehouses belonging to Wildberries, Russia's largest online retailer, bringing its service to a halt. There are often raids on student dormitories, too.

Meanwhile the Duma, Russia's parliament, is preparing for more rounds of mobilisation. The maximum age subject to conscription has been raised from 27 to 30 years. The time former servicemen remain reservists has been extended by five years, to 60 in the case of junior officers. The law has been changed to require employers to turn in their staff for military service. As Andrei Kartopolov, chairman of the Duma's defence committee, explained, "This law was written for a big war, for a general mobilisation. And you can already smell that big war in the air."

But a shortage of manpower is not the army's only problem. Aleksandr Golts, author of "Military Reform and Militarism in Russia", argues that it is also short of junior officers, training capacity and equipment. The higher military spending is, in all likelihood, wildly inefficient. Russia's arms industry is notoriously corrupt: kickbacks are estimated by some to double the cost of procurement. It is also starved of skilled labour. Yuri Borisov, the deputy prime minister, says it needs another 400,000 engineers, IT specialists and managers.

There is talk of increasing state control over the economy, to abet the war effort. Denis Manturov, the deputy prime minister who oversees military procurement, has said that state planning may have to be reintroduced in the defence industry. "We are talking about economic security in war conditions…Let's go down the path of nationalisation of the main sectors of our economy," Alexander Bastrykin, the head of the anti-corruption agency and a university classmate of Mr Putin's, said recently. Eighteen big companies have been nationalised in 2023, many of them in the name of restoring looted property to the state. The prosecutor-general has reported to Mr Putin that the courts have heard 24,000 cases involving the loss of state property.

State-owned firms are playing an ever bigger and more varied part in Russian life. Gazprom, Russia's state-owned gas monopoly, for example, owns several media outlets. It has also manned, equipped and funded several military brigades. Rosneft, the state-owned oil giant, builds ships and oversees a research project on the Eurasian variants of the human genome.

The bureaucrats who oversee these sprawling empires are often businessmen in their own right, with overlapping interests. Mr Manturov, for instance, sits on the board of Rostec, a state-owned defence conglomerate. The chairman of Rostec is Sergei Chemezov, a former KGB agent who served with Mr Putin in East Germany. Mr Chemevoz's and Mr Manturov's families jointly own ports, hotels, luxury properties and a vineyard, among other investments.

An increasingly common pattern is for the children of Mr Putin's friends and associates to take prominent roles in industry and government. Dmitry Patrushev, the minister of agriculture, is the son of Nikolai Patrushev, the secretary of the national security council. Ekaterina Tikhonova, Mr Putin's own daughter, chairs a business lobby group's committee on import substitution. VKontakte, Russia's biggest social-media platform, is partly owned by various state-owned companies and jointly run by the son of Mr Putin's deputy chief-of-staff and by the great nephew of a rich businessman who is said to be one of Mr Putin's closest confidants and an advocate of the invasion of Ukraine.

Russia's decision to ban Facebook and Instagram at the start of the war boosted VKontakte's users by 4m in just a few weeks. It now has a penetration rate of 75%, is assumed to be closely monitored by the security services and is instrumental in spreading pro-war messages. "This is Putin's dream and an ideal model: everything in one place, run by the children under the supervision of the KGB," says Kirill Rogov, the founder of Re: Russia.

Hero of a crime

To justify his reconstruction of the Russian economy and to explain away his lack of military successes, Mr Putin is reframing the war as one not with Ukraine, but with the West, in which Ukraine is simply "a battering ram" used to pummel Russia. New history textbooks explain to pupils that Russia has always been and will always be in a state of war with the West. This narrative allows Mr Putin to depict everyday activities as a triumph. "Enabling Russian companies to successfully tap the market is a victory… Building cutting-edge factories and kilometres of new roads is a victory… Scientific discoveries and new technologies—these are also victories," he boasted in a speech on the anniversary of the invasion.

Such talk hints at the contradiction at the heart of Mr Putin's approach to the war. He wants both to mobilise ever more manpower and money for the fight and at the same time to secure Russians' acquiescence by disrupting their lives as little as possible. As ever more power and resources are redistributed within Russia, this contradiction will become even more glaring. His regime's wobbliest moment yet came in June, when bickering between the army and Wagner, a mercenary group led by Yevgeny Prigozhin, a close friend of Mr Putin, escalated into outright mutiny. Although Mr Prigozhin quickly backed down and later died in a convenient plane crash, it was a reminder that it is not easy to balance the competing interests within Russia's elite. As economic dislocation increases and resources get more scarce, those conflicts will only grow. ■

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Asia

Asian defence

Narendra Modi is remaking India’s 1.4m strong military

The goal is to close the gap with China

Nov 29th 2023

NARENDRA MODI, India’s prime minister, often dons fatigues while visiting troops in Kashmir. On November 25th he went one better by squeezing into a flight suit and taking a sortie over Bangalore in a Tejas fighter jet. The Indian-designed plane embodies Mr Modi’s push for India to make more of its own weapons. It also embodies much of what has gone wrong with the country’s defence. The jet is 20 years behind schedule, underpowered, and disdained by Indian pilots.

India’s growing geopolitical clout is based in large part on a hope that it can balance Chinese power. That makes the modernisation of the partly antiquated Indian armed forces—the second biggest of any country, with 1.4m full-time personnel—a matter of global interest. Follies like the Tejas make it easy to be pessimistic. The forces are also heavily reliant on Soviet-legacy hardware. Successful modernisation, assuming it happens, is likely to take decades. Yet a close look at India's defence efforts reveals several areas of significant and underappreciated progress.

This starts with a striking shift in focus. Indian leaders have talked about China as the main enemy for 25 years. But deployments told a different story. Only 12 of the Indian army's 38 divisions historically faced China. Terrorist attacks emanating from Pakistan and domestic insurgencies absorbed most of the army's attention. The trigger for change came in June 2020 when, after years of rising tensions, Indian and Chinese troops clashed violently, with clubs and machetes, in the Galwan valley in the mountains of eastern Ladakh.

After that skirmish, which resulted in the deaths of 20 Indian soldiers and at least four Chinese ones, India swiftly moved 68,000 troops and a bevy of tanks to the area, where a lone infantry division had previously covered 800km (500 miles) of front line. Jets and helicopters were sent to northern bases. A push for new roads, tunnels and bridges was accelerated—60% of border roads built in the past three years have been in states bordering China.

The Economist

The most important change was that units which were once "dual-tasked"—instructed to keep an eye on both China and Pakistan—were told to focus on

China. The Indian Army's I Corps—one of the three armour-heavy "strike corps" originally built to scythe through Pakistan—was taken away from the Pakistan-facing western command and placed under the northern command, responsible for Ladakh (see map). "I spent two-thirds of my career looking at Pakistan," says Raj Shukla, a retired general. "Today the posture reflects the threat."

The second change is the biggest reorganisation of India's military command structure since the country's independence in 1947. In 2020, six months before Galwan, Mr Modi created a new post: a chief of defence staff, or CDS, to sit above the army, navy and air-force chiefs and push them to become more joined up. Previous governments had shied away from this move, fearing that a too powerful general would threaten civilian supremacy.

The reforms also included what passes for an electrifying innovation in India's hidebound bureaucracy. Indian officers had long grumbled that they were bossed around by militarily illiterate civilian bureaucrats in the defence ministry; an agriculture specialist could have the authority to second-guess the size of a warship's armament. Mr Modi thus created a new Department of Military Affairs (DMA) within the ministry. Its innocuous title concealed the fact that some civilians would work under uniformed officers—a notable tilt in civil-military relations.

Three years on, the reforms have mixed reviews. They have been "absolutely game-changing", says General Shukla. They "gave the military back its legitimate voice in national-security decision-making". But progress has been slower than some expected, in part because the first CDS, General Bipin Rawat, a charismatic former army chief, died in a helicopter crash in December 2021 after less than two years in office. Mr Modi then left the post empty for ten months before appointing General Anil Chauhan, a less authoritative figure.

Disjointed at the top

Progress on theatre commands has been achingly slow, in large part thanks to resistance from the air force. It is loth to see its shrinking fleet of aircraft parcelled out among several theatres, commanded by generals and admirals and devoted to tactical skirmishing on the front lines rather than strategic attacks deep into enemy territory. The first theatre commands, due to be launched next year, will be fragile experiments in inter-service harmony.

The third shift is in technology. India's Defence Research and Development Organisation (DRDO), a state-owned behemoth, is good at building missiles—and bad at almost everything else. DRDO describes the Tejas as a "spectacular aviation triumph". Most Indian pilots would keel over laughing at this. Indian services tend to prefer foreign weapons—Russian, European and increasingly American—to those produced by the state-owned arms firms and ordnance factories that have traditionally dominated the defence industry.

That is still largely the case for tanks, jets and other big-ticket items. The Arjun, an Indian-designed tank, first appeared in the late 1990s. More than 100 early variants were delivered to the army. But it suffered broadly the same fate as the Tejas, rejected by its would-be users—Indian armour officers—as overweight and obsolete. Yet there are flickers of promise elsewhere.

In 2014 the army's seven main field commanders had almost nothing to spend on their own research and development or kit. In 2021 General Shukla, then in charge of the army's training and doctrine command, was given just over $800,000 to spend on technology. A year later it rose to $18m—trifling by American or Chinese standards, but a leap forward for India. The northern command alone now has around $240m to buy and maintain new tech.

The beneficiaries have been smaller private firms—including many launched in recent years. The army was once "hostile to the concept of the private sector and startups", says General Shukla. "Today it is embracing them." According to Vrinda Kapoor, CEO of 3rdiTech, an Indian chip company, a few years ago she would have struggled to get a meeting with the armed forces. Secrecy rules prevented useful conversations anyway. That changed on both counts in 2019. "What I'm seeing now", she says, "is a rapid change in mindset." After Galwan, military services were given emergency powers to issue single-vendor contracts for up to $36m without cumbersome bureaucratic sign-off or competitions. If a firm nails trials, it gets the order.

This approach will not produce a new tank fleet. "There is still no capability for producing or integrating large systems in the private sector," says Srinath Raghavan, an analyst. But it enables cutting-edge kit to be sent to front-line units quickly. This year NewSpace Research & Technologies, a Bangalore-based firm, supplied the Indian Army with two sets of 50 swarming drones each. These were field-tested by one of the strike corps in an exercise in November, says Sameer Joshi, a former fighter pilot and the company's CEO.

A Himalayan posture

Old ways are being disrupted. That same exercise in November also tested Mr Joshi's cargo drones, which are capable of carrying 50kg in mountainous areas where troops once relied on animal transport. They will put paid to the army's 10,000 mules and drivers—eventually. "Although the breeding of mules has been stopped," noted General M.M. Naravane, another former army chief, "at normal depletion rates, the mules will still be around for at least another two decades."

Not every reform has been universally welcomed. Last year a huge row erupted when the government announced an "Agnipath" scheme to recruit 46,000 "Agniveers"—holders of a new rank—who would serve fixed four-year terms in uniform. Supporters say the scheme will bring down pension costs, which soak up more than a fifth of the defence budget, and lower the average age of soldiers from 32 to 26. It could yet result in a more diverse and representative army of the sort that India's founding fathers envisioned.

Sceptics fear it is at best a jobs scheme, at worst a form of social engineering designed to further Mr Modi's Hindu-nationalist agenda. General Naravane does little to allay such fears in describing the project as a useful means by which India's young population can be "disciplined and imbued with a nationalistic fervour". Walter Ladwig of King's College London warns that this could have operational consequences: "If the military is primarily being used to inject national character into the youth, by running them through military discipline, that potentially has deleterious effects on readiness."

Many army officers worry that Agnipath will destroy the regimental system, bequeathed by the British, under which some regiments recruit from particular castes and ethnic groups. The government denies that is its aim. But Mr Modi is committed to "decolonising" the armed forces by eliminating British names, rituals and insignia and introducing the study of ancient Hindu texts in military academies. Top commanders also increasingly refer to India as "Bharat", according to Mr Modi's wish.

The Economist

A bigger concern is that the gap with China remains a chasm. In 2014, when Mr Modi took office, India's defence budget was 23% that of China's (see chart). It is now 28%. But the many areas of shortfall are stark. India's air force has an official target of 42 squadrons. It stands at just 31, a gap of more than 200 planes, with creaking MiG-21s being phased out quicker than new jets arrive. Indian air-force officers acknowledge privately that they are technologically at least a decade behind the People's Liberation Army (PLA) in the air domain.

The navy is also far short of its ambition of a 175-ship fleet by 2035, with 150 ships and submarines to China's 370. Talk of a three-carrier navy seems fanciful. A $4.8bn indigenous aircraft-carrier will be ordered soon, but will arrive only when the older of the two existing carriers is retiring. The new vessel will be far smaller than planned, with a tonnage around half that of China's newest carrier. Admiral Karambir Singh, navy chief until 2021, is upbeat on his service's trajectory. But he notes that China's newest destroyers can carry 112 missiles in their vertical launch systems. India's carry only eight or 16.

Meanwhile the army faces serious constraints. Around 45% of its equipment is obsolete, according to data provided to the Indian parliament's defence committee in March. Its war stocks are supposed to last for 40 days of intense fighting on two fronts. In 2017 the state auditor said that many types of critical ammunition would run out after ten. And the army has largely shuffled around existing units rather than raising new ones. The heavy commitment of forces on the border with China "has had all kinds of downstream consequences", says Mr Raghavan, pointing to a sustained recent flare-up of ethnic violence in the north-eastern state of Manipur.

In private, Indian officials reckon they could not take on China for 30 years. Sushant Singh, a former Indian Army officer who now lectures at Yale, says India has watched helplessly as China nibbled at disputed territory in Ladakh and denied Indian troops access to 26 of the 65 points they once patrolled. "A humiliating situation exists on the China border," he says.

Others are more hopeful. "In the last nine years there has been a monumental change," says General Shukla, pointing to the institutional reforms as well as Indian air strikes against Pakistan in February 2019 and a bold air-land raid in the Kailash range in Ladakh in August 2020. That operation, which gave India oversight of a Chinese garrison, took the PLA by surprise.

India’s aim is to “add military muscle without spiralling costs”, says the general. The ratio of Indian to Chinese defence spending is about the same as that of Chinese to American, he observes. ’’Why is it”, he asks, “that China causes displacement anxiety in Washington, and we don’t cause similar displacement anxiety in Beijing?” Indeed, India’s progress should already be giving China pause.■

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What’s yours is mine

The insidious campaign to demolish mosques in India

Hindu nationalists are using the courts to try to “reclaim” Muslim holy sites

Nov 30th 2023 | VARANASI

IN A CRAMPED home down a narrow alley in Varanasi, a hard-line Hindu activist flaunts a piece of mosque booty. It is a brick from the 16th-century Babri Masjid in Ayodhya, in north India. “I got it on December 6th 1992,” says Sohan Lal Arya, referring to the day the mosque was torn down by a Hindu nationalist mob. Mr Arya and other of its members, including leaders of the now-ruling Bharatiya Janata Party (BJP), claimed the mosque had been built on the birthplace of Ram, a Hindu god.

The destruction of Babri Masjid, which sparked riots in which some 2,000 people died, was the culmination of a years-long campaign by BJP leaders to replace the mosque with a Ram temple. It galvanised the Hindu-nationalist movement, radicalising and recruiting millions of Hindu activists, and helped propel the BJP from the outer margins of Indian politics to become, by 1996, the biggest party in the Lok Sabha, India’s lower house. When

Narendra Modi, India's prime minister, inaugurates the long-promised Ram temple in Ayodhya next month, it will complete a staggeringly effective political campaign—from which the BJP leader will aim to wring yet more advantage. The ceremony will be the unofficial launch of his campaign for an election expected in April, at which the BJP could become the first party since 1971 to win a third consecutive majority.

The new Ram temple was made possible by India's Supreme Court, which in 2019 rewarded the destroyers of the mosque by ruling that the site should be handed to a Hindu trust. Emboldened by this, Hindu activists such as Mr Arya are now targeting thousands of other mosques across India, including one in Varanasi, 200km (125 miles) south of Ayodhya. Built in 1669 by the Mughal emperor Aurangzeb, the city's Gyanvapi mosque sits on land formerly occupied by a Hindu temple. A long-standing local Hindu grievance, this has recently been raised by BJP activists to a matter of national importance. Some, including Mr Arya's wife, claim to have found extant temple remains at the site.

The mosque is now surrounded by high metal fencing and guarded by armed police. As a possible augury of its fate, a neighbouring Hindu temple complex has been massively expanded; it now looms over the disputed mosque. The temple expansion is thanks to the local Lok Sabha member, Mr Modi. The prime minister has vowed to restore the area to its "lost glory".

Untangling competing claims about events that occurred centuries ago is impossible. Some historians believe that, even before the Gyanvapi mosque site housed a temple, it housed an earlier mosque, and an even older temple before that. A law passed in 1991 sought to allay such disputes by mandating that places of worship should retain the status that they had at independence in 1947. Despite this, a court in Varanasi controversially ruled in the Hindu activists' favour. Researchers from the Archaeological Survey of India, which looks after national monuments, have therefore been inspecting the mosque site for traces of Hindu worship. It is due to present a report to the Allahabad High Court later this month.

Agitating to replace mosques with temples illustrates Hindu nationalism's strange mix of triumphalism and insecurity. It feeds a narrative that Hindus (who are 80% of India's population) are victims, with grievances both old (such as oppression by Muslim emperors five centuries ago) and new (such as "love jihad", a conspiracy theory that Muslim men are plotting to seduce and convert Hindu women). Such scare tactics help distract from the BJP government's failures in other areas, including high unemployment and the filthy state of the Ganges river at Varanasi, though it is also sacred to Hindus and cleaning it up is another pet project of Mr Modi's. Nonetheless, he is "the best prime minister ever; he's like a saint," says Shravan Kumar Mishra, a bead wholesaler in Varanasi. Thanks to Mr Modi, he says, "Hindus walk with their heads held high, and Muslims keep their heads down."

Not far from the Gyanvapi mosque, when *The Economist* visited, was a poster of Mr Modi emblazoned with the slogan: "1.4 billion people. 1 dream". In smaller letters, it clarified that this referred to the laudable goal of generating lots of electricity, on which the Modi government has made good progress. Yet the poster also depicted the steps outside that rapidly expanding Hindu temple in Varanasi. No wonder India's 200m Muslims fear for their place in the increasingly Hindu-dominated country of which Mr Modi and his party dream. Many Muslims will look on the coming election season with dread. ■

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Plain stupa

Sri Lankans are squabbling over monuments

Tamils and Sinhalese have found something else to row about

Nov 30th 2023 | THANNAMURIPPU

ON A WOODED hill edged by rice fields in Sri Lanka's northern Mullaitivu district sit the ruins of an ancient Buddhist monastery. Members of the country's Sinhalese majority call it "Kurundi Viharaya". For Tamils, who are mostly Hindus and consider the war-battered north their homeland, it is "Kurunthoor Malai". Since 2018, when the state archaeological department began excavating the site, Tamil and Sinhalese nationalists have rowed over which community has a greater claim to it.

Sri Lanka's long civil conflict, between the secessionist Tamil Tiger rebels and Sinhalese-dominated government, has left deep scars in Mullaitivu. Tens of thousands of Tamil civilians were slaughtered by the army there in 2009 during the war's terrible denouement, according to the UN. Some locals who fled the fighting were only permitted to return in 2013. It was around then that the department started showing interest in the many archaeological sites, including Kurundi, dotted across the vanquished Tigers' former domain.

The Kurundi complex dates back to the 2nd century BC, with extensions added over subsequent centuries. The limited area that has been excavated includes a stupa, or Buddhist reliquary tower, and an image house, used to display representations of the Buddha. On the site's summit, white butterflies flit to a chatter of cicadas.

For Sinhalese nationalists such as Ellawala Medhananda, a Buddhist monk and author of a popular book on the Buddhist heritage of Sri Lanka's north and east, such ruins serve a keen political purpose. At the heart of the claim for a Tamil homeland is a belief that ethnic Tamils were the original settlers of Sri Lanka's north and east. For Sinhala nationalists, the ancient Buddhist sites repudiate that claim.

Tamil nationalists counter that the monuments were also Hindu. The two religions often co-existed in pre-modern Sri Lanka. Excavations at many Buddhist monuments in northern Sri Lanka have revealed evidence of Hindu practice. Even where excavations are limited at a site, local Hindus often lay claim to it. Kurundi is locally believed to contain a Hindu temple; Hindus have begun gathering to pray there. These rival claims have put archaeology on the front line of Sri Lanka's communal fissure. It has become a "highly volatile ethnic issue" that has "created a tension in the minds of both Sinhalese and Tamils because of its political implications", writes G. P. V. Somaratna, a historian.

The Kurundi site was protected by British administrators in 1933. Earlier this year, the archaeological department—citing evidence of unexplored ruins outside its 78-acre expanse—called for a further 229 acres, including fertile paddy fields, to be blocked off. This has outraged the Tamil farmers who cultivate the land. Tamil leaders decry the proposal as an effort to "Sinhalise" the region. The site has been decked in signage, written in Sinhalese, that does not mention its Hindu significance. Local Hindus have filed lawsuits to prevent further changes. A judge who ruled in their favour fled the country in August, citing death threats and "a lot of stress".

The politics of the dispute are warping the history. It is not merely the case that Tamils and Sinhalese once worshipped side by side. Buddhist and Hindu identities were also more fluid than Sri Lanka's bitter politics today permits; some ethnic Tamils were once Buddhist. That probably makes the ancient sites at least as Tamil as they are Sinhalese—even if not in a way that extremists on either side would recognise. The row is about ethnicity, not religion, and essentially about "who got here first", observes Shamara Wettimuny, a historian.

A growing number of sacred sites are seeing the same ethnic disagreement. Kandarodai, a collection of restored stupas in the northernmost Jaffna Peninsula, has been fenced off and put in (mostly Sinhalese) army hands. Local Hindus are outraged. Rowdy protests at some other monuments have led to police intervention. And with an election due next year, such tensions are likely to increase. A Tamil human-rights lawyer calls this "sectarian conflict based on ruins". ■

Ground zero

Taiwan’s presidential election will be a three-way race after all

Even with a divided opposition, polls point to a tight contest

Nov 24th 2023 | TAIPEI

THE QUESTION of who will be Taiwan’s presidential candidates for the election due next month was finally settled on November 24th. After a breakdown in last-ditch negotiations between the island’s main opposition leaders, there will be a three-way race. Hou Yu-ih of the Nationalist Party, or KMT, and Ko Wen-je of the upstart Taiwan People’s Party (TPP) will run against William Lai, the vice-president and candidate of the ruling Democratic Progressive Party (DPP). Terry Gou, the billionaire founder of Foxconn, a giant electronics-maker, who had campaigned as an independent, has withdrawn.

The presidential election, which is based on a direct, first-past-the-post system, has the potential to redefine Taiwanese relations with China at a fraught time. In the face of rising Chinese aggression, both opposition parties would adopt a more compromising stance towards the mainland. Both accuse the DPP of endangering Taiwan by being too “anti-China”. The island-state must find a “safe balancing-point” between China and America, Mr Ko said in a recent television interview. With polls suggesting a combined opposition ticket would have started in the lead, much had therefore been riding on the negotiations between Mr Hou and Mr Ko to combine forces. A weighted poll-of-polls conducted between November 10th and 25th put Mr Lai on 32.33%, Mr Hou on 30.25%, and Mr Ko on 24.56%. Yet the talks fell apart over both opposition leaders’ demand to be the top dog.

Mr Ko, a former mayor of Taipei, then chose as his running-mate Cynthia Wu, a TPP legislator and wealthy heiress to the Shin Kong Group, one of Taiwan’s biggest conglomerates. Mr Hou selected Jaw Shaw-kong, a bombastic talk-show host who once founded a pro-unification political party. Mr Jaw is likely to appeal to “deep blue” voters, descendants of those who fled the mainland with the KMT in the 1940s, many of whom distrust Mr Hou because of his extensive Taiwanese roots.

Mr Lai of the DPP had previously announced that his running-mate would be Hsiao Bi-Khim, Taiwan’s de facto ambassador to America since 2020. Known in Washington as a discreet and capable diplomat, Ms Hsiao likes to describe herself as a “cat warrior” in contrast to China’s belligerent “wolf warriors”. Given the island-state’s perilous geopolitical position, she cautions, Taiwanese diplomacy must be undertaken with feline “caution, at times gently, but also with firmness”.

Despite Mr Lai’s small lead, the race looks tight. Oddly, polls suggest the flurry of chaotic opposition negotiating has modestly bolstered both Mr Hou and Mr Ko. After eight years in power, the DPP is struggling, especially with younger voters who are suffering from high housing costs and low wages. Some also worry about a possible war with China. At a recent rally for Mr Ko, a young supporter named Zoe Chu said she wanted to see Mr Ko elected to unseat the DPP and reduce tensions across the Taiwan Strait.

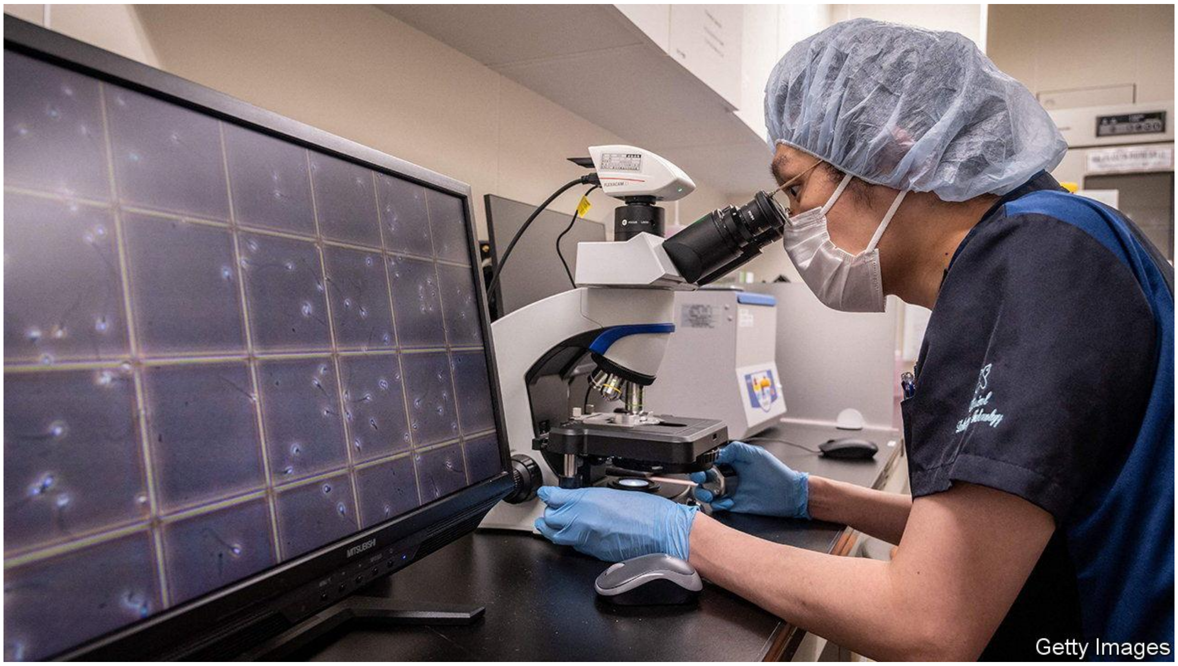
Even if the DPP retains the presidency, it is likely to lose its majority in Taiwan’s legislature in concurrent assembly elections. That would make it harder to pass laws against Chinese influence or budgets with increased defence spending. In any event, it is clear that the question of Taiwan’s posture towards the mainland will dominate the election. Most of Taiwan’s voters appear to be torn. They want a president who can navigate the next four years of America-China competition, by at once avoiding war and maintaining Taiwanese sovereignty. Now that the question of candidates has been settled, the debate on how to thread that delicate needle can begin. ■

Baby-making

Japan needs more sperm donors

Gay and other unconventional families want help with reproduction

Nov 25th 2023 | TOKYO



AFTER THEY married in 2015, Shimuzu Nao and Ayaka dreamed of having children. But this was not straightforward. The couple are both biologically female; Nao, as the former is known, is a transgender man. While exploring possible workarounds, including adoption, they came across a man on social media who was willing to provide them with sperm. They proceeded to meet up with him several times at an internet café in Tokyo. Each time, he handed them a plastic syringe containing his semen, which Ayaka injected into herself. After the seventh meeting, she became pregnant. "Having children has been one of the most enriching experiences for us," says Nao, now a father of two.

Assisted reproduction is popular in Japan. About 8% of babies were conceived through in vitro fertilisation in 2021, compared with 2% in America. But sperm and egg banks are unregulated in the country, and there are few of them. Laws pertaining to IVF only cover straight married couples (gay marriage is illegal in Japan). That is prompting hundreds, including single women and gay couples, every year to seek donors and surrogate mothers in other countries, including America, where such practices are legal. Others have, like the Shimizus, resorted to the less costly option of seeking sperm donors online in Japan. But this underground practice comes with certain risks, and there is a growing demand for regulation.

While egg donations are almost unheard of in Japan, artificial insemination using donor sperm (AID) has long been available in a few hospitals and more widely in the shadows. In 1948 Keio University Hospital in Tokyo started performing the technique, using sperm from medical students. Some 20,000 Japanese children are estimated to have since been born through AID. They are often not informed of their origins and have no right to get information about their biological fathers. But calls to facilitate disclosure grew during the 2010s, leading to a fall in sperm donors.

In recent years, Keio Hospital and other clinics that once performed AID have stopped doing so due to a shortage of sperm. "The idea of discoverability got some donors worried," says Kuramoto Takeshi of JISART, a group of medical practitioners that promotes reproductive technology. "What if a child suddenly came up to you and said: 'Daddy'?" Partly in response to that concern, Japan passed a law in 2020 that recognises married couples who have children through donated eggs and sperm as their offspring's legal parents—and not the donors.

Even when sperm was more easily available, a shortage of AID capacity was driving demand for individual donors online. Hiro, a 30-something man in Tokyo, first donated his sperm to a lesbian friend four years ago. "I was surprised to learn such a practice existed," he said. He now runs an X (formerly Twitter) account to advertise his willingness to donate to others.

But such informal arrangements can be fraught. Samples are not, as in clinics, screened for infectious diseases. Sperm donors may try to pressurise their beneficiaries into having sex. It can also be hard to verify donors' personal information. In 2021 a Japanese woman gave up her baby for adoption and sued her sperm donor after learning that he was not, as he had claimed, Japanese, single and a graduate of a top university, but Chinese, married and an alumnus of a middling university. Such dealings through social media “should stop immediately”, says Miyazaki Kaoru, director of an IVF clinic in Tokyo.

Experts want regulation that would encourage donations to sperm banks and clinics. But the government’s conservative approach to families is getting in the way. It provides subsidies to married heterosexual couples in an effort to boost Japan’s birth rate, but refuses to provide any incentive, including via assisted reproduction, to non-traditional families. Parliament is now debating a bill that could restrict access to assisted reproduction to married couples. To face down the reactionaries will require more public discussion of alternative family structures, suggests Nao. “I want people to know that there are families like us.”■

China

- **Will China save the planet or destroy it?**
- **China is building nuclear reactors faster than any other country**
- **China is struggling with a surge of respiratory ailments**
- **China’s economy is suffering from long covid**

The big climate question

Will China save the planet or destroy it?

The country’s carbon emissions will soon peak. Then comes the hard part

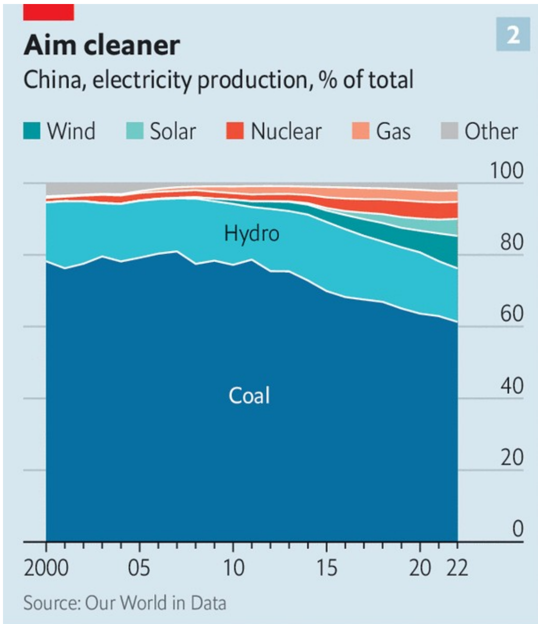
Nov 27th 2023 | BEIJING

HOUGH HE LAY dying of brain cancer, Tu Changwang had one last thing to say. The respected Chinese meteorologist had noticed that the climate was warming. So in 1961 he warned in the *People’s Daily*, a Communist Party mouthpiece, that this might alter the conditions that sustain life. Yet he saw the warming as part of a cycle in solar activity that would probably go into reverse at some point. Tu did not suspect that the burning of fossil fuels was pumping carbon dioxide into the atmosphere and causing the climate to change. In that issue of the *People’s Daily*, a few pages before his paper, there was a photo of grinning coalminers. China was rushing to industrialise with the aim of catching up economically with the West.

The Economist

Today China is an industrial powerhouse, home to over a quarter of the world's manufacturing—more than America and Germany combined. But its progress has come at a cost in terms of emissions. Over the past three decades China has released more carbon dioxide into the atmosphere, in total, than any other country (see chart 1). It now emits over a quarter of the world's greenhouse gases each year, according to Rhodium Group, an American research firm. That is about twice as much as America, which comes second (though on a per-person basis America is still worse).

Much, then, depends on China if the world is to keep global warming since the Industrial Revolution well below 2°C, as governments pledged at the UN's annual climate summit in Paris in 2015. This year's summit (called COP28) began on November 30th in Dubai. China has both good and bad news for those attending.



The Economist

On the positive side, China’s emissions will soon stop rising. Some analysts think they will top out this year. There is little doubt that the peak will come before 2030, which is the goal China has set for itself. It is building nuclear-power stations faster than any other country. It has also invested heavily in renewable energy (see chart 2), such that it now has around 750 gigawatts of wind and solar generating capacity, about a third of the world’s total. By the end of the decade the government aims to have 1,200GW of such capacity, more than the total power capacity of the European Union at the moment. China will probably well exceed that target.

But it is not just China’s embrace of renewable energy that is helping it curb emissions. Its production of carbon-intensive steel and cement has been dropping. After decades of building roads and railways, the government is splurging less on big infrastructure projects. A long expansion of the property sector has ended in a meltdown that has shaken the economy—but led to fewer emissions. Going forward, few analysts expect China’s GDP to grow as fast as it did at the end of the last century and the beginning of this one. Put another way, China’s dirtiest phase of development is probably behind it.

More important than the peak, though, is what happens next. China has pledged to eliminate net emissions of greenhouse gases (or to become “carbon neutral”) by 2060. This will be a much harder target to hit. Even after that massive injection of renewables, dirty coal still supplies well over half of China’s energy. That is down from around 70% in 2011, but the amount of coal China burns continues to increase, as demand for electricity rises. Last year China mined a record 4.5bn tonnes of the black rock and approved around two new coal-fired power plants for construction every week on average.

Many of these may never be built. Declining utilisation rates of existing coal plants undermine the case for further construction. But China is not moving away from coal as fast as environmentalists would like or analysts say is necessary to meet its 2060 target. Part of the problem is that the country has a lot of it. With little oil or gas, coal provides China a secure source of energy. Digging it up creates jobs. Building a coal plant, whether it is needed or not, is also a common way for local governments to boost economic growth.

China’s power grid was built with coal in mind. At plants that burn the stuff, humans decide when to ramp things up or down. But when it comes to solar and wind power, nature is the boss. So the grid needs to be made more flexible. When there is a surplus of energy in one spot, it must be able to store it or move it elsewhere. Otherwise China will not be able to accommodate lots of new wind turbines and solar panels in the future.

Gridlock

Most countries need to make similar changes to their grids. The challenge facing China, though, is unique, says David Fishman of the Lantau Group, an energy consultancy. The bulk of the country’s solar and wind resources are located in the west. But the power they generate is needed mostly in the east, where the country’s biggest cities are to be found. Transferring it over such long distances is tricky. Another problem is that provincial governments have a lot of say over how their portion of the grid operates. They don’t like depending on each other for energy. So, for example, a province might prefer to use its own coal plant rather than a cleaner energy source located elsewhere.

Those who are concerned about China's progress also worry about methane, a powerful greenhouse gas. Some countries can cut their methane emissions in simple ways, such as by repairing leaky gas pipes. But most of the methane coming from China wafts out of coal mines or is produced by microbes in rice paddies. Fixing the problem is hard without closing mines or changing farming practices. So at the UN climate summit in 2021, China refused to join more than 100 other countries, including America, which pledged to reduce global methane emissions by at least 30% by 2030. Earlier this month, though, China did say that it would address the issue in its national climate plan for 2035 (which may not be published for another two years).

In the face of these challenges, China's leaders must be bold. But their climate ambitions may have already peaked, says Li Shuo, the incoming director of the China Climate Hub at the Asia Society Policy Institute in New York. He believes power cuts caused by surging coal prices and droughts, which disrupt hydropower, have spooked the government in recent years. Now officials worry that climate-friendly policies will undermine the country's energy security (green types argue that some reforms, such as making the grid more flexible, would have the opposite effect). Mr Li expects China's emissions to plateau rather than decline.

China, though, has good reason to prioritise the climate. Some of its biggest cities, including Shanghai, lie on the coast and could be swallowed by rising seas. The arid north lacks drinking water. And extreme weather is already taking a toll. Last year deaths associated with heatwaves in China increased by 342% compared with the historical average, according to a study published by the *Lancet*, a medical journal. This summer floods damaged much of China's wheat crop.

Meanwhile, China has become a leader in green-energy technology. The rest of the world depends largely on Chinese solar-panel and battery supply chains. This year China overtook Japan to become the world's largest car exporter, thanks in part to Chinese dominance in electric vehicles.

Summits and peaks

So there is some hope that China will play a productive role at the climate summit in Dubai. With ambitions to lead the global south, it will not want to look as if it is neglecting an issue that is foremost on the mind of many officials in developing countries. Optimists also point to the meeting between Xie Zhenhua, China's climate envoy, and John Kerry, his American counterpart, in November. They agreed on some small steps, such as collaborating on carbon-capture projects.

Yet China has also made clear that it will not bow to pressure on climate change. Earlier this year Xi Jinping, its leader, reiterated his aim of reaching a carbon peak by 2030 and achieving carbon neutrality by 2060. "But the path, method, pace and intensity to achieve this goal should and must be determined by ourselves, and will never be influenced by others," he said. ■

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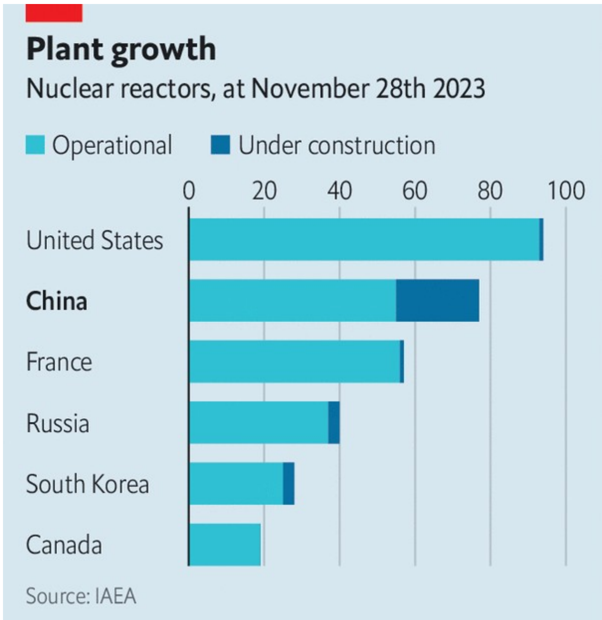
Going fission (and fusion)

China is building nuclear reactors faster than any other country

Can its scientists solve the fusion problem?

Nov 30th 2023

TO WEAN THEIR country off imported oil and gas, and in the hope of retiring dirty coal-fired power stations, China’s leaders have poured money into wind and solar energy. But they are also turning to one of the most sustainable forms of non-renewable power. Over the past decade China has added 37 nuclear reactors, for a total of 55, according to the International Atomic Energy Agency, a UN body. During that same period America, which leads the world with 93 reactors, added two.



The Economist

Facing an ever-growing demand for energy, China isn’t letting up. It aims to install between six and eight nuclear reactors each year. Some officials seem to think that target is low. The country’s nuclear regulator says China has the capacity to add between eight and ten per year. The State Council (China’s cabinet) approved the construction of ten in 2022. All in all, China has 22 nuclear reactors under construction, many more than any other country.

The growth of nuclear power has stalled in Western countries for a number of reasons. Reactors require a large upfront investment and take years to construct. The industry is heavily regulated. China, though, has smoothed the path for nuclear power by providing state-owned energy companies with cheap loans, as well as land and licences. Suppliers of nuclear energy are given subsidies known as feed-in tariffs. All of this has driven down the price of nuclear power in China to around $70 per megawatt-hour, compared with $105 in America and $160 in the European Union, according to the International Energy Agency, an official forecaster.

China is not immune to the safety concerns that have turned many in the West against nuclear power. After the disaster at Japan’s Fukushima Dai-ichi nuclear plant in 2011, China temporarily put its construction programme on hold. It has maintained a ban on inland nuclear plants, which have to use river water for cooling. Earlier this year China reacted angrily when Japan began releasing treated and totally harmless wastewater from the Fukushima plant into the ocean. In general, though, nuclear energy does not stir or divide the Chinese public the way it does people in other countries.

That's good, because if China is to phase out coal and become carbon neutral by 2060, it will need an energy source that can help it reliably meet baseload demand (the minimum level of power required to keep things running). Wind and solar are less suited to this, as they depend on the co-operation of nature. But nuclear fits the bill. When it comes to energy generated, China's nuclear stations outperform today's installed solar capacity (though not wind). And most reactors are located on the coast, close to big population centres, unlike most wind and solar projects, which pose a challenge in terms of transferring the power they generate over long distances.

In the early days of its programme China imported its nuclear technology. It still must rely on other countries for the uranium that fuels reactors. But most of its new and planned reactors are based on Chinese designs, especially the Hualong One. Now it is keen to export such units (it has already made deals with Pakistan and Argentina). With much of its equipment sourced at home, China's programme has not been hindered too much by the Biden administration's export controls, which aim to cut off China from advanced technologies of American origin.

Some of China's scientists and engineers have been put to work on a new project—developing nuclear fusion. Fusion plants do not require uranium and produce much less radioactive waste than fission plants do. But the technology, which aims to mimic the sun's internal workings to create an inexhaustible supply of energy, has proved elusive.

Fusion reactors control plasma with superconducting magnets in a process called confinement. A Chinese reactor holds the record for the longest confinement at high temperatures: around 17 minutes. But the country's scientists, like those elsewhere, are confronting a problem of fundamental physics: holding plasma together at extreme temperatures for extended periods requires more energy than the reaction itself can produce. If China can solve that problem, it might hasten the end of dirty energy—for everybody. ■

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Not again

China is struggling with a surge of respiratory ailments

The stress on hospitals points to old problems

Nov 30th 2023

ON CHINA'S FEVER-PRONE social media, netizens have been sweating with anxiety as hospital waiting rooms fill up. On November 29th a provincial newspaper posted a message on Weibo, a microblog service, describing an unnamed hospital in the north. The waiting area, it said, was filled with the sound of coughing and the crying of children. After receiving confirmation that her daughter had tested positive for a bacterium that can cause pneumonia, one woman, having waited hours, still had 300 people ahead of her in the queue for a consultation.

The item rapidly became one of Weibo's hottest-trending posts: its hashtag received tens of millions of views. It was quickly deleted. China's censors apparently want to keep the temperature down. But in recent days similar stories have filled the internet. Some have included pictures of packed fever clinics and even of children doing their homework while hooked to intravenous drips. The covid-era custom of wearing masks in public had all but ended in China. Amid a recent surge of respiratory diseases, especially among children, it is making a comeback.

On November 22nd the World Health Organisation (WHO) asked China for more details of the outbreaks, raising concerns all over. On the following day Chinese officials told the WHO that there was no new or unknown cause of these ailments. They said the infections were being caused by a range of familiar pathogens, such as the *Mycoplasma pneumoniae* bacterium, as well as adenovirus, covid-19, influenza, and respiratory syncytial virus, or RSV. The WHO said some of the increases were “earlier in the season than historically experienced, but not unexpected” given the lifting of covid controls, and were similar to patterns observed in other countries. It quoted the Chinese officials as saying that hospitals were not being overwhelmed.

Drips all around

But it is clear that China’s health-care system still suffers from problems that make it prone to unusual stress. One is the weakness of primary health care. The number of general practitioners (GPs) has more than quadrupled since 2012, but there are still far fewer of them per person than there are in rich countries and they are often poorly trained. Many Chinese prefer to go straight to hospitals for diagnosis and treatment rather than consult a GP. This causes lengthy queues, especially at the best facilities. Another handicap is pressure on doctors to generate revenue. Ill-informed patients demand unnecessary treatments, which doctors are often willing to prescribe (such as intravenous infusions even for minor ailments).

China has stopped publishing regular statistics on covid vaccinations, but last year take-up was low among the elderly. Less than 4% of over-60s typically get a flu jab. So it will be a tough winter for China’s hospitals—and for the country’s most vulnerable people. ■

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China’s economy is suffering from long covid

Revealing gloom on the streets of an ordinary Chinese city

Nov 30th 2023

IF PLACES COULD be diagnosed with long covid, then Shangqiu—a sleepy city of 3.7m people, in central China’s wheat belt—would be a good candidate. A full year after the chaotic, ill-planned collapse of China’s “zero-covid” policies, evidence abounds of lingering harms done to Shangqiu’s economy, and to residents’ morale.

Local finances were strained even before China began nearly three years of lockdowns and mass virus-testing drives. Shangqiu, in Henan province, is classed in the poorest third of Chinese cities, when ranked by income per person. Still, in the final, doomed months of China’s “all-out people’s war” on covid-19, city leaders spent lavishly on pandemic controls.

In May of last year Shangqiu built a 1,000-room quarantine hospital, at a cost of 135m yuan ($19m). This followed an injunction from central authorities to trace close contacts of infected people, take them from their homes and isolate them. Today that camp—a sprawling complex of modular cabins and testing huts in long rows—lies empty on the city’s eastern edge, surrounded by fields of winter wheat. Farmers have put its driveway to good use, at least, spotting a place to dry corn cobs for animal feed. City budgets remain in rough shape. In a stand-off with the government over funding, Shangqiu's bus company threatened to halt services earlier this year, citing "very serious" pandemic-caused losses.

Yet when Chaguan rode the train to Shangqiu on this first anniversary of zero-covid's abandonment, he heard no demands to hold city leaders to account. Instead, residents shared anxieties about the economy and the future. Party leaders can take comfort that citizens of Shangqiu mostly endorsed the authorities' stern handling of the pandemic—at least when talking to a foreign reporter. In contrast, leaders should worry about a crisis of confidence gripping China's heartland.

During a recent lunchtime lots of restaurants in Shangqiu's old town were empty, and many shops padlocked and closed. A wedding-dress rental business stood out for bustling activity. Watched by a yapping brown poodle, assistants crammed sequinned gowns into bags. The owner, a woman in her 30s sporting a school-uniform-style blazer and skirt, explained that business is good. Couples are rushing to hold wedding parties postponed by two and a half years of covid lockdowns. Unlike liberal-minded big cities, Shangqiu is a traditional place where marrying by the age of 25 is the norm, she added. Because the following day was auspicious in the lunar calendar, 20 weddings had been planned, each earning her shop as much as 4,000 yuan. Spending per wedding is down, though. The pandemic taught families to save for a rainy day. Even public-sector jobs are no haven, after city finances took a battering. The store-owner's brother-in-law works for the police department. At the moment, his salary is always late, she reported. As a result, he is careful about spending, even once his salary arrives.

At a jewellers around the corner, a manager described an initial rush of consumption after China reopened a year ago. "We felt the economy coming back," she recalled. But in recent months clients have stopped making discretionary purchases, buying only the "three gold items" that accompany a traditional Henan engagement: a ring, earrings and a necklace. Asked about zero-covid's legacy, she replied: "It's been a year now. We can't let the pandemic take the blame all the time." The next moment, though, she recalled lockdowns when "we could not make money." That has left “common people” far more cautious about spending. It has also left them more anxious about their physical health, she ventured. She described a society waiting for “life to feel normal again”.

A backstreet education company in Shangqiu offers evening classes in book-keeping. Even though good jobs are hard to find at the moment, course enrolments are down by a third since last year, a tutor confided. Adult education is an aspirational business, with most clients inspired to “better themselves” after seeing friends succeed, she explained. Put another way, in bad times crises of confidence can feed on themselves.

In Shangqiu signs of a frozen property market are all around, from apartment complexes advertising unsold homes to construction sites devoid of activity. In a deserted shop selling household appliances, a lone worker explained that customers only come to buy necessities, such as a new kitchen exhaust hood. She bought her own flat ten years ago for 220,000 yuan. It is worth almost double that today. Yet prices are sliding, she added.

All alone in a crowded country

Unusually, the electrical-goods seller challenged government accounts of the pandemic. She expressed bafflement that previously strict controls vanished in late 2022, and disputed the official line that by then the virus was mild and caused few deaths. “As a matter of fact, many people died, even some young people, not just old people,” she recalled. She remembers the pandemic as a frightening time, when incomes dried up, but people still had to make car-loan and mortgage payments. People have learned to save up in case a similar crisis returns: “You need to rely on yourself.”

To a car salesman in the city centre, the bursting of a “property bubble” is China’s main economic problem, and would have happened even without the pandemic. He described the four apartments he and his wife have bought since 2010, seeing property as a safe investment. In his telling, the pandemic was a reminder that incomes and house values are linked, and that prices cannot rise for ever. He worries that the government’s current, piecemeal measures to stimulate consumer demand will be ineffective.

Shangqiu's public mood reveals a dilemma for China's leader, Xi Jinping. An austere sort, he says that welfare safety-nets encourage laziness. When hard times strike, including during the pandemic, he scolds the masses to behave responsibly. Ordinary Chinese have paid heed. Seeing a world of unforeseeable risks, they are responding defensively. Covid's legacy will be long. ■

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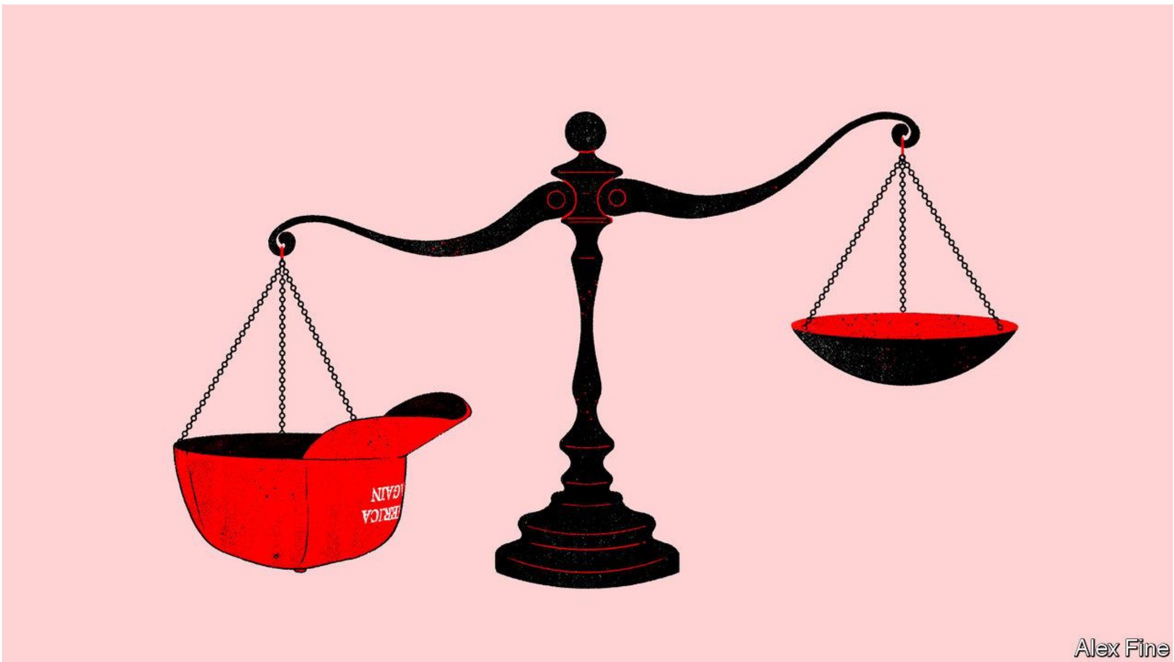
- The Supreme Court may toss out Purdue Pharma's bankruptcy settlement
- Henry Kissinger never quite belonged where he wanted to be

Trumpier than thou

A MAGA court in New Orleans is shaping the Supreme Court's agenda

The Fifth Circuit Court of Appeals makes SCOTUS look moderate by comparison

Nov 30th 2023 | New York



IN THE 1990S Joseph Overton came up with a metaphor for the spectrum of tolerable political views. Taking positions not found within the "Overton window", he warned, puts you outside the bounds of acceptable opinion. But the centre does not hold: an idea seen as beyond the pale today might appear within the frame tomorrow. And as the zone shifts, positions that were once on the fringes of acceptability become more palatable.

Overton applied his aperture to politicians, not to courts. But 20 years after the libertarian think-tanker's death in a plane crash, the Overton window is an apt way to understand the most enduring (and evolving) impact of Donald Trump's presidency: the federal judiciary's sharp right turn.

The 6-3 conservative majority on America's highest court, forged by the three justices Mr Trump appointed between 2017 and 2020, is only part of the story. The 45th president seated 27% of all active judges on federal district courts—the 94 trial courts that dot America. He also replaced 30% of judges on America's 13 circuit courts of appeal. Unlike the Supreme Court, which picks its cases (and in recent years has heard just 60 or so per term), circuit courts are obliged to review, with few exceptions, district-court decisions that the losing party seeks to appeal. These cases number in the tens of thousands annually.

Since only a tiny fraction of circuit-court decisions reach the Supreme Court, the mid-level players in America's judiciary exercise tremendous power. Often three-judge appellate panels have the final word in the region of the country where they have jurisdiction. By managing to invert the ideological make-up of several circuit courts—including the previously liberal-dominated Ninth Circuit, which covers California and eight other western states—Mr Trump pushed the law to the right in large swathes of America.

Nowhere is Mr Trump's thumbprint on the judiciary deeper than in the Fifth Circuit Court of Appeals, the tribunal based in New Orleans that handles appeals from Louisiana, Mississippi and Texas. Active Republican appointees outnumber their Democratic-tapped colleagues by 12 to four. Half of that supermajority was named by Mr Trump. In case after case, Fifth Circuit judges have situated themselves well to the right of the Supreme Court. Some of Mr Trump's appointees seem bent on ripping the Overton window out of its casement and, in the estimation of Melissa Murray, a law professor at New York University, installing "Overton French doors".

Of the 45 cases the Supreme Court has agreed to hear thus far for the term that began in October, nine arise from the Fifth Circuit—more than from any other federal appeals court. Raffi Melkonian, a lawyer who practises in Texas and clerked for a Fifth Circuit judge, said he did not remember the court being "constantly in the spotlight" before. Today's court is "definitely more aggressive" and now frequently "gets the attention of the Supreme Court", aided by cases reaching it from similarly confrontational judges in district courts.

Steve Vladeck, a law professor at the University of Texas at Austin, says that cases coming up from the Fifth Circuit are not only numerous but also “ideologically charged”. He notes that President Joe Biden’s administration is a party in six of them this term.

The Supreme Court, more often than not, is clipping the Fifth Circuit’s wings. According to Adam Feldman, who compiles statistics on the courts, Fifth Circuit rulings were reversed 15 times (and affirmed only seven times) between 2019 and 2022. Of the nine decisions the Supreme Court reviewed in its previous term, it reached the same conclusion as the Fifth Circuit only twice and rebuffed its reasoning in cases involving immigration, student-loan forgiveness and Native American rights, among others. Mr Vladeck points out that the court has been no friend to the Fifth Circuit on the emergency or “shadow” docket, either—citing recent orders involving social-media moderation and mifepristone, an abortion medication.

The justices unwrapped another novel Fifth Circuit package on November 29th in *Securities and Exchange Commission (SEC) v Jarkesy.* The SEC is constitutionally deficient in three ways, the appeals court found, and has too much power to punish alleged fraudsters. In contrast to their apparent disagreement with the Fifth Circuit in other cases, the six conservative justices sounded sceptical of how the SEC exercises its authority in Wednesday’s oral argument. *Jarkesy* may be one prominent case in which the Supreme Court agrees with their junior peers in New Orleans.

Still, Ms Murray, Mr Melkonian and Mr Vladeck suspect that several of the highest-profile cases on this term’s docket may not go the Fifth Circuit’s way. A deep challenge to the Consumer Financial Protection Bureau, which three Trump-chosen judges blessed last year, did not seem to attract majority support among the justices at the oral argument in October.

The über-conservative judges in New Orleans may be disappointed in how their recent gun-rights ruling fares at the Supreme Court, too. In *United States v Rahimi,* the justices are considering whether the Fifth Circuit was right to strike down a firearms ban for domestic abusers who are subject to restraining orders. Few if any justices seemed amenable to such a conclusion on November 7th. But Judge James Ho, a Trump appointee, made an unusual supplemental appeal to the high court on November 17th. In a case having nothing to do with the right to bear arms, Mr Ho wrote a concurring opinion to note that the dispute “reminded” him of *Rahimi*. He proceeded to recapitulate his position in an apparent last-ditch effort to encourage his higher-ups to stick to their guns.

For Mr Melkonian, “the interesting question is what the Fifth Circuit will make of these reversals over time.” The more bombastic jurists like Judge Ho and Judge Kyle Duncan (who seemed to enjoy the brouhaha when he was shouted down last spring at an event at Stanford Law School) show no sign of being chastened. Mr Vladeck speculates that by “embracing extreme legal arguments and repeating right-wing rhetoric and talking-points” they are “all-but auditioning for a promotion during the next Republican administration” should Supreme Court vacancies arise.

But the conservative justices also stand to benefit from outlier rulings floating up from the Fifth Circuit, Ms Murray reckons. The Supreme Court may be “hailed as heroes” for slapping down some radical positions. But by sometimes endorsing those theories, or only narrowly reversing them (as the court did in an abortion case in 2020), the justices can “move the law subtly to the right” thanks to the Fifth Circuit’s boldness. The outside-the-box rulings and rhetoric of Mr Trump’s most MAGA judges, she says, are the “muscle” that facilitates the more genteel Supreme Court’s steady rightward march. ■

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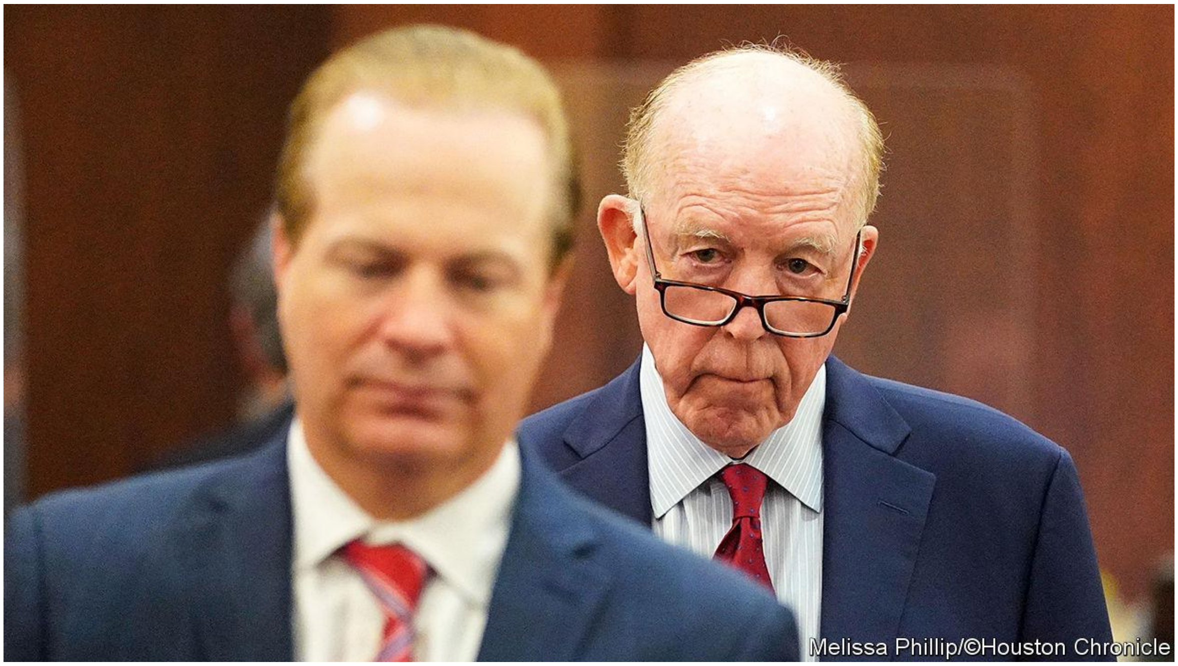
An affordable dare act

A key part of Obamacare is in jeopardy

A God-fearing Texas tycoon is challenging it

Nov 30th 2023 | Austin



POLITICAL MEGA-DONORS are an eccentric lot, but even among them Steven Hotze stands out. The Houston doctor got rich by hawking hormone therapies for all sorts of ills. Motivated by outlandish beliefs—birth control makes women less attractive to men and homosexual activists are "termites" who nibble away at society, to name but two—he used his money to buoy Bible-thumping politicians. When Congress passed the Affordable Care Act in 2010, to expand health-insurance coverage, the hormone magnate filed lawsuits against it and released a pop-techno song, "God Fearing Texans Stop Obamacare".

Not long ago repealing Obamacare was a rallying call of the Republican Party, which lamented that premiums had risen and forcing Americans to buy coverage or pay a penalty was unjust. Yet despite more than 2,000 court challenges the law stayed mostly intact. In the three years to 2016 the number of uninsured Americans dropped from 44m to 27m. When Donald Trump took office and Republicans controlled Congress, lawmakers failed to nix Obamacare. On November 25th Mr Trump threatened to try to scrap it in a second term. Members of his party rebuffed him: most have given up. The Republican front-runner and Mr Hotze have not.

In 2020 Mr Hotze's company challenged part of the law that requires health insurers to pay for preventive care. The plaintiffs' argument in *Braidwood Management Inc. v Becerra* is twofold. First, they say the panel of experts that chooses which services must be covered is unconstitutional because its members are not appointed by Congress. Second, they claim that forcing insurers to pay for medicines like contraceptives and pre-exposure prophylaxis, an HIV pill, violates their religious rights.

A judge in northern Texas ruled in their favour last March. The federal government appealed and the case is now pending in the Fifth Circuit, the most conservative appeals court in America. Legal experts expect it to end up in the Supreme Court.

If the preventive-care provision is struck down, as many as 152m Americans could have to pay for check-ups and medicines they now get free. Screenings for anxiety and depression, all sorts of cancers and sexually transmitted diseases would probably require copayment. So would counselling for domestic violence and alcoholism.

According to a Morning Consult poll, at least two in five Americans would forgo preventive services if they had to pay. A study from Yale University found that removing the requirement would lead to 2,000 more HIV infections each year. Democratic states are hustling to codify the requirement for insurers to cover preventive care into state law.■

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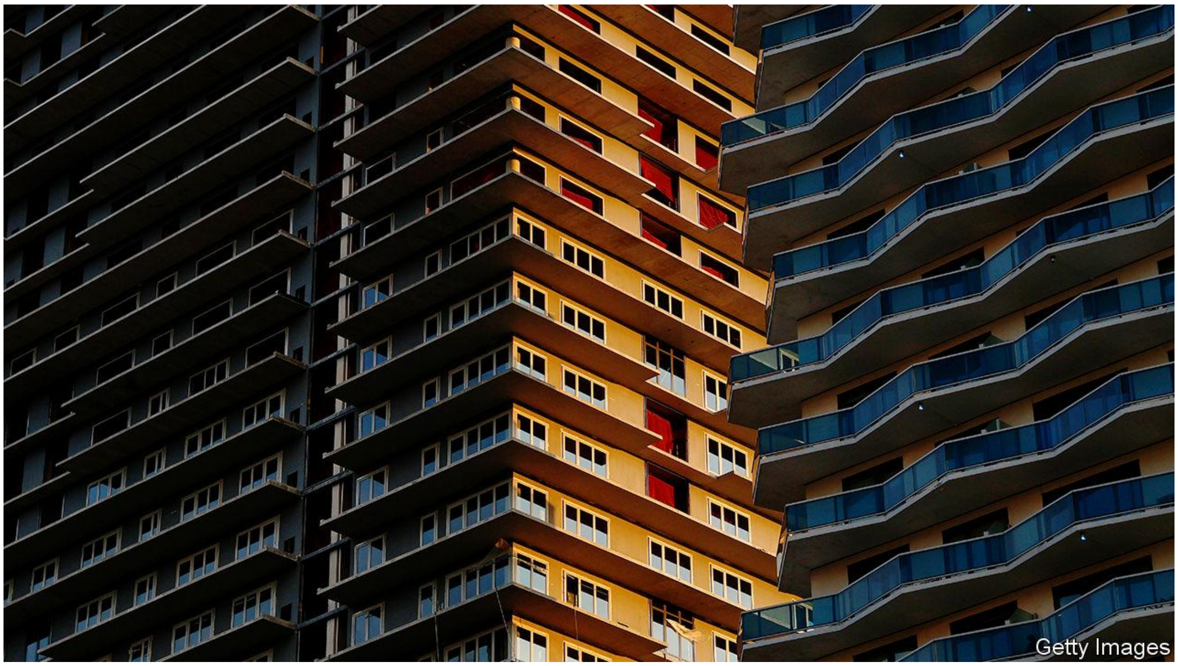
Chasing the American dream

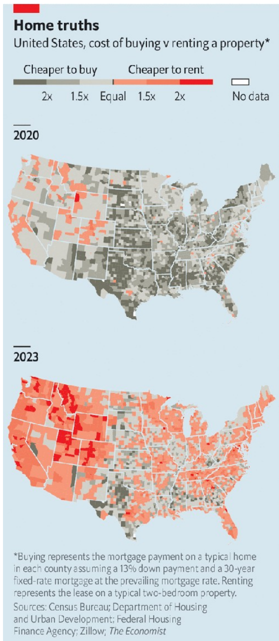
Is it cheaper to rent or buy property?

We crunch the house-price data across every American county—and make a surprising finding

Nov 30th 2023



FOR YEARS new homebuyers in America have enjoyed lower housing costs than renters. Between 2011 and 2020 the monthly mortgage payment on a typical home was 12% lower than the rental for a similar property (assuming a deposit of 13%, the current national average). A steady rise in home values, worth roughly 7% a year over the past decade, also ensured that buyers built equity in their homes. But, as our maps below show, today the choice between buying and renting looks different.



The Economist

Blame high house prices and soaring mortgage rates. Since 2020 nominal house prices have climbed by roughly 40%, while the average 30-year fixed-rate mortgage rose from 3.1% to 7.3%. Nominal mortgage payments have more than doubled since 2020; rents have risen by only about 20%. By our calculations, for 89% of Americans renting a two-bedroom place is now cheaper than buying a comparable property. Three years ago the figure was 16%.

Our calculations do not cover long-term potential costs and benefits, such as outlays on maintenance, the asset value of a home once a mortgage has been paid off, or the opportunity cost of investing in a deposit for a house rather than, say, the stockmarket. But they do show how the relative costs of buying and renting have been upended in much of America. To restore the ownership advantage that prevailed in the 2010s would require dramatic shifts in market conditions: house prices would have to tumble by one-third, average mortgage rates would have to fall to 3.2% or rental costs rise by at least 50%.

None of these outcomes seems likely. House prices are not expected to crash: Goldman Sachs, a bank, forecasts that they will appreciate by 1.9% in 2024 and 2.8% in 2025. Mortgages are expected to stay pricey, too. Goldman predicts that 30-year mortgage rates will dip, but not by much: to

7.1% by the end of 2024 and 6.6% by the end of 2025. Rents, meanwhile, seem unlikely to climb much, owing to a glut of newly built apartments and weak demand.

Even in the few markets where homes still look relatively cheap—such as Baltimore, Philadelphia and the Bronx, in New York City—most homeowners are reluctant to sell. Nearly all have locked in mortgage rates that are much lower than those available to new borrowers. More than four in five existing mortgage-holders pay an interest rate under 5%, according to Torsten Slok of Apollo, a private-equity firm. So market conditions seem likely to put off millions of potential buyers and sellers of houses. For many, renting will increasingly look like the affordable option. ■

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The prisoner dilemma

What to do about an uptick in Americans unjustly held abroad

Are carrots or sticks the right way to bring them home?

Nov 30th 2023 | Washington, DC

"MY HUSBAND RYAN has been wrongfully detained by the Taliban in deplorable and inhumane conditions for 461 days," Anna Corbett told a congressional committee in November. "His crime: being a US citizen in Afghanistan." For years Mr Corbett had run a microfinance and consulting firm to help Afghan businesses, but his family fled the country amid the withdrawal of Western forces in 2021. He hoped his work could continue under Taliban rule, but authorities detained him during a visit in August 2022.

Only Mrs Corbett has spoken publicly, but at least six Americans have been detained in Afghanistan, according to a Republican congressional aide. Other hostile nations hold dozens of Americans hostage, though exact numbers are hard to come by. It can be difficult to define a wrongful detention, and some cases are kept quiet to help facilitate a potential release.

The James W. Foley Legacy Foundation, which works on behalf of Americans unjustly held abroad, estimates there are 64 publicly disclosed hostage and wrongful-detention cases. Twenty-one Americans were released in 2022, but recently some of those who watch the issue closely have noticed an uptick in detainees. No wonder: they can be lucrative bargaining chips.

Bringing unjustly held Americans home is a laudable, bipartisan goal, but offering overly generous terms risks encouraging more detentions. Venezuela has sought sanctions relief. Other rogue states see a way to earn hard currency. The Taliban is seeking the release of an Afghan held at Guantánamo Bay whom America considers a threat to national security.

The Biden administration exchanged Brittney Griner, a basketball star held in Russia for possessing small amounts of cannabis oil, for Viktor Bout, a Russian arms-dealer convicted in 2011 of conspiracy to aid a terrorist organisation and to kill Americans. In September the US and Iran agreed to swap five Americans spuriously held in Tehran for five Iranians charged with sanctions violations among other crimes. America also agreed to unfreeze $6bn in Iranian funds, but reneged on this after the Hamas attack on Israel in October.

How much to give is a tricky question, and hardliners argue that sticks are anyway preferable to carrots. “Some in the Biden administration have treated the Afghanistan cases as something that complicates their greater policy priority of befriending and legitimising the Taliban,” says Michael McCaul, chairman of the House Foreign Affairs Committee. “I am concerned the Taliban continues to take American hostages because they have never been held responsible.”

China, Iran, Russia and Venezuela are the most prolific bad actors, according to a report released in September by the Foley Foundation. It is no coincidence that all are autocratic regimes that maintain poor relations with America, where the rule of law prevents retaliatory detentions. Yet sanctions, diplomatic isolation and other offensive actions could send a message that holding Americans comes with a price rather than a prize.

The release of some Americans also raises questions about which ones are left behind and why. Paul Whelan, wrongfully detained in Russia for nearly five years, was understandably disappointed after a famous athlete was released after less than a year behind bars. Some families of Americans held in China find the situation particularly difficult. "I've heard excuses from people in the government saying, 'Oh, yeah, you know, the US-China relationship is complex.' I think that's a cop-out," says Harrison Li, whose father Kai has been held since 2016. "The administration has gotten Americans out of countries with whom we don't even have consulates or formal diplomatic relations."

Katherine Swidan's son Mark has been detained in China since 2012. In April a court upheld a death sentence for alleged drug trafficking despite America considering him wrongfully detained. His mother expressed frustration that Joe Biden neglected his case during a recent meeting with Xi Jinping. "I am cried out and I'm prayed out," she says. "Now I'm pissed." ■

A full-fat fiasco

A national milk-carton shortage sours America's dairy industry

Who's to blame for an embarrassing packaging problem?

Nov 30th 2023 | NEW YORK


Getty Images

"THEY KEPT saying, 'oh, it's going to be coming'," remembers Scott Stoner of Cream-O-Land, a dairy supplier. It was early September, just as many schools in America's north-east were reopening after the summer break. He had not received deliveries of milk cartons. He quickly used up all his stock.

Cream-O-Land and many other dairy processors have run out of, or have a severe shortage of, half-pint (237ml) and 4oz cartons. Milk itself is not lacking. The problem is with the size of cartons used by care homes, hospitals, prisons, cruise ships and schools.

School districts are scrambling. Federal regulations created by the Department of Agriculture (USDA) require milk to be offered at school during breakfast and lunch. Programmes that go back to the 1950s were designed to improve children's nutrition. For some pupils, school is the only place they receive dairy food. Districts are reimbursed for each half-pint of milk offered to pupils at low or no cost. They also provide a handy outlet for agricultural surpluses. Milk can arrive in schools as quickly as 72 hours after leaving the farm.

Because of the carton shortage the USDA and many states have loosened their requirements. Schools can now serve milk out of jugs. Districts are stocking up on cups and lids. Some schools are offering juice.

Suppliers are exploring alternatives, too. Mr Stoner is experimenting with suppliers which do not usually make milk cartons. Ensuring the container is properly sealed is proving tricky. He is researching milk bags, already available in Florida, but worries about children playing with them and spilling milk. Meanwhile he is delivering milk in cartons from competitors, with their logos.

Chris Tague, a New York lawmaker, called the packaging shortage a "national crisis". Farmers are worried how the supply-chain problems might affect milk prices. Chuck Schumer, the Senate majority leader from New York, has called for an investigation into the shortage. "Feds can't skim this problem," he said.

Why the shortage? Cream-O-Land's carton supplier, Pactiv Evergreen, which calls itself the market leader, blames higher-than-usual demand. Dairies use the summer to stock up. This supposedly did not happen this year. Dairies disagree, seeing no changes in demand or inventory. Other packaging firms are busy because Pactiv Evergreen's customers are begging for cartons.

To fix things, Pactiv Evergreen says it has upped its output. It has also resurrected a defunct generic brand and will use its design for all cartons, rather than interrupting the line to change logos. This should speed production and increase capacity by 10%. Shipments are expected to begin in early December.

The shortage may sour customers' already declining interest in cow milk. Plant-based varieties—such as almond milk—are taking space in the dairy aisle. In each of the past five years the milk-carton market has shrunk. No use crying over that. ■

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The opioid-maker controversy

The Supreme Court may toss out Purdue Pharma's bankruptcy settlement

The deal is a case study in unsavoury trade-offs

Nov 30th 2023 | New York

FORTY YEARS ago Owen Fiss, a legal scholar, wrote an article called "Against settlement", about lawsuits' social purpose. Big civil disputes of public import, he argued, are about more than money damages. Rather, they present a chance for collective reckoning: airing harms, assigning fault, upholding values. Trials render judgments about conduct. Private settlements, by contrast, might buy peace while leaving justice undone.

The trade-offs between accountability and money are at the heart of how to handle the firm that helped spawn America's opioid epidemic, as well as its former owners: Purdue Pharma and the Sackler family. On December 4th the Supreme Court will consider whether a bankruptcy settlement resolving claims against Purdue and the Sacklers, hashed out over several years, can go ahead. Abbe Gluck, a professor at Yale Law School, and her colleagues note that the case addresses the very conflicts raised in "Against settlement":

justice or compensation for some victims of America's opioid crisis, which still claims 80,000 lives a year.

In 1996 Purdue began selling OxyContin, a highly addictive opioid painkiller that it advertised as safe. Even as concerns grew about abuse of the drug, the firm downplayed them and marketed it aggressively, turning OxyContin into America's most prescribed branded narcotic pain-reliever. By the early 2000s lawsuits against Purdue were piling up.

The Sacklers expected that they too would be named as defendants. About ten served as directors or officers of the firm, out of dozens of family members who collectively owned it. Between 2008 and 2016 they upped Purdue's distributions to family trusts and holding companies, draining about $11bn from the firm—in what one family member described as "more of a smart milking programme than a growth programme". In 2019 the drugmaker, then worth an estimated $1.8bn, filed for bankruptcy. At the time claims against it and the Sacklers were put at more than $40trn.

That halted thousands of lawsuits against Purdue and the Sacklers, and brought them to the negotiating table with claimants—states, tribes, hospitals and individuals. The Sacklers offered around $6bn (up from $4.3bn initially), in exchange for immunity from Purdue-related civil liability. The provision is known as a non-debtor release, since the Sacklers did not declare bankruptcy themselves. They also agreed to relinquish ownership of Purdue and put its future profits towards opioid abatement.

All 50 states approved the settlement. So did 96% of the individual claimants who voted. But less than half voted. Controversially, the deal binds holdouts, both objectors and abstainers, who will not be able to go after the Sacklers in court for, say, negligence or fraud. The Sacklers deny wrongdoing related to Purdue and have promised to fight all claims if the settlement falls apart. (The release does not shield them from criminal liability.)

The US bankruptcy trustee, a watchdog within the Justice Department, sued to void the deal. It argues that the release violates holdouts' due-process rights and that the bankruptcy court lacked the power to grant it. In August the Supreme Court froze the settlement. The justices may toss it out and bar non-debtor releases in cases other than asbestos bankruptcies, for which Congress expressly allowed them.

Critics of the settlement dislike its coercive quid pro quo. The Sacklers, they argue, should be sued until verdicts compel them to file for bankruptcy, which would ultimately unlock more money for claimants. It is illegal for debtors to siphon funds from a bankruptcy estate before filing: some allege that the family's withdrawals from Purdue constituted fraudulent transfers that ought to be clawed back in full.

Deal or no deal?

But could claimants really do better by duking it out individually with the Sacklers in court? In all likelihood they would end up with less, says William Organek of Baruch College's business school. More than 70 family members benefited from ownership of Purdue; each would mount his or her own defence. Lawsuits and collection of judgments would take years, if not decades. Recovery of the whole fortune may be impossible since much of it is stashed in offshore trusts. Fraudulent-transfer claims would run up against a statute of limitations. Edward Neiger, a lawyer for victims, says that the Sacklers' $6bn offer represents the piece of their fortune within the grasp of American courts.

Objections are about more than money: holdouts want to deprive the Sacklers of the peace of mind that comes with a release. "They're drug-dealers and they need to be punished to the fullest extent of the law," says Ellen Isaacs, whose son died of an overdose after getting hooked on OxyContin. She is one of several claimants, out of hundreds of thousands, who joined the US trustee's appeal. Should the court rule in their favour, Douglas Baird of the University of Chicago says he would not be shocked if the Sacklers end up settling with the vast majority of claimants who want quick, certain payouts while accepting the risk that some stray holdouts will sue.

Bankruptcy is fraught by nature: creditors are squeezing value from a limited pie and jostling over their share of it. Add big moral and social questions, and the result is satisfying for no one but lawyers. Even if Purdue's deal goes through, payouts to individual victims are paltry. They will get between $3,500 and $48,000 each—while the Sacklers hold on to a fortune of several billion dollars. ■

Editor's note: *This story was amended to include a reference to a forthcoming paper by Abbe Gluck, Elizabeth Burch and Adam Zimmerman in the Yale Law Journal.*

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Super K

Henry Kissinger never quite belonged where he wanted to be

The doyen of American statecraft died on November 29th, aged 100

Nov 30th 2023

EARLY IN JUNE 1970, soon after America had invaded Cambodia, Henry Kissinger secretly visited Brian McDonnell, a 27-year-old peacenik he had spotted in Lafayette Park opposite the White House. It was one of his many efforts that year to persuade his younger critics that they should give war a chance.

As with so many others, he failed with Brian, but they stayed in touch. While Richard Nixon sulked in the West Wing, his national security adviser and the long-haired activist would meet from time to time to talk about the war and the philosophy of Kant, struggling, Mr Kissinger wrote, "to fashion at least a temporary bridge across the mutual incomprehension". He never lost the belief that he could win over his critics. And not just the movers and shakers, but also those far from the cover of *Time* and out of range of the Oval Office microphones. By arguing and arguing some more, he was asserting that he belonged and that he counted.

He had started as an outcast, growing up in pre-war Germany among people who despised and rejected him for being a Jew. The Nazis sacked his father from the public high school in Fürth, near Nuremberg. His mother was the first to grasp that the "Hitler State" held no future for her children. In 1938, 15-year-old Heinz, as he was then, fled to America with his family. He never shed the accent; his voice, like gravel in a goldfish-bowl, added deeply to his seriousness. But his younger brother Walter learned to speak like a regular American, claiming later to be "the Kissinger who listens".

Even his detractors admitted he had a brilliant mind. His undergraduate thesis was so profuse, at 383 pages, that it supposedly led Harvard to introduce the "Kissinger rule", limiting students to less than half that length. His doctorate examined how diplomacy sustained stability in Europe for the best part of a century after Napoleon's defeat. When he entered Nixon's administration 15 years later, the insights he had gained from studying Castlereagh and Metternich would help him grapple with the roiling ambitions of the United States and the Soviet Union.

His style was to work outside the official machinery of the State Department and the foreign service, which he thought had sapped American diplomacy of its vigour and creativity. "Back-channels" with the Russians, the Chinese and just about everyone else suited Nixon's taste for conspiracy. And they suited his own yearning to be at the centre of the action, pulling the strings.

Of course, deception played a useful part, in big matters as well as small. When his team grumbled that they had no dining privileges at the White House, he let them think it was all the chief of staff's fault. In fact, it was his own idea. He didn't want his people forging links over lunch with useful contacts outside the National Security Council. Although he was too clever to lie outright, he led people astray. Shimon Peres, an Israeli sparring partner, admiringly called him "the most devious man I have ever met".

Never did he fall into Castlereagh's trap of losing his self-belief. He cut ties for a while with Walter Isaacson over his wretched book, with its psychologising and its cheap gibe that Dr K surely felt that even his own three-volume autobiography did not quite do justice to his achievements.

Plenty of aides may have left his service, but many stayed loyal because on the most important questions of the day he was not only penetrating, but he also let them have their say. And nowhere did he face more questions than the realignment of American foreign policy amid the ruins of the Vietnam war.

By 1972, America was vulnerable: humiliated abroad and divided at home. His answer was to exploit growing antagonism between the Soviet Union and China to create a new equilibrium in which each looked to America to bolster its position. Later, he shuttled between Egypt and Israel to supplant the Soviet Union with America in the Middle East. It was a piece of statecraft worthy of his 19th-century heroes. He had put America back in the driving-seat just when everything was against it.

What thanks did he get? The doubters and intellectuals said he had sacrificed America's principles and over a million lives. He had fought on in Vietnam and taken the war to Cambodia and Laos for the sake of American "credibility". He had blessed a Pakistani genocide in what became Bangladesh, because Pakistan was helping him with China. He had plotted coups and assassinations in Chile and an insurgency in Angola, because he thought countries would fall like dominoes to Soviet plots. When he won the Nobel peace prize in 1973, Christopher Hitchens, a British journalist, said he should have been tried for war crimes—and the charge stuck.

Triangle man

He was comforted that this was the minority view. Magazines and TV hosts laughed at his jokes and feted him as "Nixon's secret agent" and "the Super Secretary". He took pains to be photographed with beautiful women. If anyone belonged in the pantheon of Washington power-brokers, it was the boy from Fürth.

Despite his relentless efforts, though, the criticism endured. It was bad enough that the left condemned him as immoral, but the right came to see his desire to engage with China and Russia as suspicious, un-American, values-free realpolitik. None of them grasped that his overriding goal was to avoid at any cost a world war like the one that had driven him out of Germany.

And so that burst of diplomacy in 1969-77 was the only time he served in government. No Kissingerian foreign-policy machinery remained when he left. He went on to make a fortune and was everyone's idea of an elder statesman. In China he became a superstar. In his late 90s he collaborated on books about the qualities of leadership and about the dangers of artificial intelligence, which he worried would be the end of the Enlightenment. It was as if he now saw himself as the wise guardian of human civilisation. But in the innermost sanctum of American power, where he most craved to be, he never again quite belonged. ■

Editor's note: In April The Economist spoke to Henry Kissinger for more than eight hours about how to avoid world war three, among other topics.

Middle East & Africa

The war in Gaza

Does Hamas want to keep fighting Israel or start talking peace?

A high-stakes struggle is taking place within the group

Nov 30th 2023 | JERUSALEM AND RAMALLAH

WHEN HAMAS smashed across the Gaza border on October 7th, killing some 1,200 Israelis and abducting around 250 more, it thrust itself into the very centre of international attention. The issue of Palestinian statehood, which had been forgotten as Arab countries established diplomatic relations with Israel under the Abraham accords, is once again seen as the key to stability across the region. Yet it seems increasingly clear that Hamas, which planned its assault down to the smallest detail, failed to anticipate Israel's military response and had no greater goal for the following days than to barter hostages for Palestinian prisoners in Israeli jails. Almost two months into the war it started, does it have a plan?

What happens in the coming weeks and months depends mainly on how much deeper and longer Israel's offensive goes into Gaza and how much of Hamas it is able to destroy. But it also depends on high-stakes struggles within Hamas: between a radical wing in Gaza and more moderate elements in exile in Qatar and Lebanon; between those aligned closely with Iran and its "axis of resistance" and those wanting closer ties with Arab governments; and crucially over whether to implicitly recognise Israel or to keep fighting to exterminate it. Who wins these arguments will affect whether a peace deal based on a Palestinian state alongside Israel can ever materialise.

Hamas is by no means a homogenous movement. Its most solid military and political base before the current round of fighting was in Gaza, where it is a government, a military force and a social-welfare body. But most of its top political leadership is in exile in Qatar or Lebanon. It also has a political presence and some armed cells in the West Bank and a footprint among Palestinian refugees scattered across the region. Its activities go well beyond violence—it is a social-service provider, a religious authority, and in the West Bank it discreetly provides benefits such as university scholarships and private hospitals. Knitting this together is a sprawling financial empire that brings in more than $1bn a year to pay for everything from education in Gaza to the rockets it fires at Israel. Iran has provided the group with hundreds of millions of dollars in funds as well as expertise to help build its rocket arsenal.

The Economist

The two faces of Hamas—as a social-welfare movement and as a terrorist group—go back to its formation in 1987 as an armed offshoot of the Muslim

Brotherhood, an Islamist movement that had previously been involved in charitable projects in the territories Israel captured in 1967. Its initial charter, dripping with anti-Semitic tropes blaming Jews for the French and Russian revolutions, ruled out negotiations and called for the destruction of Israel. By 1993 it was sending suicide-bombers against Israelis. When later that year the Palestine Liberation Organisation (PLO) under Yasser Arafat signed the Oslo accords, recognising Israel and suspending its armed struggle, Hamas set about undermining the deal with a bombing campaign.

When Israel withdrew its forces and dismantled Jewish settlements in Gaza in 2005, Hamas proclaimed this as a victory for armed struggle. So, it seems, did many voters who gave Hamas a majority of the seats in parliamentary elections the following year. This appeared to moderate Hamas, at least for a while. It formed a government of the Palestinian Authority (PA), which it had previously rejected as a creation of the Oslo accords, and named Ismail Haniyeh (pictured, top right) the prime minister of Palestine.

Yet Israel withheld taxes it collected for the PA and Fatah, the party headed by Mahmoud Abbas, the PA's president, struggled with it for control of the security forces. In 2007 Hamas seized control of Gaza and set up a separate administration. Israel imposed an even tighter blockade on Gaza, restricting imports and allowing only a trickle of people to cross into or out of the territory. The result has been poverty and misery for the roughly 2.2m people who now live in Gaza. Fighting between Israel and Hamas has regularly erupted.

The division of Palestinians into two camps suited Binyamin Netanyahu, Israel's prime minister, who has long obstructed the creation of a Palestinian state. With Hamas in power in Gaza and an enfeebled PA under Fatah in the West Bank, he could argue that Israel had "no partner for peace". Others in the region played along with this, particularly Egypt under President Abdel-Fattah al-Sisi, who has viciously repressed the Muslim Brotherhood at home.

After Hamas unexpectedly found itself responsible for governing Gaza and shunned by some states in the region, moderate factions within the group began to push for a change in its policies. Khaled Meshal (pictured, top left), previously the head of the group's political wing in exile, had been trying to align the group with Sunni Arab states in the region and break it away from its alliance with Iran and Syria. In 2012 he moved the Hamas headquarters out of Damascus, Syria's capital, after President Bashar al-Assad had massacred Sunni rebels and violently repressed the Muslim Brotherhood. In 2017 Mr Meshal pushed through a new Hamas charter, dropping much of the previous one's anti-Semitic language. Above all, it endorsed a Palestinian state inside the territories Israel conquered in 1967—that is Gaza, East Jerusalem and the West Bank—though it stopped short of recognising Israel.

But Mr Meshal was supplanted by a more radical and pro-Iranian camp that emerged largely from Hamas's military command to assume the group's political leadership. It espoused a vision of a Palestinian state stretching "from the river to the sea", says Baraa Nizar Rayan, a writer with close ties to the movement, based in Qatar. Influential in this faction are Yahya Sinwar, its political and military leader in Gaza, and Saleh al-Arouri, Hamas's representative in Beirut who previously commanded the Qassam Brigades, Hamas's armed wing (both pictured bottom right and left respectively). Mr Sinwar had signed up to to the new charter, but became more extreme after it failed to lead to a political settlement with Israel, Hamas people say. The attack on October 7th marked the ascendancy of the extremists. "It has proved that the only language Israel understands is force," argues Azzam Tamimi, a sympathetic historian. "Peacemaking with Israel gets them nowhere."

Much will depend on what happens next with Israel's military operation to destroy Hamas and kill its leaders. As *The Economist* went to press, Israel extended the truce for 24 hours in exchange for the release of more hostages. But Hamas will be able to buy no more than a day or two before it has traded all the children and female civilians it holds hostage.

Officials of other governments in the region and experts think Hamas will try to keep on bargaining. It might offer to exchange male hostages (whom it defines as prisoners of war regardless of whether under humanitarian law they are soldiers or non-combatants) for high-profile Palestinian prisoners. It may also propose a long-term ceasefire, or *hudna*, in which it agrees not to attack Israel from Gaza, perhaps for at least ten years.

Beef up the bad guys

A full ceasefire now would let Hamas claim victory, which would probably strengthen its hardliners, including Mr Sinwar, and give Hamas greater sway over Palestinian politics in the West Bank. "Any scenario that makes it possible for Hamas with any credibility to claim victory will make it possible for them to take over the Palestinian national movement without having to knock on anyone's door," says Salam Fayyad, a former prime minister of the PA. A stronger Hamas, particularly if it is emboldened by its attacks on Israel, would make progress towards a two-state solution impossible for the foreseeable future, given its dedication to violence and Israel's distrust of it.

It is still more likely that Israel will resume its assault on Gaza once the truce is over. Israel reckons it has killed about 4,000 Hamas fighters in Gaza and killed or captured about 1,000 more in Israel. It says it has "seriously hit" about half the group's regional battalions in Gaza and killed the top Hamas commander in northern Gaza, three other senior commanders and dozens of battalion and company commanders. Israeli officials say that before the truce started on November 24th, Hamas's ability to command and control its forces in northern Gaza had completely broken down. But it may well have used the lull to rebuild its command structure and some of its rocket-launchers.

The moment the truce is over, the Israel Defence Forces (IDF) plans to focus on the parts of northern Gaza it hasn't yet entered, especially the district of Shuja'iyya. It also aims to start limited ground operations in southern Gaza with the intention of cutting off Khan Younis, a major city in the south, possibly also entering Gaza from close to the border with Egypt.

Israel will probably keep trying to capture or kill Hamas's leaders in Gaza, particularly Mr Sinwar, Muhammad Deif, who commands the Qassam Brigades, and Marwan Issa, his deputy, who is seen as a more skilled tactician. Yet many Hamas-watchers insist that it will survive the loss of its top leaders. "Deif and Sinwar have written themselves off," says a Western spook. "Every day they survive is credit…money in the bank for other people to spend."

Others note that although Israel assassinated a number of Hamas leaders in the 1990s and 2000s, it failed to halt the movement's growth. Even if it is militarily diminished, Hamas will probably retain much influence in Gaza. It might be nigh-impossible to govern the strip without a measure of its acquiescence.

Yet there are also signs that Israel's ferocious retaliation may be eroding support for Hamas among ordinary Gazans furious at the destruction Mr Sinwar has brought down upon them and their homes. The militant wing aligned with Mr Sinwar may also be weakening. By contrast, Hamas appears to have gained support in the West Bank, through winning the release of Palestinian prisoners from Israeli jails as part of the hostage bargain.

With Mr Sinwar and many of the group's military leaders in Gaza hiding in tunnels out of sight of Israel's drones, Hamas's leaders in exile, such as Khaled Meshal and its top man, Mr Haniyeh, both of whom advocated the charter's revision in 2017, are growing in importance, says an Arab diplomat. Husam Badran, a senior Hamas politician in Qatar, acknowledges that "the state of Israel exists", adding that "the missing state is Palestine". In effect, Hamas offers "de facto recognition (of Israel) but not de jure," says Qusay Hamed, a Palestinian expert on the movement.

There is huge demand among Palestinians for a government that again unites Gaza and the West Bank. Several Hamas men have held talks with other Palestinian leaders, including one of Mr Abbas's ambitious rivals in Fatah, Muhammad Dahlan, whom Hamas chased out of Gaza in 2007. The 88-year-old Mr Abbas is firmly against a reconciliation with Hamas, but he is in the twilight of his rule.

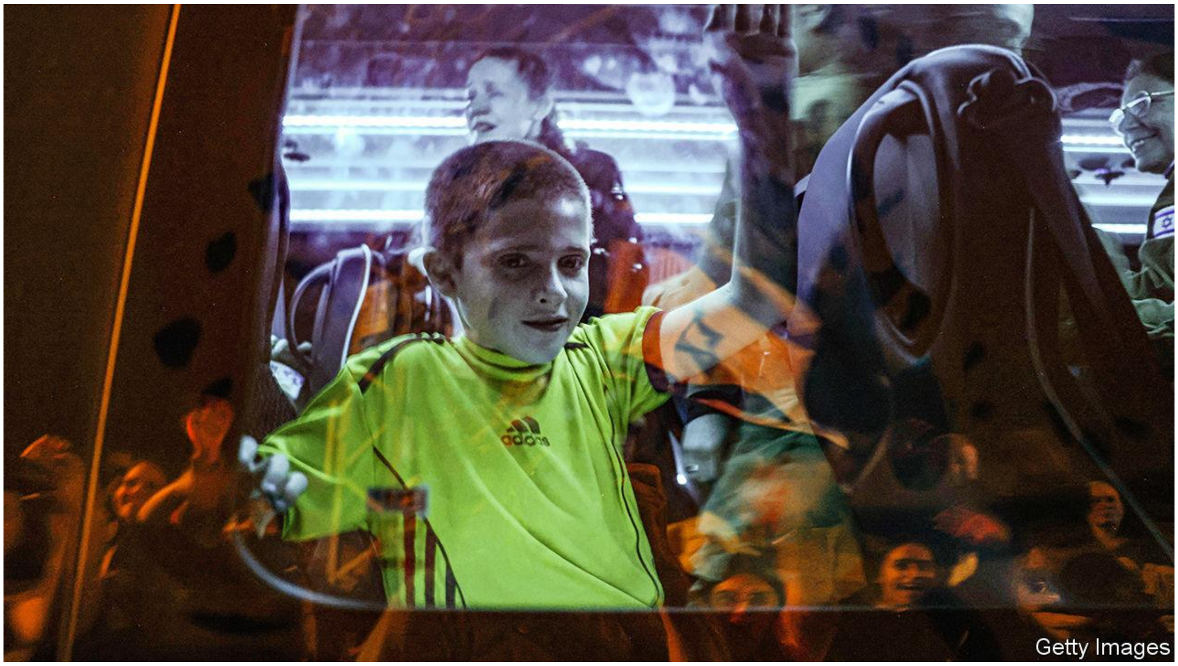
If much is left of Hamas after the war, its "resistance" may grant it greater legitimacy among Palestinians than other parties such as Fatah. For that to mean something, it would have to stop being a spoiler of peace. It is not yet clear, perhaps even to Hamas itself, whether it is ready to take that step, and if does whether it would be accepted by Israel. ■

All quiet on the Gaza front

Israel’s truce with Hamas is drawing to a close

A grand bargain and ceasefire seem unlikely

Nov 30th 2023 | JERUSALEM



Getty Images

ALMOST A WEEK after the guns fell silent in Gaza on November 24th, the respite offered to the territory’s 2.2m people and the celebration of Israelis at the return of hostages appeared to be coming to an end. As *The Economist* went to press on November 30th the truce was on a knife edge.

About two hours before fighting was due to resume at 7am local time, Hamas said Israel had rejected an offer for it to return seven female and child hostages along with the bodies of three more. Israel had previously said it would only extend the truce by 24 hours for every ten live captives. About an hour before the deadline they reached a deal when Hamas added one more name and Israel agreed to credit it with another two after the release of 12 hostages the day before.

The exuberant scenes at the return of hostages and Palestinian prisoners held by Israel were the result of hard-nosed, cold negotiations that took place mainly in Doha, the Qatari capital, in a deal brokered by Hamas’s Qatari patrons. Hamas refuses to disclose whether hostages are alive or dead, save for a nightly list of those to be released the next evening. For every Israeli returned, three Palestinian women and minors, most of them accused of violence or terrorism, would be freed.

Talk has since turned to the possibility of more deals for the release of the roughly 160 hostages still held in Gaza. A grand bargain has been aired whereby they could all be set free in return for Israel emptying its jails of thousands of Palestinian prisoners and agreeing to a long-term ceasefire. Israeli officials have been quick to quash these rumours. Their priority is to secure the release of the remaining children and civilian women, but they expect Hamas to demand a far higher price for the freeing of other categories of hostages: elderly men; male civilians of military age who are considered “combatants” by Hamas; and actual soldiers, male and female. They also worry that Hamas will try to drag out negotiations in order to extend the truce without giving anything in return.

The Israel Defence Forces (IDF) reckons that half of Hamas’s 24 battalions have been severely hit, with many of them losing their commanders and headquarters, both above and below the ground. The IDF has captured around 80% of the built-up area in the northern sector of Gaza and says it has found around 800 tunnel-shafts, half of which its forces have already destroyed. Military officials also say the IDF has achieved a key aim of capturing areas that hosted over half of Hamas’s rocket-launchers. This had sharply decreased rocket attacks on Israeli towns before the truce.

It is notoriously difficult to count bodies during a war, especially since so many Hamas fighters are underground, but Israeli intelligence reckons that around 5,000 Hamas fighters have been killed so far in Gaza and Israel. Along with those wounded and captured, around a quarter of Hamas’s fighting force may have been eliminated. This is a big blow to Hamas, but not enough to prevent it from returning to power in Gaza once Israel leaves. The group’s leader there, Yahya Sinwar, and his chief military commanders, Muhammad Deif and Marwan Issa, are believed to be holed up in their home town of Khan Younis in southern Gaza.

As soon as the truce ends, the IDF will have two immediate priorities: to continue destroying tunnels and Hamas’s structures in the area it already militarily controls; and to enter the remaining Hamas strongholds elsewhere in Gaza. Though Israel expects stiff opposition from Hamas's remaining fighters, it will have two big advantages in the north. The area it will be attacking is almost entirely empty of civilians, who have fled south. This will allow the IDF to use its massive advantage in firepower, both from the air and its artillery, to help armoured columns smash through Hamas's defences.

Things will be tougher when Israel starts an expected second stage of its ground campaign in southern Gaza. The area is crammed with about 2m people, many of them displaced from the north, meaning Israel will have to be more restrained in its use of firepower and armour. It is already under pressure from its main ally, America, to inflict fewer civilian casualties than it did before the ceasefire, when more than 15,000 people were killed, according to the Hamas-run authorities. Antony Blinken, America's secretary of state, was due to meet Israel's war cabinet on November 30th to repeat this advice and to urge Israel to let more aid into Gaza. He also wants Israel to think about who will control Gaza once the fighting is over.

Israeli officers admit that tackling Hamas in the south will be "more challenging" and talk of conducting a "mobile" offensive there. This would probably mean taking on the main southern Hamas strongholds in stages with smaller forces. This might reduce civilian casualties, but it would also prolong the war, further sapping international support for Israel.

There is also talk, not in public for now because of the objections of the far-right politicians in Binyamin Netanyahu's ruling coalition, of Israel facilitating the flow of humanitarian aid into Gaza. Since October 7th Israel has not allowed aid to go through its own territory. Instead, supply convoys have taken a circuitous route through Egypt to an Israeli security checkpoint and then back into Egypt before entering Gaza through the crossing at Rafah.

Israel's security establishment is aware that letting in more aid is another way of increasing legitimacy for the military campaign in foreign eyes. Officials have privately said that they are working on re-opening the Kerem Shalom crossing, where most of Gaza's imports arrived from Israel before this war. But the trauma still felt keenly by many Israelis after the massacre of October 7th and the stories emerging of hostages being maltreated will not make them keen to aid Gazans. ■

Climate finance (1)

Could carbon credits be Africa's next big export?

African leaders are eyeing carbon markets as a source of scarce capital

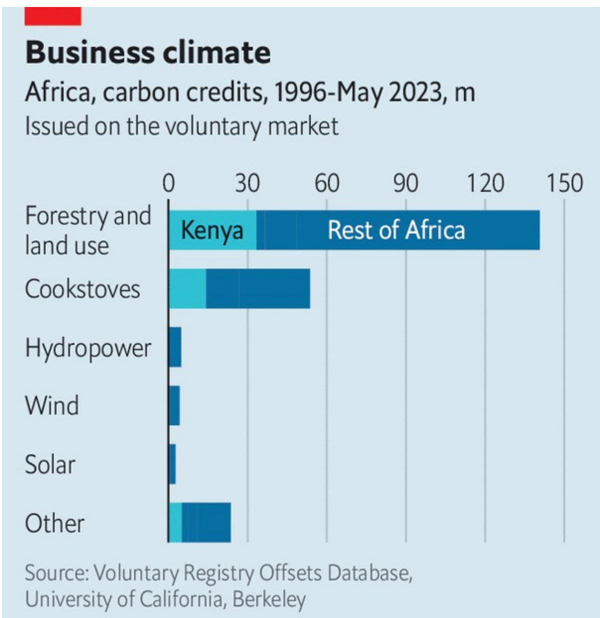
Nov 30th 2023 | NAIROBI

KOKO

IN HER SMALL house in Nairobi, Kenya's capital, Rose Muthoni shows off her snazzy blue stove. Until recently she was one of the roughly 80% of sub-Saharan Africans who use firewood or charcoal for cooking. When burned, these forms of biomass release greenhouse gases and unhealthy pollutants; Ms Muthoni thinks charcoal contributed to the death of one of her children. Her new stove, made by KOKO, a Kenyan startup, uses bioethanol—a cleaner and safer fuel.

"It is very economical," adds Ms Muthoni. She spends about 600 Kenyan shillings ($4) per month refilling canisters at "fuel ATMs" in shops, less than half of what she paid for charcoal. The price is the result of a virtuous cycle. Since its products reduce carbon emissions, KOKO is able to generate credits that can be sold on global carbon markets. The proceeds are ploughed back into the firm, lowering retail prices for stoves and fuel. Four years after launching, KOKO is used by more than one-third of households in Nairobi. “We’re a novel type of energy utility,” argues Greg Murray, its CEO, “where carbon provides the subsidy instead of public funds.”

KOKO hints at why there is excitement about carbon markets. The African Carbon Markets Initiative (ACMI), a UN-backed consortium, reckons that Africa uses just 2% of its annual carbon-credit potential; it aims for Africa to sell $100bn worth of credits a year by 2050. Even a fraction of that would be a boon for a continent where annual foreign direct investment has never surpassed $80bn. William Ruto, Kenya’s president, calls carbon credits an “unparalleled economic gold mine” and his country’s “next significant export”. Yet, as is often the case with Africa and its natural resources, things could go wrong.



The Economist

Africa has taken part in carbon markets for decades, albeit on the margins. It accounted for 3% of the credits issued under the Clean Development Mechanism (CDM), the first international carbon market set up under the aegis of the UN. (A successor to the CDM was outlined in the Paris Agreement, signed at the COP climate-change summit in 2015, and negotiations are continuing at the current COP in Dubai.) Credits from African projects have also made up about a tenth of those issued on “voluntary” markets, where blue-chip firms and guilt-ridden consumers pay to “offset” their emissions.

The benefits of carbon markets can be seen in how they have boosted cooking-fuel startups. Almost a quarter of the African carbon credits issued on voluntary markets involve such projects. More than half of the 30 companies, including KOKO, supported by the Clean Cooking Alliance, a donor-funded outfit, have used—or plan to use—carbon markets to attract finance.

ACMI and others are keen to increase the size of Africa's voluntary market. In September at the Africa Climate Summit in Nairobi, the United Arab Emirates (UAE) pledged to buy $450m worth of credits. The Johannesburg Stock Exchange recently launched its own voluntary marketplace.

Yet there is a much bigger prize on offer. In the Paris Agreement countries made pledges to limit their emissions, known as Nationally Determined Contributions (NDCs). Article six of that treaty in effect outlines a formal export market in carbon credits. It lets one country partially meet its NDCs by buying credits—catchily called Internationally Transferred Mitigation Outcomes (ITMOs)—issued by another. The idea is for the market to find the most efficient ways to reduce emissions while raising capital for projects to spur development in poor countries. In Africa the hope is that article six could one day make it possible for African issuers to sell into some of the largest "compliance markets" (such as California's cap-and-trade scheme) that together are worth around $800bn per year, versus just $2bn for the voluntary offset markets.

Several African countries are keen to take advantage of article six. Kenya has amended its climate-change law to make sure its projects adhere. Ghana and Senegal have already sold cookstove-based credits to Switzerland in a bilateral deal; notably, the price of the credits was several times higher than what projects might be expected to get via voluntary markets. Ghana is in talks with Singapore, too. Gabon has a pilot deal with South Korea; Ethiopia and Kenya with Japan. Rwanda has also recently issued ITMOs that meet article-six standards.

Yet carbon credits are not without potential problems. The first is that under article six there must be no double counting. If Ghana, say, sells credits to Switzerland, it cannot count the corresponding emission cuts as its own NDC. Picking eligible sectors for ITMOs is increasingly part of some

African governments' economic policy-making. Ghana, for instance, will not issue ITMOs based on switching light bulbs or planting trees on smallholder plantations, as these are cheap and easy things it can do itself. It wants to issue ITMOs that raise lots of money for projects in harder areas, such as renewable energy and cooking fuel.

The second snag is the lingering scepticism about the carbon-saving potential of credits, especially those based on forest projects. In August a study in *Science*, a journal, suggested that 94% of the credits associated with a sample of 26 projects in developing countries were not linked to real reductions in emissions. In November the CEO of the world's largest offsetting firm, South Pole, stepped down amid accusations of "greenwashing". The firm said it was "determined to learn from the experience". A third problem is how much locals get the benefits from carbon credits.

All of the problems are most acute in schemes that pledge to avert deforestation. (Those based on cleaner cooking fuels are easier to measure and have obvious beneficiaries.) That helps explain the reaction in some quarters to provisional deals struck by five African countries with a carbon-credit firm run by a member of Dubai's royal family in the UAE. Blue Carbon has signed initial agreements with Tanzania, Liberia, Zambia and Zimbabwe to manage forests across a total land area nearly as large as Britain. It may then sell ITMOs to polluting countries such as, say, the UAE. Though no deal has been formally agreed, critics call it "carbon colonialism".

A perennial problem is how Africa may get the most out of its natural assets. Some countries will do better than others. But in a world where many rich countries are cutting aid to Africa, China is lending less and commercial creditors demand high interest rates, African states will inevitably explore any new source of funds. Even if some of the schemes go up in smoke. ■

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

Climate finance (2)

African leaders want debt relief for climate action

They are grappling with two crises at once

Nov 30th 2023

CAPE VERDE, a volcanic archipelago off the west coast of Africa, is not in fact a cape, and only in the rainy season is it particularly green. It is vulnerable to rising sea levels, acidifying oceans and erratic weather, and this may explain why it struck a debt-for-climate deal with Portugal this year. Initially Portugal will write off €12m ($13m) of debt. The money saved will be invested in projects like renewable energy and desalination plants. If all goes well, then the entire €140m (some 6% of GDP) that Cape Verde owes its former coloniser will be forgiven on similar terms.

The search for new finance is top of the agenda for African delegates gathering in the United Arab Emirates for COP28, the UN's annual climate jamboree, which started on November 30th. Sub-Saharan Africa needs to spend 2.4% of its GDP a year adapting to a warming world, the UN reckons. But many countries are already weighed down by debt and austerity. "Do you pay the debt, and you have nothing left to invest in climate?" asks

Claver Gatete, a former Rwandan finance minister who now heads the UN Economic Commission for Africa (UNECA).

At the Africa Climate Summit held in Nairobi in September, the first of its kind in Africa, heads of state called for global financial reform and a "comprehensive and systemic response to the incipient debt crisis". They also suggested a ten-year moratorium on interest payments to allow for spending on adaptation even as global rates rise, along with pauses of debt servicing when natural disasters strike.

Another idea is to swap debt for climate action, thus killing two birds with one stone. The UNECA is advising African countries on how to negotiate agreements. Portugal is not the only creditor that is willing. This year Germany struck debt-forgiveness deals with Kenya and Egypt, worth €60m and €54m respectively, in return for green investments. Such bilateral swaps are straightforward but tend to be small, because just a quarter of African debt is owed to other governments.

More ambitious swaps involve third parties, such as environmental groups, raising money to buy back debt from private investors. "We don't have to reinvent capitalism…to be able to do more of these transactions today," says Slav Gatchev of the Nature Conservancy, an American NGO, which has designed deals to protect biodiversity (rather than climate per se). It recently helped Gabon refinance $500m of debt at lower interest rates, with the savings pledged to a fund for marine conservation. A military junta overthrew Gabon's government three weeks after the deal, but has made the first payment towards the project all the same.

The International Institute for Environment and Development, a British research group, argues that swaps could be part of a debt-relief programme for countries in financial trouble, much like the debt cancellations of the early 2000s. These have the potential to raise $73bn for climate and nature in sub-Saharan Africa alone. Global power-brokers are more cautious. The IMF and World Bank are interested in swaps but climate policy is "not part of their DNA", says Jean-Paul Adam, who was finance minister of the Seychelles when it arranged a $21.6m debt-for-nature deal in 2015. Credit-rating agencies may consider swaps a form of default, depending on how they are structured.

For all their intuitive appeal, swaps are a cumbersome way to invest in protecting the climate. They take years to arrange and often require costly monitoring to ensure commitments are met. Last year the African Development Bank reported that swaps had dealt with $3.7bn of debt worldwide since Bolivia signed the first debt-for-nature deal in 1987, but only around $1.5bn was directed at the environment. Swaps are also too small to make much difference in a debt crisis, where countries generally need to get as many creditors as they can around the table.

Neither a borrower or polluter be

It would be simpler to solve problems one by one: by first arranging comprehensive debt relief for the countries that need it, then by giving generous climate grants all round. But neither measure is forthcoming. Debt talks are tangled in the demands of competing creditors. Promises of climate finance by rich countries have been slow to materialise. African leaders will keep calling for an overhaul of the world's financial architecture. In the meantime, they will take what they can get. ■

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

The Americas

Dirty deeds

To save the Amazon, Lula must work out who owns it

The fight against deforestation is going better. But it needs cash, cops—and a better property register

Nov 28th 2023 | Lábrea

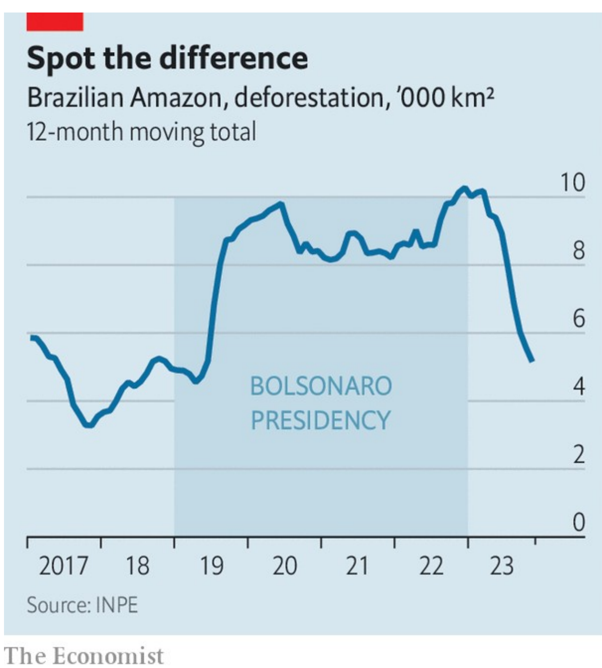
ALONG THE Madeira river, in the heart of the rainforest, the Brazilian government has been seizing barges and blowing them up. The barges belong to *garimpeiros* (wildcat miners) who are searching illegally for gold. They dredge up sediment from the river bed and add mercury, which forms a coating around flecks of the precious metal. Then they burn it off, leaving pure gold and emitting toxic vapour.

Brazil's previous president, Jair Bolsonaro, the son of a wildcat miner, made little effort to stop *garimpeiros* from polluting the Amazonian ecosystem. Quite the opposite: by consistently backing the loggers, miners and ranchers who are destroying the rainforest, he turned Brazil into a global pariah. His successor, President Luiz Inácio Lula da Silva, is determined to save the Amazon and Brazil's reputation. Since taking office in January he has been cracking down hard; some would say brutally.

"They didn't let us take any of our things away. The fridge, the stove, the beds, the fan—even the clothes. They set off the bomb with everything still inside. They destroyed everything," says Silvina, whose children's barge was seized in November. Agents of IBAMA, an arm of the environment ministry charged with protecting the Amazon, ignored the sobbing of women and children as they blew a poor family's life's savings to fragments, she fumes.

Such muscular tactics have had an effect. "Business is bad," says the manager of a shop selling kit to *garimpeiros* in Humaitá, a gold-mining town. The store is almost empty. Hardly anyone browses its pumps, hard hats, plastic pipes, ropes, pulleys and spanners. Artisanal mining in the area has fallen by 70%, he estimates. "We're terrified," says João, owner of a barge that has not yet been blown up, a clanking, rickety wooden structure that is steadily poisoning a patch of river where pink dolphins frolic. "Lula is a bad president."

As such angry reactions suggest, Lula's efforts to preserve the Amazon are making a difference—as he will boast at the COP28 climate conference this week. The pace of deforestation fell by nearly 50% in the first eight months of 2023 compared with the previous year, according to satellite data from Brazil's space-research agency, INPE.

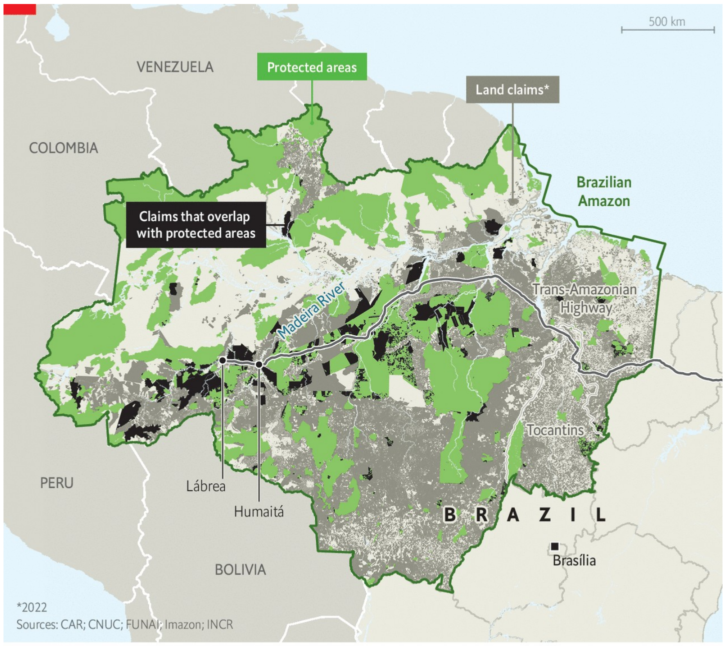


This matters. The Amazon contains 40% of the world's remaining rainforest, and 25% of its terrestrial biodiversity. It is a gigantic store of carbon, so its destruction hastens global warming. Its trees throw up 20bn tonnes of moisture a day into a "sky river", which then waters both the forest itself and farmland across South America.

Some 18% of the Brazilian Amazon has vanished so far. Scientists fear it may hit a tipping-point when 25% has gone: the sky river may fail and the forest will no longer be able to sustain itself. That would be a global catastrophe. So reducing the pace of deforestation, though welcome, is not enough. The chainsaws are still biting: 3,700 km^2 (1,400 square miles) of Brazil's rainforest vanished in the first eight months of 2023. Drought has dried up parts of its rivers, wildfires have broken records and a heatwave has imperilled trees and humans alike.

Lula has promised to end deforestation by 2030. To succeed, he must overcome many obstacles: political, practical and economic. But most of all he must grapple with a systemic problem: lawlessness. Brazil has many sensible federal rules to protect the rainforest, but they are woefully enforced. In areas that rely on mining, ranching or farming to put food on the table, state and local officials often quietly overlook environmental crimes, or issue permits for illicit activities.

Dumping mercury is illegal, and so is most artisanal mining in the Amazon. Yet Manuel, another *garimpeiro* whose barge was also blown up, says he has "documents for the dredger, documents for everything". The raid that dispossessed him was illegitimate, he insists. He is probably wrong—but he may have convinced himself that he is right. In the Amazon, even the basic question of who owns what is maddeningly unclear. At least 22 federal and other government agencies can register land claims. These agencies "don't really talk to each other", says Brenda Brito of Imazon, an NGO. So land-grabbing is rife. By one estimate, there are overlapping claims to roughly half the registered land in Brazil (see map).



The Economist

To see what this means on the ground, consider a small village near Lábrea, a town in the west at the end of the Trans-Amazonian highway, which stretches 4,000 km from the coast to the centre of the forest. Two dozen indigenous families live in Novo Paraíso, growing tropical fruits. Their village is in a reserve, where no one is allowed to claim private ownership of the land. Yet outsiders have registered claims inside it and at others nearby.

Marcelino Apurinã, the village *cacique* (chief), says the land-grabbing was especially bad while Mr Bolsonaro was president. Intruders started building dirt roads into the reserve. Farmers from the nearby city illegally staked out plots with posts in a buffer zone around the reserve and started to clear them. Only by appealing to FUNAI, the federal agency that protects indigenous people, were the villagers able to turn the invaders away.

Part of the problem was political: Mr Bolsonaro encouraged land-grabbers by making it clear that he was rooting for them. As president, he kept a campaign pledge not to designate “one more centimetre” of land as indigenous. He also cut the budgets of agencies charged with protecting indigenous people. But even with Mr Bolsonaro gone, the problem is not resolved. The dodgy land claims in reserves like Mr Apurinã’s remain on the books.

In June, when Lula relaunched a plan to save the rainforest, it included a push to regularise land titles. He vows to integrate the various land registries into a coherent system and use satellite data to spot illegal activities. This, combined with beefed-up law enforcement and economic help for residents of Amazonian states, is supposed to end deforestation by 2030.

It is a monstrous task. In a recent report, the World Bank cites a number of distortions that make it harder. One is "undesignated land". Roughly 42% of the Brazilian Amazon is classified either as a protected area or as an indigenous reserve. Another 29% is privately owned, with owners required to conserve 80% of the forest on their land. However 29% (1.2m km^2, or almost twice the area of Texas) is "undesignated", meaning it is public land but has not been confirmed as a reserve or designated for any other purpose. Such lands are "the main deforestation hotspots", says the bank. Some 116,000 km^2 of undesignated terrain had been claimed as private property as of 2020, though this is not legal.

Land tenure is weak more or less everywhere in the rainforest. Private owners often lack title deeds, even for land the government designated to them back in the 1970s (when it was a military dictatorship). This makes it tougher to enforce environmental laws, since it is often unclear who is responsible for a given slice of forest. It also invites land-grabbers to use brute force. At least 47 people were killed in rural clashes in 2022, according to the Pastoral Land Commission, another NGO.

Another distortion is a perverse system of taxes and handouts. A complicated land tax called the ITR is easy to cheat and encourages farmers to cultivate more of their land than they otherwise would, even if that means clearing forest. Farm subsidies are smaller in Brazil than in many other countries, at 0.35% of GDP, but go disproportionately to cattle ranchers in the Amazon. World Bank number-crunchers have shown that the more forested a state is, the higher the share of credit subsidies that goes to cattle-farmers. Such handouts make farmland more valuable, and so offer an incentive for people to create more of it by slashing and burning the forest.

When states sell public forest land to private actors, they do so cheaply. On average in 2019, they charged 15% of the market rate. Even the federal government charged only 26%, according to a paper by Dr Brito and others.

The state of Tocantins sold land that year for an average of about $1 a hectare, when it was worth more than $2,000. In the past, people who have illegally occupied land have been allowed, after a number of years, to obtain formal title at giveaway rates like these. This encourages small-time squatters and big ranchers to move onto unclaimed or thinly populated land, in the hope that the state will let them buy it cheaply. Many officials in the Amazon approve. An idea persists that the rainforest is a frontier to conquer: what the old military regimes called “a land without men for men without land”.

They came, they sawed, they conquered

More broadly, law enforcement is so lax that even blatant crooks often get off scot-free. You do not have to drive far along the Trans-Amazonian highway to see side tracks carved out by illegal loggers, or to smell choking clouds of smoke, where farmers are clearing new fields with flames. Eduardo Rachid, the manager of a shop in Lábrea that sells saddles, bovine medicine and other farm supplies, confirms that trade is “very busy”. Skilled farmers from neighbouring states are flocking to the area for cheap land, he says.

A river runs through it

In theory, meat raised on recently deforested land cannot be sold. Certainly, supermarkets in Europe are wary of Brazilian beef. But most of it is sold in Brazil, where the illicit variety is easy to launder. A tracking system records only the last place a cow lived, so an illegal farmer can simply sell his cattle to a legal one, who then sends them to the slaughterhouse. A cattleman in Pará, a northern state, says he has no way of knowing whether the cows he buys at auction were legally raised.

Another trick for steak-scrubbing, says a cattle-farm labourer near Lábrea who wishes to remain anonymous, is for a butcher to buy a legal cow and keep the official stamp on its skin in his freezer. He can then produce it when an inspector calls and pretend that the illegal joints he is selling are from that legal cow.

Lula is trying to sort out some of this legal mess. Marina Silva, his environment minister, says the first step is to study all the undesignated land and work out which parts should be indigenous reserves or conservation areas. Such areas "will no longer be used for deforestation", she told *The Economist*. A technical committee, whose work was frozen under Mr Bolsonaro, has gone back to work. Some 30,000 km^2 are on the verge of being designated, she says, and another 68,000 km^2 are being evaluated. Since January Lula has issued decrees recognising eight indigenous reserves. The ultimate goal is to integrate all the existing land registries to prevent overlaps, says Ms Silva, and to make the system transparent for everyone.

The snag is what Ms Silva calls a "complexity" in "the willingness of states…to participate". Some state governments are "resistant". This is hardly surprising. The power to allocate land to people who can exploit it, against the wishes of a conservation-minded federal government, is not one that *bolsonarista* governors will surrender without a struggle.

Meanwhile, federal lawmakers from the rural caucus, who are friendly to farmers, loggers and miners, are trying to push through a bill that would curtail indigenous land rights. A crucial clause bars the recognition of land as indigenous if the tribes in question cannot show they were occupying it in 1988, the year Brazil's constitution was signed. The Supreme Court ruled this clause unconstitutional, and Lula vetoed it. But Congress may yet overturn his veto. The politicians blocking reform are responding to economic forces. It is not just that big, land-hungry farmers bankroll them, although they do. It is also that the little guys who make a living by damaging the rainforest also vote.

Manuel, the wildcat miner whose barge was blown up by federal agents, says he voted for Lula last year because he remembers the generous welfare programmes from his first term in office. It never occurred to him that a pro-worker president would shut down his business. Now he is furious. “They treat us like bandits,” he says. And “now there’s nothing to eat.”

Miners who cannot mine will find other ways to make a living. In the Amazon, opportunities are scarce. Even main roads are often unpaved, a problem Lula has suggested he will solve, despite objections from environmentalists. Locals are poorly educated. Two-thirds of ten-year-olds in the Amazon cannot read a simple sentence, compared with half in Brazil as whole. Poverty is widespread. Many of the *garimpeiros* whose barges were destroyed went to work on farms in the rainforest, says the mine-shop manager in Humaitá.

Mr Apurinã, the indigenous chief, seems to offer an example of how people can live sustainably in the forest. His village grows açai, bananas, pineapples that make exquisite juice and cupuaçu, a fruit that is used in posh cosmetics. A charity has taught them not to monocrop. Once a week they sell forest products in town. But it is hard work, for modest rewards, in ominously rising temperatures. “You used to be able to work all day. Now you can only work for half the day, because the sun is stronger,” he says. Being near a town, the villagers are aware of manufactured luxuries. Mr Apurinã sports an impressive head-dress of parrots’ feathers and a necklace with a jaguar’s tooth on it. But he also appreciates the comfort of a cotton T-shirt, the practicality of gumboots and the convenience of plastic bottles. He is content to live a hybrid lifestyle, largely traditional but trading with the modern world.

What’s the alternative?

However, not every indigenous Brazilian feels this way. “Lots of them” have gone to work on big farms, says Mr Apurinã. He estimates that people in his village make around 50-60 reais ($10-12) a day. Big farms pay 80-100.

Some indigenous folk "want to make money quickly", he says. Growing your own crops takes time. When you work for someone else, by contrast, "the boss can always give you money straight away." The lure of quick cash impels some locals to accept jobs that are illegal. A farmer hired dozens of men with chainsaws and paid them fat wages to clear a swathe of rainforest, says a local driver. Drought has made fishing harder, says Jean, a fisherman, so lots of people from his neighbourhood have gone to work in the new pastures that are being carved out of the forest.

The value to the world of preserving the Amazon is immense. Estimates vary widely, but even a conservative one from the World Bank puts it at $317bn a year, seven times more than the value that can be extracted from the rainforest by logging, farming and mining. However, the benefits of conservation are spread all over the world, whereas the profits from deforestation go directly to the men organising the chainsaw gangs, with benefits spilling over to local economies. Changing those incentives will require both external financing and smart ways of doling out the cash.

Lula wants foreigners to contribute. On November 13th his finance ministry issued $2bn of green bonds. A donor-backed Amazon Fund has raised $1.3bn. "This is very little in the face of the need, but it is a pioneering instrument," says Ms Silva. At the COP this week, Lula is sure to ask for more.

The battle to save the Amazon is a balancing act. Ugly compromises are inevitable. If Lula pushes too hard, he may provoke a backlash and lose the next election to a logger-hugging opponent. But if he does not push hard enough, the goal of ending deforestation by 2030 will remain out of reach. ■

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Europe

Bulldogs of war

Russia is poised to take advantage of political splits in Ukraine

Politics has returned, but the fighting has gone nowhere

Nov 28th 2023

AFP

AN OFFER TO become culture minister should have been a no-brainer. As head of Ukraine's Institute of National Memory, Anton Drobovych had the background. And for many of the previous months, he'd been stuck fighting in the most dangerous operations of Ukraine's counter-offensive in the Zaporizhia region, or recuperating from serious injuries in hospital. Mr Drobovych did not reject the proposal outright; but his understanding of the political scene in Kyiv was enough to sow doubts. Could he survive re-emerging ideological tussles, briefings and bureaucratic battles? No, he resolved to return to the ranks of his assault-forces unit. "I decided I had more important work on the front lines."

Mr Droboych is one of a number of Ukrainians straddling two increasingly distinct worlds: the grim reality of a trench war; and an ever more waspish political battleground in Kyiv. When Russia began its invasion in February 2022, competitive politics went into hibernation. They returned as the existential threat to Ukraine decreased later that year. Yaroslav Zhelezhnyak, an opposition MP, says there is still "broad agreement" on fundamental matters of national security. But a prominent MP in the president's own party says jostling has already made Ukraine "unstable". Mistakes are being made "on all sides". And presidential attempts to "centralise decision-making" and "shut down dissent" are having the opposite effect.

Cracks have emerged not only along political lines but, most worryingly, between the military and political leadership. Relations between President Volodymyr Zelensky and his commander-in-chief, Valery Zaluzhny, are understood to be terrible. The differences of opinion were first reported in summer last year. A recent interview by *The Economist* with the general, in which he declared that Ukraine's war had reached a stalemate, brought that problem into the open. Mr Zelensky publicly rebuked his general for the headlines. In a later interview he appeared to warn Mr Zaluzhny to stick to military affairs rather than "do politics."

A senior government source suggests the open conflict in the leadership was a "predictable" result of a stalled counter-offensive operation that had "not gone to plan". The official says Mr Zaluzhny was possibly unwise to contradict the more optimistic public positions of his president, but few inside the government could quibble with his sober conclusions. A blame game is now under way about who is responsible for the failure. "The politicians are saying their generals are Soviet-trained twits. And the generals are saying the politicians are interfering twits. Victory has many fathers, but no one wants to parent a stalemate."

Another factor at play is a reported criminal investigation into the defence of southern Ukraine. This was the one area where Russian forces were able to establish a quick and hugely important victory in February and March of 2022, creating a new land corridor to Crimea in a few weeks. Ukrainian turncoats assisted the advance. Bridges were not blown up as they should have been. The army was also ill prepared. Mr Zaluzhny is, say some reports, currently named only as a witness to the probe; but that may change into something more serious. Allies say the possibility of a criminal charge is designed to keep him in line. His media engagement could be seen as an insurance policy, a general-staff source suggests.

Mr Zaluzhny has not declared any political ambitions, and his few steps into the political arena have been anything but deft. That does not mean he poses no threat to Mr Zelensky. The president, a comic performer as recently as 2019, knows how quickly Ukrainian society can make and break its leaders. Internal polling seen by *The Economist* suggests the president, once lauded for his role in defending the country, has been tarnished by corruption scandals in his government and by concern over the direction of the country. The figures, which date from mid-November, show trust in the president has fallen to a net +32%, less than half that of the still-revered General Mr Zaluzhny (+70%). Ukraine's spychief, Kyrylo Budanov, also has better ratings than the president (+45%).

The same polling suggests Mr Zelensky risks losing a presidential election were he ever to go head to head with his commander-in-chief. Ukrainian society would probably not welcome any unprovoked challenge. For now, eight out of ten Ukrainians are against the very idea of holding elections, originally due next March. The president has also ruled them out, citing martial law. But the downward drift of his ratings may yet persuade him to change his mind. Russian propaganda will doubtless make hay if the elections do not take place.

Ukrainian intelligence sources say Russia is already trying to capitalise on the ambitions and tensions. Andriy Cherniak, a spokesman for HUR, the military-intelligence agency, claimed evidence that showed new Russian strategies for different constituencies: one to shore up support in Russia; another to undermine confidence in the West; and a third to amplify grievances in Ukraine. There is a separate disinformation campaign for Ukrainian soldiers, he says, with deep-fake videos purporting to show commanders of various levels encouraging their subordinates to surrender. "Russia has not been able to do what they need to do on the battlefield, but they are having real success here."

The senior government source suggests Russian propaganda has gained traction because it has material to play with. There is corruption, he admits. Management is often ineffective. Ukraine has not put its economy on enough of a war footing. But only Russia stands to gain if the president were forced out. "Some of our politicians don't worry enough about the Russian threat, and it makes me angry. They think they can challenge for power, destroy Zelensky, and it will be of no consequence." The security services had effectively eliminated most levers of Russian influence since the start of the war, he added. The most effective levers were now "Ukrainians themselves".

On the front lines, Russia is enjoying a relatively good period of the war. It is satisfying much of its manpower needs by recruiting from the poor and prisons; a convicted cannibal was recently pardoned to fight. Ukraine, in contrast, is struggling to mobilise from the general population. Army bosses are recruiting at a level that just about covers natural losses on the frontline. But if the majority of those mobilised at the start of the war knew what they were fighting for, few of the new recruits are as willing, and filling the recruitment quotas is getting harder. Political tensions are unlikely to help that process.

Doubts at home and abroad about the direction of the war are also beginning to reach soldiers on the front lines. They do not appear to have changed behaviour or morale in any significant way, at least not yet. "People under fire couldn't give a damn if Zaluzhny had a quarrel with Zelensky or not," one commander says. Mr Drobovych agrees. When he chats to his comrades at the front, no one is talking about the need to return to Kyiv to "fix politics". The only discussion is about staying alive. For this cohort of Ukrainians, there is no doubting the risk the enemy still poses. "Russia is asking a simple question of us: life or death. That will keep us fighting, regardless of what happens in Kyiv or Washington."■

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More blood, less treasure

Ukraine's new enemy: war fatigue in the West

Congress holds up military aid as unsupportive populists make gains in Europe

Nov 27th 2023 | KYIV AND WASHINGTON, DC

Getty Images

FOR MORE than 600 days of full-scale war, America has been Ukraine's greatest saviour as it marshalled arms, money and more to help repel Russia's invasion. Now America has become one of Ukraine's greatest worries. Its aid for Ukraine is fast running out, and dysfunction in Congress is blocking new assistance. Nobody is sure when—or whether—it will be restored.

The effect is being felt at the front as America tries to stretch its dwindling funds. "In the spring the flow of military supplies was a broad river. In the summer it was a stream. Now it is a few drops of tears," says one informed Ukrainian source. Ukraine faces a bleak winter amid great uncertainty: its counter-offensive has failed to break through Russian lines; its enemy is increasing its arms production; and its vital ally is paralysed by political turmoil and distracted by Israel's war in Gaza.

Lloyd Austin, America's defence secretary, visited Kyiv on November 20th to reassure Ukraine that the United States will support Ukraine "both now and into the future". Yet Mr Austin knows that the power of the purse belongs to Congress; and the balance of power in Congress is held by an isolationist wing of the Republican party, especially in the House of Representatives, where one of their sympathisers now serves as the speaker. Twice since September Congress has passed a "continuing resolution" to avoid a shutdown of the federal government; and twice it excluded new aid for Ukraine.

The Senate is trying to unlock the assistance in December, before a shutdown looms again in January. President Joe Biden has requested a supplemental budget of $106bn, of which $61bn is for Ukraine, and the rest for Israel and other national-security priorities. Republicans are tying aid for Ukraine to tougher measures to curb migration across America's border with Mexico. Those involved say the sides are still far apart.

The longer the delay, the more parties become consumed by election fever. If there is no deal before Christmas, some in Congress worry, a fresh allocation of aid may be delayed until after the elections in November 2024; and if Donald Trump is elected president it may be ended entirely. "Time is not our friend," says one gloomy pro-Ukraine senator.

In public, at least, Ukrainian leaders dismiss the notion that America could cut them off. "I don't believe it will happen," said Andriy Yermak, a top aide to Ukraine's president, Volodymyr Zelensky, saying he found "strong bipartisan support" during a visit to Washington this month.

Since Russia's invasion, America has provided about $75bn in overall aid to Ukraine, and European countries collectively have delivered more than $100bn, according to American calculations. But crucially America still provides the larger share of military aid, with its contribution worth some $44bn. The Pentagon says it has about $5bn left in "presidential drawdown authority" (PDA) to supply Ukraine with weapons from its own arsenal, and just over $1bn in funds to replenish it. Given the depletion of military stocks across the West—and the crisis in the Middle East and a potential one over Taiwan—America's brass may be reluctant to give away more than they are allowed to buy back.

PDA packages for Ukraine have shrunk, from an average of more than $1bn a month (and a peak of more than $5bn in January) to $350m in October and only $250m so far this month. A separate pot known as the Ukraine Security Assistance Initiative (USAI), worth more than $18bn, has all but run out. This was used mostly for longer-term supplies from American companies. Weapons in the USAI pipeline will continue to arrive, even without a new aid package. A small amount of USAI money, about $25m a month, is also rolled over under continuing resolutions.

Josep Borrell, the European Union's foreign-policy chief, has called on European countries to take up the slack from America if necessary. Indeed, they have issued a flurry of new promises recently. Germany said it planned to double its support for Ukraine next year to $8.5bn, and would also deliver more air-defence systems. The Netherlands, Finland and Lithuania all announced new packages of military help. But clouds loom. A constitutional-court ruling in Germany looks likely to hamper plans to boost aid. The hard-right Freedom Party of Geert Wilders, which won the largest number of seats in the recent Dutch election, opposes sending weapons, raising questions about whether the Netherlands can still lead the coalition to supply F-16 jets to Ukraine. Slovakia's new government has already halted military aid. Ukrainians worry that without American leadership, Europeans may quickly lose heart.

In what has often been an artillery war, Ukraine is already suffering from "shell-hunger", says Michael Kofman of the Carnegie Endowment for International Peace, an American think-tank. He reckons that Ukraine was firing 220,000-240,000 larger calibre shells (152mm and 155mm) per month during the summer, but the rate of fire is dwindling and will fall to 80,000-90,000 shells a month. Even these numbers are more than America and European countries are currently producing—roughly 28,000 and 25,000 a month respectively. Western production is rising, with targets to triple output, but that will take a year or more, and some of the output will be used to replenish Western stocks and supply others. Russia outpaces Western shell production and has been helped by a surge of rounds from North Korea.

Ukraine is trying to boost its own defence industry, robust in Soviet times but badly neglected since, not least to make NATO-standard 155mm shells.

"No matter how much we grow local production, we would be hugely dependent on Western partnerships," admits a senior official in Kyiv.

If American support diminishes, Ukraine will be unable to mount another large counter-offensive, says Mr Kofman. It can try to make even greater use of drones. But ultimately it will have to dig in. "Ukraine should learn from what worked for Russia," he says. "The stronger your defences, the fewer shells and troops you need to hold the line."

Vladimir Putin, Russia's leader, has boasted that without Western support Ukraine would be crushed within a week. But rather than a sudden collapse, says Jack Watling of the Royal United Services Institute, a British think-tank, defeat is likely to be "slow and painful". Not so, according to Mr Yermak: "We made our choice. We will be fighting for victory. But of course, this victory will be more quick and we will save more lives if the help will continue."■

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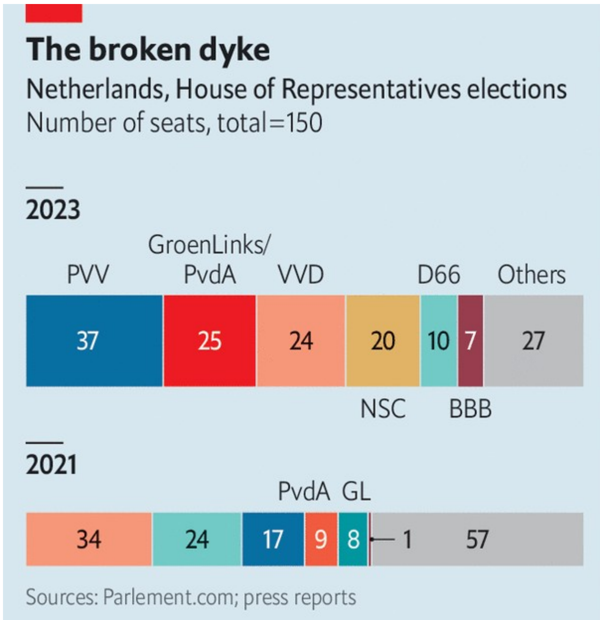
Where there's a Wil Ders a way

Geert Wilders struggles towards power in the Netherlands

Other parties are reluctant to join a government with the anti-Muslim populist

Nov 30th 2023 | AMSTERDAM

THE DUTCH election on November 22nd appeared straightforward: a win for the xenophobic right, with the anti-Muslim Party for Freedom (PVV) of Geert Wilders in the lead. In his newspaper column last week, Ronald Plasterk, a former Labour minister who has turned right, said a government of the PVV and three less radical parties should be simple. It is not, as Mr Plasterk is discovering. The PVV picked him as the *verkenner*, who sounds out the parties, after its first choice quit over a corruption scandal. It turns out that forming a government including Mr Wilders, long shunned by other parties, is far from easy.



The Economist

Mr Wilders's preferred partners are the centre-right Liberals (VVD), whom he has been lambasting for the 13 years they have been in power. But Dilan Yesilgoz, the VVD's new leader, says it will not join the cabinet; after losing ten seats it should leave government for a while. She would, though, back a right-wing government in a confidence-and-supply deal. A smaller party, the populist Farmer Citizen Movement (BBB), is keener to join.

But one party Mr Wilders needs is not on board. New Social Contract (NSC) is a brand-new outfit set up by Pieter Omtzigt, a former Christian Democrat and a stickler for the rule of law. During the campaign he ruled out a coalition with the PVV, whose plans for banning mosques and so on violate the constitution. Mr Wilders says he will park those, but that is not enough for Mr Omtzigt. He refuses to negotiate with the PVV unless it scraps the unconstitutional bits of its manifesto and promises to stay in the EU, honour treaties, aid Ukraine and fight climate change.

Even if Mr Wilders can satisfy Mr Omtzigt, a minority government without the VVD would need ministers from the untested PVV, NSC and BBB, which would struggle to find good ones—as the corruption scandal showed. In the Netherlands MPs must quit parliament to become ministers, which the PVV can ill afford: it could barely fill the seats it won (the new MPs include a metalworker and a pancake-kiosk owner). Such a government would lack a majority in the Senate, which can veto legislation.

Leftists staged protest marches against Mr Wilders's win, but uncertainty over a coalition has muted their reaction. Some like the PVV's economic agenda, which makes vague promises of more housing and cheaper health care. Many Dutch Muslims count on the constitution and a strong judiciary to protect them. Such complacency is risky: as Poland, Hungary and America show, populists relish battles with the courts. "We should not just assume that the universal populist playbook does not apply in the Netherlands," says John Morijn, a rule-of-law expert at the University of Groningen.

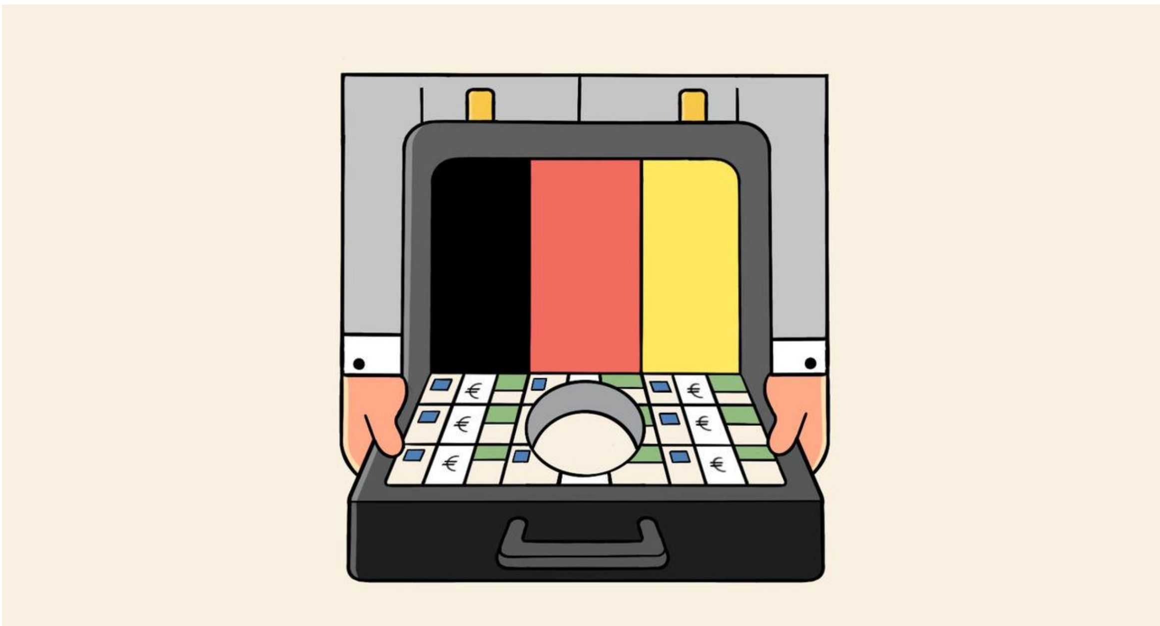
Ms Yesilgoz's vow not to join a government may be just "a typical negotiating tactic", says Kay van de Linde, a political analyst. "She's hoping Wilders will beg her." Mr Wilders could let another party provide the prime minister; all four parties want a tougher line on migration. He may yet give the Dutch their most right-wing government ever. But it now looks less likely: the Muslim-bashing, Eurosceptic populist would have to change his stripes. ■

Brake failure

Germany’s ruling coalition grapples with a wrecked budget

The constitutional court has outlawed the way it gets round strict deficit limits

Nov 30th 2023 | Berlin



Travis Constantine

GERMAN IS FAMED for long, powerful words that deliver meaning with pinpoint accuracy. The term *Schuld* is not one of these. Confusingly, its six letters convey two very different ideas. *Schuld* means both guilt, as in *mea culpa*, and debt, as in onerous money obligations. This mental link helps explain Germany’s peculiar concern with saving governments from the imagined sin of borrowing money. In 2009 legislators inserted a *Schuldenbremse* or “debt brake” into the constitution, placing an annual cap on deficit spending of 0.35% of GDP on the federal budget (except in emergencies) and banning state governments from running deficits at all (as in many states in America). Predictably, these limits have prompted politicians to get creative, such as by putting borrowed money into off-budget special-purpose funds.

When the governing "traffic-light" coalition took office two years ago, it inherited an "emergency" €60bn ($68bn, around 1.5% of GDP) kitty that had been earmarked for covid-19 relief, but never spent. This windfall helped Olaf Scholz, the incoming chancellor, seal a three-party deal: the Greens and his own Social Democrats could redirect the cash into climate-change and social programmes even as their stingy third partner, the liberal Free Democrats (FDP), claimed credit for respecting the debt brake. So attractive was this strategy that the coalition soon created several other such vehicles, including a nominal €200bn fund to buffer the economy from shock energy prices and a stash of €100bn devoted to beefing up the army.

The Economist

But on November 15th Germany's highest court brought sudden clarity to the meaning of debt brakes. It ruled that debt taken on during an emergency could not be spent later for other purposes. This means that €60bn in borrowed money that the government had already allocated to special funds (mainly to a climate-change fund) must now be accounted for. (The defence fund, set up via a constitutional amendment, remains untouched.) The stark judgment has not only thrown budgeting into wild disarray. It threatens to crack open the coalition, too, as the three parties are faced with fighting over a suddenly shrunken pot. The opposition Christian Democrats (CDU) are of course gloating. Yet several of the states that the right-of-centre party runs are just as guilty of diverting "emergency" funds as Mr Scholz, and are now in a similar pickle. The irony of this made-in-Germany snafu is that the country is in perfectly sound financial shape, with a sovereign gross-debt-to-GDP ratio that is half America's and 25 percentage points below the rest of the EU's.

The government is now in crisis mode. On November 27th Mr Scholz's team announced that it had retroactively revised the 2023 budget to show a €71bn deficit over some €461bn in outlays, invoking the constitutional clause that allows for overspending during emergencies, such as a pandemic. The CDU will not contest this, as they would be blamed for crying over spilt milk. But the government has only a few weeks before the start of 2024 to sort out next year's budget.

Marcel Fratzscher, president of the German Institute for Economic Research, says there are really only three alternatives. Mr Scholz could declare this another "emergency" year—and face a rumpus in parliament and possibly another court case. He could slash planned spending to slip below the 0.35% limit—and face angry clashes inside his coalition. Or he could try to legalise a new, consolidated special-purpose fund under a new constitutional amendment, as with last year's boost to military spending in the face of a rising Russian threat. But this needs a two-thirds majority in both legislative houses, relying on the CDU's kindness. A fourth option, raising taxes, might be a painful long-term solution but cannot work for next year, says Mr Fratzscher.

None of these options is pleasant for a coalition whose polling numbers have already slumped, from a combined 50%-plus two years ago to around 35%. Mr Scholz's dry, clipped style has not helped. Instead of using a parliamentary address on November 28th to rally the nation, he resorted to tired bromides about his team's need to get down to work. The blow to spending plans, not only for next year but into the future, is particularly hard for Robert Habeck, the Green deputy chancellor and economic tsar. Out of power for 16 years before joining the coalition, the Greens must now curb his ambitious plans for a carbon-free economy. Mr Habeck likens his plight to a boxer going into a match with hands tied. As for the FDP, the government's third party now clings to debt-brake orthodoxy more strongly than ever. Teetering in polls on the 5% threshold for gaining seats in parliament, it cannot afford to lose any of its parsimonious core constituents.

The brittle trio will probably find a way to hang together rather than see the government collapse. But what is really needed is a debate about scrapping or radically revising the debt brake itself. Amid the panic, and with polls showing that the German people still favour borrowing caps, that seems unlikely. ■

Stop killing women

Outrage against femicide is spreading in Italy

A well-aired case of murder is challenging patriarchal attitudes

Nov 30th 2023 | ROME

“WE HAVE TO react, so no one else has to feel the void I feel—the excruciating pain I feel constantly in the darkness of my room,” wrote Elena Cecchettin. Her sister, 22-year-old Giulia, was Italy’s latest victim of femicide: the murder of women. Ms Cecchettin shared her grief on social media as hundreds of thousands across Italy protested on November 25th, the International Day for the Elimination of Violence against Women. The demonstrations brought to a climax two weeks in which Italians have agonised as never before over the killing of women by men who are often their present or former partners.

Relatives of the victims usually shun publicity. Not Elena Cecchettin. She used mainstream and social media to denounce the patriarchal values she blamed for the deaths of her sister and many of the other 105 women murdered in Italy in the year to November 19th. Another reason why the controversy over the death of her sister has raged like no other is a chance mingling of art and life. The drama of Ms Cecchettin’s disappearance—the discovery of her body in a ditch, the flight of her alleged killer and former boyfriend, his arrest in Germany and extradition to Italy—played out against the background of a cinematic phenomenon.

"C'è ancora domani "("There's still tomorrow") is the first film directed by Paola Cortellesi, an actress who also plays the leading role of an abused housewife in 1940s Rome. Judged of "scant value", her movie was refused state financing. And yet since its release on 26th October it has earned more than any other film in Italy this year except "Barbie" and "Oppenheimer". As anger at the mistreatment of women grew, the Senate rushed into law a bill intended to assuage it. The education minister in Giorgia Meloni's deeply conservative government earmarked €15m ($16.5m) for relationship education in schools.

That Italy has a problem with dangerously possessive husbands and boyfriends is well known. It is not, however, that Italy is an exceptionally lethal place for women. In fact, Germany's rate of femicide is twice Italy's figure of 0.4 murders per 100,000 women, the fifth lowest in the EU. But Italian social attitudes have reached a point at which even a relatively low incidence of the crime is considered intolerable. And rightly so.■

Charlemagne

How a sombre mood gripped Europe

Support to Ukraine is less assured than it once was

Nov 30th 2023

THE FESTIVE season is upon us, and with it some enduring European traditions: twinkly Christmas markets have sprung up across Germany; the Dutch will soon inexplicably parade themselves daubed in blackface; and in Hungary Viktor Orban, the prime minister, is once more plotting to spoil the mood at an end-of-year summit of EU leaders. Getting through December is never easy in Brussels, a place where thorny decisions are ritually pushed back to the last possible moment (the endless rain does not help). Alas, 2023 looks unlikely to end on a high. Not only is the Hungarian euro-Grinch at his most cantankerous, he may soon have a new ally on the hard right after Geert Wilders came top in the Dutch election on November 22nd. To make matters worse, a budget mess-up in Germany is threatening havoc with the EU's already-strained finances. A summit on December 14th and 15th was meant to succour Ukraine with money and the prospect of accession to the club. Now the prospects for both look wobbly.

A gloom has enveloped Europe in recent weeks. As summer turned to autumn, it became increasingly clear that the Ukrainian counter-offensive many hoped would bring Russia to its senses had fizzled. Having been united on Ukraine (bar Mr Orban), in October the EU fell into division and irrelevance as war broke out in the Middle East. Faster than you can say “Ho! Ho! Ho!” the prospect of Donald Trump returning to power in America has gone from a can-you-imagine-if to a what-should-we-do-when scenario.

Europe did at least go into this geopolitical funk with a clear plan to fulfil its duty when it came to Ukraine. While America had done the heavy lifting on providing military aid, especially early on, the EU could pride itself on having helped in softer ways. Beyond hosting millions of refugees since 2022, Europe’s main contribution has been to underwrite Ukraine’s future. For that to be credible there was to be money; some €50bn ($55bn) of EU cash was pledged in June, to help keep the government in Kyiv solvent until the end of 2027. Most importantly, Ukraine would one day get to become a member of the club, a sure way for it to prosper after the war and thus stay out of a revanchist Russia’s clutches. The summit in December was to consecrate progress on both. As well as signing off on the money, Ukraine was to move to the next step of EU accession, that of starting formal negotiations (eight smaller countries, including six in the Western Balkans, are also in this years-long process). Depending on whom you speak to, both the cash and enlargement could be delayed, if not worse.

Start with the money. Mr Orban has telegraphed for months he is opposed to sending more cash to Ukraine—a problem, since the decision requires the unanimous assent of the EU’s 27 members. His enduring willingness to see things from the Kremlin’s point of view is one factor. Another is that Brussels has for years frozen Hungary out of some EU spending programmes on the grounds that it is flouting democratic norms such as an independent judiciary. For months the EU has assumed it could unlock the situation in a time-tested way, ie, by giving in to Mr Orban’s blackmail, at least in part. The prospect of at least some of the over €30bn in suspended funds being released soon was thought likely to bend Hungary’s leader to the EU’s will, as has happened when he has threatened vetoes in the past, for example over sanctions.

A slug of cash may not be enough this time. For one thing, Mr Orban feels vindicated and is said to be determined to make his point that the EU should have listened to him when he warned it was being drawn into a long conflict. But another spanner in the works has come from Germany. On November 15th its constitutional court ruled that various off-balance-sheet funds the government had used to get around a self-imposed “debt brake” were unconstitutional. A hasty rejig of its domestic finances is on the cards. That in turn puts into jeopardy a planned overall increase in the EU budget of which the funding to Ukraine had been a part. While everyone bar Mr Orban is happy for money to be sent Kyiv’s way, there is no consensus on a separate €50bn requested by the European Commission to pay for other stuff, such as inflation-busting Brussels staff salaries, new schemes to throttle migration and so on. Scrooge-minded governments such as the Dutch or Swedish ones have lobbied against the extra money; Germany was also sceptical, now it says its hands are tied. Separating Ukraine’s €50bn from the remaining €50bn could be tricky politically, making a deal on the whole package even harder by the year’s end.

Advent of nothing good

That Ukraine will eventually get its cash is not in much doubt. But the funds could arrive late—perilously close to when the authorities in Kyiv will run short of cash in early 2024—or in ad hoc instalments. That would dent the EU’s credibility. This would especially be the case if the start of accession talks is also delayed. Ukraine has met (with caveats) all the requirements to get to the next stage of its EU journey. That is not enough for the veto-wielding Hungarians. Mr Wilders, whose MPs will take up seats in parliament next week, is an avowed critic of enlargement. Delaying the start of accession talks until spring, as some think may now happen, arguably matters little, given that joining the EU takes years. But if Ukraine cannot sail through the process’s early throes, that bodes ill for its difficult later stages, which will involve convincing existing EU members that lots of money they currently receive should go to building motorways and enriching farmers in Ukraine instead.

What the twin squabbles over money and enlargement amount to is a loss of momentum. The unity that allowed Europe to stand tall in the early days of the conflict is not quite as assured as it once was. Given that America’s continued support is itself uncertain, it is a bad time for Europe to lose its nerve. The stakes are so high that optimists think an EU deal is inevitable. Hopefully they are right. For if Europe cannot find the will for Ukraine to thrive, it will be a far jollier Christmas in the Kremlin than in Kyiv. ■

Read more from Charlemagne, our columnist on European politics:
Tyrant, liberator, warmonger, bureaucrat: the meaning of Napoleon (Nov 22nd)
Fentanyl kills thousands every year in America. Will Europe be next? (Nov 16th)
The outsize influence of small states is fading in the EU (Nov 9th)

Also: How the Charlemagne column got its name

Britain

Policing by consent

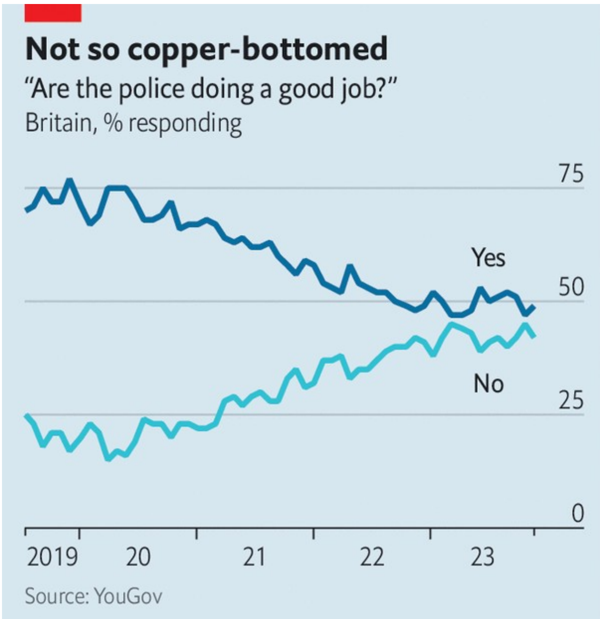
How to restore Britons' confidence in the police

Foot patrols and better vetting are the answer

Nov 30th 2023 | Horsham

"HELLO POLICE!" shouted a toddler as James and Jordan strolled through Horsham, a market town in south-east England. Next they were hailed by a man with learning disabilities who wanted a "Sussex Police" pen: "I've been very good!" Then a woman ran out of Waterstones, a bookshop, to tell them someone had shoplifted a pile of books. "Don't think she would have bothered to report that if she hadn't seen us walk past," said Jordan, as he went into the shop to take a statement.

It seemed unlikely that the shoplifter would be caught. Like many places in Britain, the town has seen a rise in retail theft, petty incidents of which are rarely prosecuted. But catching criminals is not the chief purpose of neighbourhood policing teams (NPTs), small teams of officers who concentrate on specific geographical areas. Across England and Wales NPTs are stepping up local foot patrols and making sure residents know their names and faces in a push to restore public confidence. That confidence has declined dramatically.



The Economist

A YouGov poll taken in November found that 49% of Britons thought the police were "doing a good job", down from 77% four years previously (see chart). In his most recent assessment of policing in England and Wales, Andy Cooke, His Majesty's Chief Inspector of Constabulary, described this as one of policing's "biggest crises in living memory". He could not remember, he said, "when the relationship between the police and the public was more strained than it is now".

Low confidence in the police undermines "policing by consent", the idea that the authority of the police depends on the co-operation of the public. Without that trust, policing gets more difficult; it may also become more heavy-handed. "We've got a limited window to sort this out," says Mr Cooke.

In a way it is strange that Britons are so dissatisfied with their police. Crime rates in England and Wales are at record lows. The crimes that tend to induce extreme anxiety and anger—like burglary and car thefts—have seen the biggest drops. Yet this has largely been the result of improved security technology rather than police performance, which is far from perfect. Charging rates, for some crimes in particular, are "atrociously low", says Mr Cooke.

That is partly because of the role in such decisions played by the Crown Prosecution Service, which was diminished by spending cuts during the years of austerity. Similar problems elsewhere in the criminal-justice system—from court backlogs to poor supervision of recently released prisoners—have also made life harder for the police. As the most visible face of an often dysfunctional system, officers can bear the brunt of public anger.

Yet two things in particular have eroded confidence. The first is a decline in neighbourhood policing. The sight of bobbies on the beat is as old as the Metropolitan Police Service in London, which was established in 1829 as a foot-patrol force. But it has become increasingly rare.

Funding cuts again provide an explanation. Between 2010 and 2018 funding for policing fell by 19% in real terms. The number of police officers fell by 15%. The biggest cuts were made to NPTs; some were ditched altogether. Between September 2010 and September 2022 the number of police community-support officers (who walk the streets but cannot use force) fell by almost half, from 16,377 to 8,263. The public, meanwhile, has increasingly come to expect the police to deal with problems that are not crimes, from mental-health emergencies to free-speech debates.

Things are getting better on these fronts. In recent years funding has risen: much of it has been spent recruiting 20,000 additional officers. Police chiefs have made efforts to define the role of the police more tightly; some forces have stopped responding to mental-health incidents. The hope is that this will allow the police to pay closer attention to another development: an increase in reporting of sexual crimes.

The other big cause of low confidence will be harder to fix. In any given year most Britons are not victims of crime, which means their opinions of the police tend to be shaped by the media. The crimes that receive the most publicity are the most graphic; they are also the ones that least reflect the more humdrum reality of policing. This is truer than ever in an era of rolling news and social-media scrutiny, says Andy Higgins, research director of the Police Foundation, a think-tank. "Police need to be on the front foot in their public communications. They aren't always great at explaining what they are doing."

In November the College of Policing, which sets standards and undertakes training, chastised Lancashire Police for the way it had handled media coverage of the disappearance of Nicola Bulley at the start of this year; she was later found to have drowned accidentally. In the absence of regular progress reports on the case, online speculation grew wild. All this led to "a breakdown of public confidence", the College of Policing said.

The effect is much worse when police officers themselves commit crimes. In January it was revealed that the Met had been harbouring one of Britain's most prolific rapists, David Carrick. In 2021 one of his colleagues, Wayne Couzens, kidnapped, raped and murdered a young woman, Sarah Everard. Revelations that the force had repeatedly ignored warnings about both men (Mr Carrick had been known by colleagues as "Bastard Dave", Mr Couzens as "The Rapist") were almost as damaging to public confidence as the crimes themselves. Subsequent investigations revealed how badly the Met has dealt with allegations of misconduct, especially of the misogynistic or racist sort.

The Met is now cleaning up its act. Other forces, which no doubt harbour their share of degenerates, are following. In July the College of Policing introduced a new code of practice for vetting and revetting officers which also made it easier for police chiefs to sack bad officers. If successful, such reforms will help restore confidence.

Yet the hangover from austerity complicates these efforts, too. Last year a report by the inspectorate found that some forces had given vetting clearance to unsuitable candidates. The pressure to bump up police numbers while also replacing officers lost to prior rounds of spending cuts is thought to have contributed. Cutting public services to save money can exact other, bigger costs. ■

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Ode to an avenue

The Dark Hedges are dying

"Game of Thrones" made them famous, to their cost

Nov 24th 2023 | Armoy

"I AWOKE ONE morning and found myself famous," Lord Byron said. Just over a decade ago a secluded avenue of ancient beech trees in rural north Antrim, in Northern Ireland, experienced something similar. For two-and-a-half centuries, the "Dark Hedges" were known to only a few. The trees had been planted before Byron was born. They were mere saplings when the first shots were fired in the American Revolution.

Beeches are slow to grow but by the 21st century scores of smooth-barked giants lined the Bregagh Road, creating an atmospheric tunnel. Their thick interlocking branches twisted up to the heavens like contorted fingers. This dramatic setting drew the makers of "Game of Thrones", a sex-and-dragons TV fantasy, who used the scene to represent the Kingsroad. Although the trees were only briefly on screen, the HBO blockbuster made them famous.

Celebrity was initially welcomed. The Northern Ireland Tourist Board promoted the trees. Fans of the show came from around the world. But they hastened the decline of the thing they had come to admire. Traffic jams meant that cars and coaches pulled up on the banks, churning the soil to mud, compacting the earth and damaging shallow roots. The trees were coming to the end of their natural lives anyway. But instead of careful management, they got Instagram likes.

Six years ago traffic was banned from the road. But that measure hasn't been enforced. Age and weather continue to take their toll. Branches have sheared off and storms have uprooted entire trees. Where once there were more than 150 gnarled specimens, now just 86 remain.

Bob McCallion has been photographing the beeches for 45 years; his images have won awards. He believes they are now so dangerous that people shouldn't be walking beneath them. "Tourism is taking precedence over public safety. Those responsible should hang their heads in shame," he says. On November 20th teams arrived to chop down six trees because they were unsafe.

Nine miles away is another big tourist attraction, the Giant's Causeway. "Worth seeing, yes; but not worth going to see," Samuel Johnson famously said of the hexagonal basalt columns. That will soon be true of the Dark Hedges.■

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The Brutish museum?

Why is the British Museum always in trouble?

Partly because it was bad. But partly because it was good

Nov 30th 2023

“THE ESSEX ANTIQUITIES” doesn’t have quite the same ring. The sculptures that were hacked from the Parthenon in the early 19th century go by many names. They are called the “Parthenon Sculptures”, the “Parthenon Marbles” and, by traditionalists, “the Elgin Marbles” but never known by the name of the county in the south-east of England. Yet in 1902 part of the frieze from the Acropolis turned up in a rockery in a charming garden in Essex. Quite how it got there, as Mary Beard, a classicist, puts it, “we have no idea.”

The British Museum gets in trouble precisely because people do know how it acquired its bits of the Parthenon, and much else besides. This week’s drama was a spat between the visiting Greek prime minister, who likened the sculptures’ presence in London to cutting “the Mona Lisa in half”, and the British prime minister, who threw a tantrum in response and cancelled a planned meeting with his counterpart.

The Parthenon Sculptures are not the museum's only controversial items. In recent years it has also been embroiled in arguments over the Benin Bronzes (Nigeria wants them back), the Rosetta Stone (Egyptians want that one) and the Easter Island statues (Rapa Nui claims them). It gets in trouble because it has far too many objects—8m at the last count, which is considered greedy. More recently, it has got in trouble for having too few—it let 2,000 items get stolen, which is clearly incompetent. It has been accused of dealing in stolen goods, exhibiting "pilfered" objects and generally being "Brutish".

Not without cause. Many of its objects have objectionable back stories. Lord Elgin removed parts of the Parthenon so carelessly that they fell to the ground and shattered; the boat onto which others were loaded promptly sank. One infamous curator, E.A. Wallis Budge, bragged about how he had smuggled objects out of Egypt illegally by variously cutting them up, hiding them in books and, in one case, tunnelling into the back of a house while Egyptian officials guarded its front. "All Luxor rejoiced," he wrote when he filched them. UNESCO would have been less thrilled.

Such looting should be seen in context, however. "One mustn't judge Elgin unusually harshly," says Paul Cartledge, emeritus professor of Greek at Cambridge. For Elgin was egregious but not exceptional. He wasn't the only one to nick things from the Parthenon: parts of it were hacked off as souvenirs and left in the pockets of pleased tourists. Museums in four other countries have bits of the marbles. If Elgin "hadn't got the Parthenon, a Frenchman would have got it". An alarming thought.

Indeed competitive nationalism runs throughout the history of museums. Nationalism provided an excuse to take things. Budge argued that it was better for him to nick a mummy and bring it back to the British Museum since it has "a far better chance of being preserved" there than in Egypt. It is commonly said that the Rosetta Stone has three scripts on it but as Neil MacGregor, a former director of the museum, has pointed out, it has four. On the side it reads "Captured by the British Army in 1801".

Nationalism also helped spur museums into existence. The British Museum was one of the first institutions to use the word "British" in its title and the first national museum to open its doors to the public, in 1759. It still spurs things on today. Most people never hear of an artefact until it becomes the focus of a row between countries, as the Parthenon Sculptures did again this week. The British Museum's website lists 1,699 objects also associated with Elgin. Since no nations are arguing about them, no one cares.

The British Museum's history is flawed, then, but also influential. Today, it is taken for granted that the obvious thing to do with old objects is to gather them all in a room, add labels, a loo and a gift shop selling Rosetta Stone rubbers, and then open it all up to the public. This was not always so. The British Museum is in trouble in part because it treated objects badly but also because it treated them well. Unlike the bits of the Parthenon that disappeared in tourists' pockets, its sculptures are still there to get cross about. And, on the bright side, it also occasionally thwarted the French. ■

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Spend drift

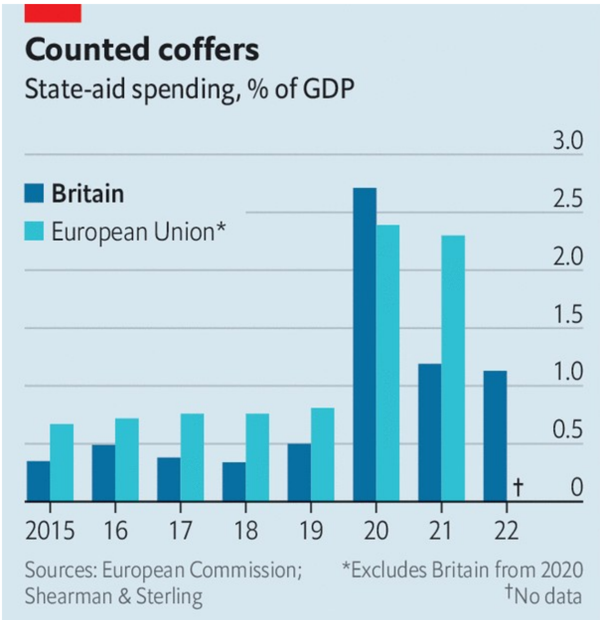
Post-Brexit Britain is splurging more on state aid

New figures show that Britain has become more European

Nov 28th 2023

ADVOCATES OF BREXIT straddled two contrasting visions of the British economy. Figures on the Thatcherite right imagined a smaller state of low taxes and lower subsidies. The Eurosceptic left hoped that junking the EU's state-aid rulebook would allow the government to back favoured industries. Things are not going the Thatcherites' way.

Brexit has coincided with a dramatic rise in the use of government aid to businesses, according to a new analysis commissioned by *The Economist* from Shearman & Sterling, a law firm. In 2015 British government aid amounted to 0.35% of GDP, compared with an EU-wide average of 0.67%. That surged to 2.71% in Britain and 2.39% in the EU in 2020, as covid-19 prompted bail-outs of stricken firms.



The Economist

Spending has since fallen but to a much higher level than the pre-covid trend, at 1.19% of GDP in 2021 and 1.13% of GDP in 2022 (see chart). "We only have a few years' data, but it appears that both the EU and Britain have seen significant increases in subsidisation that the pandemic alone does not explain," says James Webber, a state-aid lawyer at Shearman & Sterling.

Events have somewhat forced the government's hand. Covid-19 was already spreading when Boris Johnson celebrated Britain's formal exit from the EU in January 2020. The invasion of Ukraine in 2022 required action to mitigate energy shortages in Europe. Subsidies are in vogue everywhere; promises by politicians in Europe and America to attract manufacturing jobs and reduce dependence on China exert pressure for a response from Britain.

Working out how much the government is spending is harder than it should be. Britain no longer features in the EU's annual subsidy "scoreboard" and does not produce stats on its own use of state aid. Shearman & Sterling's analysis is derived from an online government database of subsidy awards, which is clunky and lacks contextual information.

A couple of big-ticket items drove up Britain's spending in 2021 and 2022. They include £22bn ($28bn) to capitalise the UK Infrastructure Bank, a new state-owned development bank intended to replicate the role of the European

Investment Bank. The state also spent £3bn to bail out Bulb, a failed energy company.

More interventionism is likely, whatever the result of the next election. The Labour Party has promised to emulate President Joe Biden's industrial policy. It initially sketched out annual handouts for factories, steel mills and renewable energy firms of £28bn a year (1.2% of GDP), although the grim state of the public finances has caused it to trim its ambitions.

The Tories may decry subsidy races in principle. In practice they have been ready to dole out cash to keep carmakers and steel plants in Britain. On November 22nd the Treasury announced that it would earmark £4.5bn over five years for advanced manufacturers. Indeed Britain's post-Brexit system is designed to be permissive. In the EU the commission must vet the largest subsidies before they are given. In Britain the regulator's advice to the government is non-binding; cash awards can be clawed back only after the fact by a court. Historically Britain was a frugal user of state aid. It is becoming more European. ■

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For more coverage of matters relating to Brexit, visit our Brexit hub

Heat pumps

Why Britain's homes will need different types of heat pump

A tower block, a terraced street and a village require different solutions

Nov 30th 2023 | Bristol

THE WATER in Bristol harbour looks chilly. But it holds ambient heat due to latent energy from the sun. When the Castle Park Energy Centre is humming, it sucks up 133 litres of the stuff each second. Once filtered, the water passes through a dense network of pipes in the pump room.

That ambient heat turns a refrigerant, in this case ammonia, from liquid into gas. The gas is then compressed, raising its temperature, and pumped through a heat exchanger which warms a separate supply of water ready to be used in homes. Its job done, the initial load goes back into the harbour some four degrees Celsius cooler.

Heat pumps can extract energy from water, ground or air. At 3MW, the monster in Castle Park is the largest in Britain: around 500 times bigger than a standard air-source unit needed for a three-bed home. It cost around £4.5m ($5.7m) to build. It is remarkably efficient. Even running at half-capacity, it heats 2,500 apartments in the city centre, as well as a school, a health centre and several offices. That is only the start. Bristol City Council wants it to form part of a city-wide heat network—meaning a central heating system sending hot water through insulated pipes—that covers 62,000 homes by 2030.

Heat pumps are coming to almost all homes in Britain. Although the country lags far behind installation rates elsewhere in Europe, the government hopes some 600,000 air-source pumps will be installed annually by 2028 to help meet its climate goals. That is almost 11 times the number sold in Britain last year. But a successful roll-out will require not only scaling up but also working out what type of pump works best where.

The vast majority of heat pumps sold last year were air-source. These boxy devices, which tend to squat in back gardens, can be sold directly to a homeowner. Although some homes need extra insulation or bigger pipes, many require little additional work. Octopus Energy, a techy outfit that has become the country's fifth-biggest energy supplier, currently offers to install one for £7,500 ($9,500).

In leafy villages or towns, where houses and gardens are roomier, the Octopus-style offer will be hard to beat. But many homes and apartments lack space; flats and terraced streets account for almost half of Britain's housing. In dense city centres heat networks are a better option, says Andrew Sissons of Nesta, a think-tank.

Although it is expensive to lay insulated pipes, pilots show that heat networks can be very cost-effective, especially if anchored round buildings with high demand like schools and hospitals. As the networks are scaled up they can draw in a city's waste heat, for instance from data centres, incinerators or supermarkets full of refrigeration units. An experiment in north London is using waste heat from the Tube.

To experience a slightly different model, walk an hour south-west of Castle Park to Ashton Rise, a new-build estate of over 100 homes. Here water is brought up by 100m-deep boreholes; in this case, the ambient heat is drawn from the ground. The water is run through an array of pipes connected to the houses on the estate, each of which has a tiny "shoebox" heat pump—

smaller than a mini-fridge—to turn this tepid supply into something hot enough to use. Octopus has seen enough promise in this approach to invest £70m in Kensa, the Cornish company that built the system.

Bristol is ahead of the game in part because it changed its planning policy to require large buildings in the city centre to consider connecting to heat networks. Elsewhere zoning policies make it more difficult to plan networks or dig up entire streets. Current rules also impede financing for upfront investments like Castle Park and Ashton Rise. The government expects heat networks to account for around a fifth of heating in Britain by 2050. To get to that mark, they will need a helping hand from policymakers. ■

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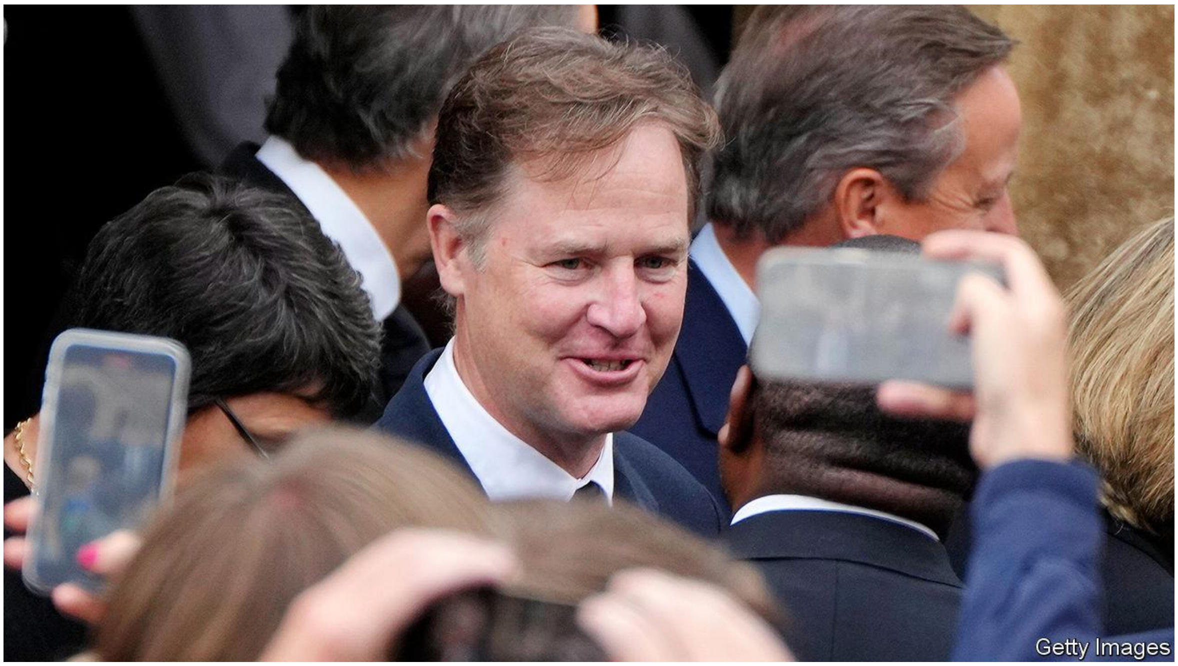
The agony and the Cleggstasy

The curious case of Nick Clegg

The ex-deputy prime minister and Meta bigwig seems ordinary. But he can't be

Nov 29th 2023 | King's Cross



TO UNDERSTAND NICK CLEGG, look in the Collins English Dictionary. There, a little before "clematis" and "clemency", you will find the entry "Cleggmania" (NOUN, *informal*). Its definition is "the brief surge in popularity for the leader of the Liberal Democrat party, Nick Clegg".

Sir Nick is a funny mixture. He feels both very successful (he has his own dictionary entry) and not that successful (read it). He charms many people (see "-mania", not to mention its cognate, "Cleggstasy") but irritates others (the surge was, after all, "brief"). Before he led the Liberal Democrats into a coalition government with the Conservatives in 2010 he was so popular that T-shirts were printed bearing the logo "I agree with Nick". After it he became so unpopular that the T-shirts vanished and a mocking song about a policy U-turn on tuition fees appeared in their place.

In person he offers that same odd blend. His anecdotes are peopled by bigwigs from both sides of the pond. "John" (Major) offers avuncular advice; “Sheryl” (Sandberg) rings while he is on holiday; “Mark” (Zuckerberg) is a close colleague. But what he talks about most is not success but failure—of his “catastrophic” loss in the 2015 election, when his party slumped from 57 seats to eight (he lost his own job as an MP in 2017); of his “terrible” defeat; of looking disaster “squarely in the face”. All political careers end in failure. Few ex-politicians talk about it as openly as he does.

Yet he is clearly not a failure. Look at the “Executives” page of Meta’s website, and you find him near the top, with the title “President, Global Affairs”. Most of the other executives look like superannuated students; Sir Nick wears a grown-up, collared shirt. In both clothes (in an interview in the Meta offices in London, then on Zoom, he wears similarly sensible things) and manner (he is one of those rare, appealing sorts who doesn’t merely speak but listens), he feels less like an international whizz and more like someone’s nice dad.

Which, you suspect, is why Meta wanted him—and why he bothers people. Many politicians (and tech bros) are so odd that they are beyond envy; Sir Nick seems a superior sort of everyman. Which means that every man can look at him, feel envious and ask: what does he have that they don’t?

One answer is a phone call from Ms Sandberg in 2018. Facebook (as it was then) was leaving behind its adolescent beanbag-and-ballpit phase and entering some very grown-up controversies about everything from the disruption of democracy to worsening mental health. Mr Zuckerberg went from being “hero to villain in the blink of an eye”, says Sir Nick, but being a “relatively sort of introverted” engineer type wasn’t entirely ready to cope. Sir Nick was familiar with ebbs and flows in popularity.

He was on holiday in Switzerland with his sons when Ms Sandberg, then the firm’s chief operating officer, asked if he wanted to work at Facebook. He promptly said: “No. Not on your nelly. Absolutely not.” Not for ideological reasons, he says, but because “I just couldn’t imagine decamping the whole family to California.” She persisted; he wavered. It was a good time for a change. He had lost his seat in Parliament, his family seemed keen to go (though they are now back in Britain) and he had an appetite to try something completely new.

It helped that Britain—which by 2018 had voted to leave the EU—was much less appealing. He describes himself as "European", which might sound like an affectation but is almost an understatement. His mother is Dutch, his father is half-Russian, his wife is Spanish and he speaks five languages. He loathed the "swivel-eyed" populism that led to Brexit and had no desire, at 50, to rot away in the House of Lords ("a truly absurd institution") or, the modern equivalent, to produce political podcasts.

In joining Meta, however, Sir Nick was plainly not after the easy life. For there are actually two reasons people are bothered by him. The first critique sees him as not quite good enough to do all that he does: an ordinaryish man enjoying extraordinary success. The second is that he is too good to do what he does, that he is a moral man who makes compromises—first in coalition with the Tories, then inside Meta—and himself becomes compromised.

Sir Nick himself says that he has always liked "getting my hands dirty on difficult issues, difficult dilemmas". The most obvious such issue in Meta was over whether to suspend Donald Trump from Facebook and Instagram in 2021. "As an old-fashioned liberal I felt pretty queasy about it. Because we are a private-sector company wielding immense power over speech in the public realm."

If such decisions are hard, one benefit of his previous career is that everything else feels easier. Leaving politics, he says, had been "hugely liberating". He did things that he hadn't done for years: going to the theatre, listening to music, bingewatching TV. He felt like "a pot plant that was suddenly being…properly watered again".

The schedule in politics had been punishing, the sheer volume of reading overwhelming. Politicians are "force-fed" information from the civil service like "producing the political equivalent of foie gras". When various "Nick Clegg looks tired" memes were doing the rounds, he had pneumonia. If people ask him now what is needed for a career in politics, he says: "Pure physical resilience."

After the election in 2015 Sir John Major warned him that it would take "at least two years" to recover. Arguably, despite all Sir Nick's subsequent success, it took longer. "It was by a long, long way the most sudden, brutal and public failure that I've ever had to endure. I actually wouldn't wish it lightly on any of my erstwhile opponents." A nice sentiment. ■

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Bagehot

How to change the policy of the British government

First, write a blog post

Nov 30th 2023

TO WANGLE £11BN ($14bn) out of the British government, it helps to write a blog post. "Full expensing", which allows firms immediately to write off their spending on machinery, plant and computer equipment from their taxable profits, was the costliest part of Jeremy Hunt's autumn statement on November 22nd. A long-standing policy in America, the idea of full expensing first wormed its way into British politics in 2017 via blog posts from Sam Dumitriu and Sam Bowman, both then of the Adam Smith Institute, a small think-tank known for its staunch neoliberalism and deranged internet memes about its Scottish namesake.

A post can easily become policy. In a crisis, wrote Milton Friedman, "the actions that are taken depend on the ideas that are lying around." Thanks to the tweets and blog posts of a few centre-right types, full expensing was lying around when the government propped up the economy during the pandemic. A souped-up version of full expensing was first introduced on a temporary basis by Rishi Sunak, the then-chancellor; Mr Hunt has made the policy permanent. A few blog posts helped overhaul the tax regime.

In Britain this posting-to-policy pipeline—when online writing becomes government policy—is in full flow. The usual plumbing of policymaking is showing its age. What once took reams of little-read 80-page reports, interminable roundtables and hundreds of thousands of pounds can now be achieved with a few blogs and incessant tweeting. The sharpest wonks are constantly online; the fastest way to lobby a minister, present or future, runs through X (formerly Twitter). For a snapshot of what Britons think, self-selecting online weirdos who talk about politics all day are a terrible guide; for a peek at what the government will eventually do, there is no better place to look.

Full expensing was worth billions and took four years to go from post to policy. Smaller victories are possible much faster. Over the summer Mr Sunak, the prime minister of a nuclear power, took the time to ban a specific breed of dog called the XL Bully. It "is a danger to our communities", said Mr Sunak, in a video recorded especially. He did so largely because of a blog by Lawrence Newport, an academic at Royal Holloway, University of London, which linked the rise in popularity of the XL Bully with an increase in fatal dog attacks. Dr Newport and a few other volunteers produced idiot-proof guides on how to ban them. Journalists were spoon-fed stats. Posters posted. The results were speedy. Dr Newport's post, which sparked the coverage, came out on June 6th; by September 15th Mr Sunak was addressing the nation. A post had become policy in barely 14 weeks.

Posting influences oppositions as well as governments. YIMBYism, once a niche idea reserved for a few very-online activists, has taken over the Labour Party. Sir Keir Starmer, the Labour leader, insists he is a builder, not a blocker. It is a bold move. In a constituency-based system, the diffuse benefits of building often come second to the concentrated inconvenience of development. Even if his specific plans are unclear, talking-points lifted straight from the posts of YIMBY activists now litter Sir Keir's speeches (did you know the planning application for a tunnel under the Thames is 30 times longer than the entire works of Shakespeare?). YIMBY versus NIMBY is now a key dividing-line at the next election.

Posting has its limits. Tom Forth, a blogger, is one of Britain's most influential wonks, largely owing to his part-time posting (which he does alongside his job at the Data City, an AI startup in Leeds). Mr Forth's criticisms—that the government spends far less on research and development in northern England and the Midlands than the private sector does, and that Britain's second-tier cities are held back by lousy public transport—are now the norm in policyland. Neil O'Brien, a former Tory minister, says Mr Forth's output "heavily shaped" the government's work on industrial strategy and "levelling up". Both Theresa May and Boris Johnson pledged to fix the problems Mr Forth identified. Neither succeeded. Posting can easily change government policy. But that does not mean government policy can easily change Britain.

The efficiency of the posting-to-policy pipeline has its drawbacks, too. Good ideas, like full expensing, are usually nicked from across the Atlantic, points out Mr Dumitriu, who now works at Britain Remade, a pro-growth lobby group. But bad ideas can make the leap, too. Suella Braverman's war on homeless people using tents is a chronic example. The former home secretary saw a problem that is genuinely bedevilling San Francisco and imagined it was happening in Surbiton. "When you gaze for long into the abyss, the abyss gazes also into you," wrote Nietzsche. The same applies to a Twitter timeline.

Judged not by the content of character, but their content

Posting alone changes nothing. A few posts may have triggered interest in full expensing but it still took plenty of meetings and arguments to win over those in government. The Centre for Policy Studies, a storied Tory think-tank, noisily praised the policy (as did *The Economist*). The posting-to-policy pipeline tends to benefit those with a modest profile already, whether academics, former think-tankers or well-established analysts. Likewise, those who are most capable of harvesting attention are best-placed to boost their policies. Attention can be gained in many ways: Mr Bowman mixes analysis of tax policy with amusingly implausible boasts, such as insisting he is the inventor of the tomato salad.

Yet for all its idiosyncrasies and flaws, the posting-to-policy pipeline is to be welcomed. The more good ideas there are lying around, in Friedman's phrase, the more chance there is of a good one being picked up in government. Voters may not spend much time scrolling through tweets or reading Substack newsletters. But bored ministers, their aides, stuck-for-ideas civil servants, journalists and wonks certainly do. Posting is not the real world; it is much more important than that. ■

Read more from Bagehot, our columnist on British politics:
What kind of legacy does Rishi Sunak want to leave behind? *(Nov 23rd)*
What David Cameron's return says about British politics *(Nov 13th)*
To understand Britain, watch "Homes Under the Hammer" *(Nov 9th)*

Also: How the Bagehot column got its name

International

- **A religious revolution is under way in the Middle East**

Islamism on the edge

A religious revolution is under way in the Middle East

Can it survive the Gaza war?

Nov 29th 2023 | Beirut, Cairo and Doha

OLD STEREOTYPES are haunting the Middle East once more. The biggest butchery of Israeli civilians since the state's creation, carried out on October 7th, has been followed by a slaughter of Palestinian civilians. America, which has funded, armed and defended Israel is again an object of ire. So are its Western allies. Together they are blamed for facilitating Gaza's pummelling and the displacement of its people. A truce which began on November 24th, and which was set to expire as *The Economist* went to press, had led to the release of 81 hostages and 180 Palestinian detainees as of November 28th.

The violence has punctured recent efforts to improve relations in the region. The standard-bearers of Islam—Sunni Saudi Arabia and Shia Iran—had started to bridge their sectarian division. As well as accepting each other, Muslim states were beginning to accept the Jewish one, too. Since 2020 four

Arab states had joined the Abraham accords, normalising their interactions with Israel. More, including Saudi Arabia, were poised to follow.

Now the war in Gaza is radicalising and horrifying the Muslim world. The Palestinians have global attention fixed on their plight after years of neglect. Hamas may claim that as a success of sorts. But many blame the Islamist terrorist group for bringing down Israel's hellfire.

The fallout shows that Muslims stand at a critical juncture in the evolution of their faith. Huge religious, political and social transformations are changing the Middle East and its 400m people. The question is whether Hamas's attack reverses this revolution by stoking Islamism's embers. Anti-Israeli and anti-Western fervour could agitate its grassroots anew.

To understand why such an outcome would be so harmful, consider how much Muslim attitudes to religion had shifted in the years leading up to the attacks of October 7th. Religious practice has changed from a political mobilisation for communal salvation, as espoused by Islamists, to a more personal quest for spirituality. The upshot is that for many Muslims Islam has become increasingly depoliticised.

This trend is clear in Iran. Since the revolution in 1979, It has been led by a Shia cleric. It calls itself an Islamic republic and officially, 99.5% of its 89m people are Muslim. But in 2021 an online poll by Gamaan, a Dutch research group, claimed that about half of its 50,000 Iranian respondents said they had lost or changed their religion. Fewer than a third identified as Shia, the ruling Muslim sect. And despite the country's ban on proselytising, interest in the country's non-Muslim faiths, like the Zoroastrian and Baha'i ones, is soaring. Evangelicals in Iran say that Christianity is growing faster there than in any other country. Iran is "the first post-Islamic society", believes Shahriyar Ahy, a pundit from the country.

Across the Muslim world clerics, once untouchable, have been lampooned for greed and hypocrisy in recent years. Tax breaks, land allocations and gay sex tapes in countries including Iran, Iraq and Pakistan have provoked outrage. Some theologians have tried to adapt, either out of conviction or in an effort to remain relevant. In Morocco Abderrahmane Taha, arguably the most influential philosopher in the Muslim world, synthesised humanism with Islam's ethical code.

Institutions formerly in lockstep with Islam, such as the Saudi royal family, have loosened up. The kingdom's crown prince and de facto ruler, Muhammad bin Salman (MBS), ditched his family's 250-year alliance with followers of Ibn Abd al-Wahhab, an 18th-century zealot. He also had himself proclaimed a *mujaddid*, or renewer of the faith, in 2018. In a survey conducted last year by James Zogby, an American pollster, over two-thirds of the Middle East's young adults said they wanted religious institutions to "modernise".

Religious tolerance has increased widely among Muslim countries. Over the past decade more than a dozen have hosted Pope Francis. Egypt, the United Arab Emirates (UAE) and Morocco have renovated synagogues or built new ones. And in Iraq, a centre for inter-faith dialogue opened opposite the gates of Shiism's holiest shrine, in Najaf.

Vanity fair

Social reform has accompanied slumping Islamist fervour. In Saudi Arabia pressure came from the top, but many citizens welcomed it. Mosques there now compete with star-studded concerts, film festivals and sports fixtures for popular attention. Men and women are no longer segregated in universities, offices and restaurants. Economic necessity has also pushed women to take up traditionally male jobs, from herding livestock to driving taxis. Meanwhile Tunisia's parliament overturned a sharia-based ban on Muslim women marrying non-Muslim men in 2017.

Other changes are being promoted by ordinary Muslims, if not by the elites. Iran saw mass protests for women's rights last year; the regime killed 500 people in retaliation. Divorce rates in the once conservative Gulf now exceed those of many Western countries. And as economic hardship forced couples to delay marriage, pre-marital sex has become more prevalent in the region, say sociologists.

Political Islam faltered during a decade in which social and cultural norms became increasingly globalised. In 2011 it flourished during the Arab

Spring. But by 2019 protesters in Algeria, Iran, Iraq, Lebanon and Sudan were demanding a civil state. In 2021 Moroccans voted out an Islamist prime minister and his party.

This rejection of political Islam reflects how little its adherents did to tackle profound economic malaise in the countries where they held power. In Egypt, Gaza and Tunisia, incomes slumped under their rule. Unemployment mushroomed; foreign investment plummeted. Idlib, a jihadist redoubt in north-west Syria, is among the country's poorest provinces. The malaise wasn't always of the Islamists' own making. But they had promised that "Islam is the solution." It wasn't.

In countries such as Egypt, military might drove Islamists from power. (Popular disillusion meant they weren't always missed.) There and in Saudi Arabia and the UAE the Muslim Brotherhood, the world's oldest Islamist movement, was banned. Last year Tunisia jailed Rached Ghannouchi, the Islamist who served as the speaker of the country's parliament. Overt religiosity has rankled governments, too. In September Egypt banned the niqab, or face-covering, in schools.

Violent jihadism declined alongside political Islam. From 2001 Western governments waged a "war on terror". Two decades on, "spectaculars" in much of the world are considered a thing of the past. In Syria and Iraq, an American-led coalition destroyed the caliphate of Islamic State (IS), a territory the size of Britain which harboured and trained tens of thousands of fighters. Since 2019, jihadist attacks in Syria have fallen from over 1,000 per year to around 100.

Other Islamist movements curbed their behaviour in order to survive. Al-Qaeda's Syrian offshoot was one such. For years Hamas, at least on the surface, seemed part of that club. It stopped its suicide-bombings in Israel and in 2017 issued a new charter stripped of the overt antisemitism of the original. Many women in Gaza city took off the veil. It is an irony that Israel, in order to divide the Palestinians, actually propped up one of the region's last Islamist redoubts and learned to live with its rule. Hamas's rampage through southern Israel has shattered any illusion of possible coexistence, however.

How will political Islam evolve in response to the war in Gaza? It is possible that a new generation of extremists emerges. Economic woes, poor governance and pernicious despotism all provide fertile ground for a comeback. Libya, Lebanon and Yemen are already failed states. The Middle East's most populous ones, Egypt and Iran, are both economically unstable.

The Gaza war "could be the kiss of life for the Muslim Brotherhood", says Ahmed Abu Douh, an Egyptian analyst with Chatham House, a British think-tank. Out of government, Hamas could wreak more havoc. And in Islam's periphery the ideological fires burn unquenched. Jihadists thrive in Afghanistan and in eastern Syria when the Kurds retreat to their barracks. They control much of the Sahel and are pushing into other parts of Africa. "It's too soon to celebrate the end of jihadism," says Rajan Basra of the Department of War Studies in London.

Fanning the flames

Governments in the Middle East are trying to suppress any resurgence. Many Muslim rulers see an Islamist revival as a threat to themselves as much as it is one to the West. They may even support Israel's goal of destroying Hamas, if not its means. No country which has recently normalised relations with Israel has broken off ties, or called for America to leave its regional bases. And most Gulf states have banned protests and sermons in solidarity with Palestinians. Even Qatar, the protector of Hamas and other Islamist causes, offered to expel the Islamists if its ally, America, asked as much. Iran and its axis of resistance have also shied from the fight and left the group to battle alone.

Still, it would be wrong to mistake silence for acquiescence. “Beware of the calm,” says Ali Bakir, an expert in political Islam with the Atlantic Council, an American think-tank. “It can herald the explosion to come.” Islamism has a habit of bouncing back. Many cheered the death of jihadism after the killing of Osama Bin Laden in 2011. Yet two years later IS swept through the Middle East.

Hamas’s overthrow in Gaza might bring a short-term lull, but in time it could disperse its ideas and its militants across the Middle East. Islamism itself might evolve into something less sectarian as it spreads, perhaps bringing Sunni and Shia followers together, but its militancy could intensify. “The world is dreaming if it thinks the Islamist moment has gone,” says Andrew Hammond of Oxford University.

To keep political Islam reasonably quiescent, the rift between Israel and the Palestinians will have to be healed. Muslim regimes across the region should urgently tackle the socioeconomic ills that Islamists feed upon. The Middle East’s oil-rich states can afford a contract which offers individual rather than political freedom. But poorer ones cannot pay for the social protection that underwrites it. Still, locking Islamists up will do nothing to compensate for that. Islam has often flourished in a multi-faith world. It can do so again.■

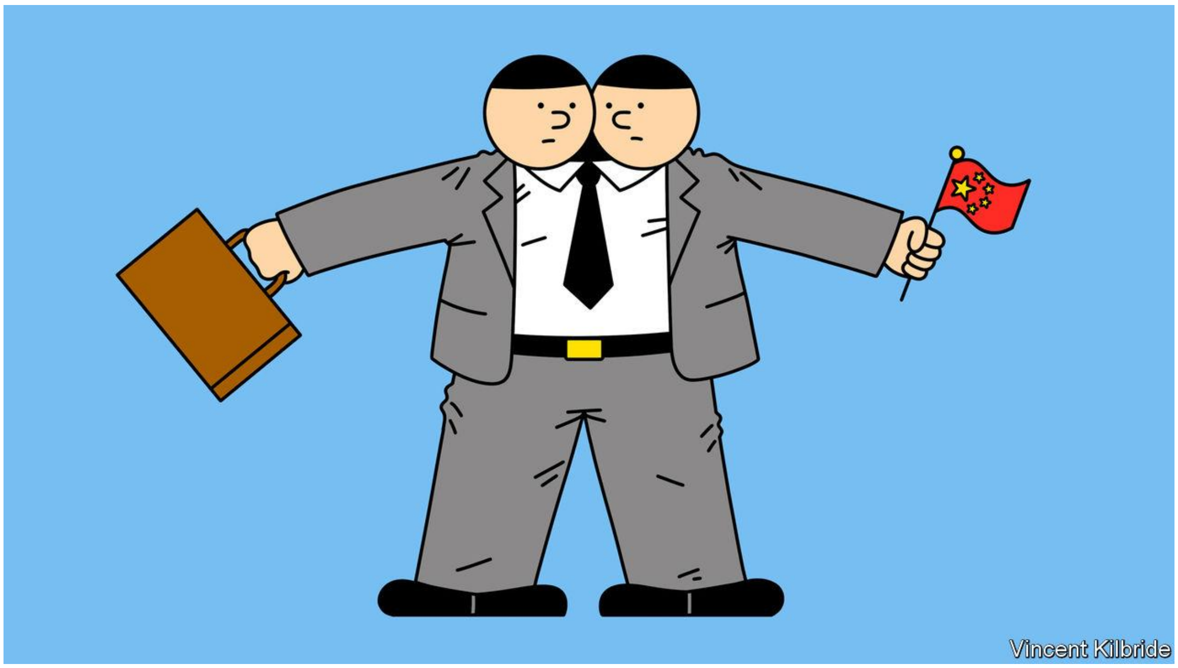
Business

Blurred vision

Xi Jinping’s grip on Chinese enterprise gets uncomfortably tight

Welcome to the era of party-state capitalism

Nov 26th 2023 | Shanghai



AS THE HEAD office of Northern Heavy Industries (NHI) comes into view, so does a huge slogan fixed permanently to its roof in metre-high red Chinese characters, where you might usually see a company name. The 22-character mouthful reads: “Wave High the Great Banner of Xi Jinping Thought in the New Era of Socialism with Chinese Characteristics.” A billboard-sized image of Mr Xi, China’s leader, waves to visitors as they enter the lobby. In a nearby factory NHI’s tunnel-boring machines, used for digging metro lines, rise four storeys into the air. The company was founded by the state many decades ago. Today more than ever it embodies an archetypal image of a state-owned enterprise (SOE).

Except that on paper NHI is private. A company called Fangda Group, which is listed in Shenzhen and fully privately owned, took a 47% stake in NHI in 2019, in a rare instance of a private company bailing out a state one.

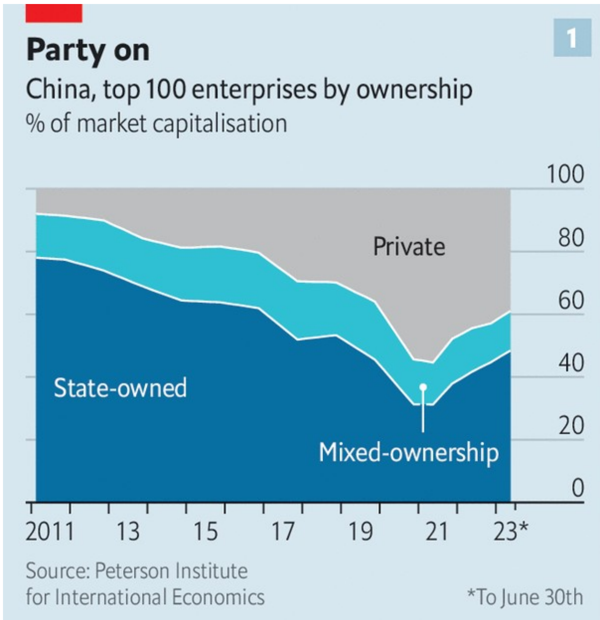
This made Fangda by far the largest single shareholder. The deal should have privatised NHI.

But in China’s corporate sector nothing is so straightforward. Fangda is not the controlling shareholder. Executives say there isn’t one. Some staff in its factories call it a state firm; some say it is private. When asked about Fangda’s involvement in NHI, a manager says the investment was a “policy decision”. An investment adviser says that, for reasons he cannot divulge, investors should approach Fangda itself as if it had the backing of the state—even though the state does not feature in its shareholder register. Fangda’s website is covered in Communist Party imagery such as sickles and hammers. It describes its corporate mission as “listening to the party and following the party”.

Chinese business has become much more professional in the past three decades. The country’s stockmarket is one of the world’s largest and has been opening up to Western investors. In futuristic industries like electric vehicles and green energy its firms lead the world. China’s digital economy has produced rare rivals to America’s internet giants. They and others have global ambitions and are backed by some of the world’s savviest asset managers.

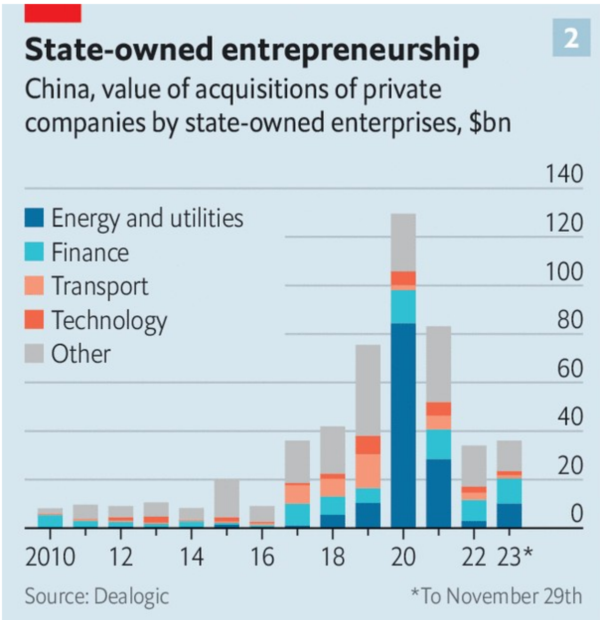
Yet over the same period the lines between the state sector and private business have grown blurrier. Many global investors increasingly view China’s private sector as a captive of the Communist Party. So do Western politicians, who rail against firms such as Huawei and TikTok for their alleged links to the party (which the companies deny). A recent paper from the Centre for Strategic and International Studies, a think-tank in Washington, asks: “Can Chinese firms be truly private?” Monitoring state influence has thus become more important than ever. It has also become more difficult than at any time in the past.

One factor that has complicated matters is the central government’s policy that explicitly seeks to blend state and private interests. Launched in 2013, “mixed-ownership reform”, as it is known, has encouraged private investments in some state firms and vice versa. The philosophy behind the policy was to introduce private capital into clunky state enterprises.



The Economist

Most of the investment since then, however, has flowed in the opposite direction. According to Fitch, a ratings agency, on average 50 state companies a year took the controlling rights of listed private business between 2019 and 2021, up from fewer than 20 in 2018. Privately owned firms' share of market capitalisation among China's 100 largest listed companies shrank from a peak of about 55% in mid-2021 to just 39% at the end of June this year, according to the Peterson Institute for International Economics (PIIE), another Washington think-tank (see chart 1). State enterprises may have spent around $390bn investing in private companies since 2018, according to data from Dealogic, a research firm (see chart 2).



The Economist

Mixed-ownership reform may have helped some SOEs perform better. Several academic studies found that in its wake some firms saw improvements to innovation and the return on assets. However, the reform has also created a vast grey sector that has characteristics of both state and private companies. The rise of government-backed funds armed with $1trn in capital has injected state funding into many private technology companies, including plenty of promising startups.

State investors have also been taking "golden shares", tiny stakes that grant outsize voting powers, in China's internet giants. In October it was revealed that a government agency had taken a 1% stake in a subsidiary belonging to Tencent, China's mightiest internet titan.

In the red

With the exception of top executives and government officials no one really understands what golden shares do. Company spokespeople say they are harmless. Investors disagree. When earlier this year such an arrangement came to light at Tencent and Alibaba, another internet giant, their share prices sank. An investment manager in Hong Kong explains that the discount was the result of state links being associated with corporate and financial stability, not risky innovation and animal spirits. From the state's perspective, he adds, rapid profit growth and high valuations could be perceived as dangerous if they take place in the wrong sectors.

Distinguishing between state and private companies is becoming more difficult because state influence over companies is no longer just tied to ownership, says Margaret Pearson of the University of Maryland, College Park. In "The State and Capitalism in China", published in May, Ms Pearson and her co-authors say that China is moving from state capitalism, where business is guided by national interests, to "party-state capitalism", in which it is organised around the interests of the Communist Party.

Until the late 2000s how the party exercised its power over corporate management was mainly evident in its appointments of SOE bosses. That has changed significantly since Mr Xi became party chief in 2012. A sweeping anti-corruption campaign, followed by a crackdown on tech companies, has helped deflate and reshape China's digital economy.

Outspoken technology entrepreneurs have vanished. A handful of tech founders and other business leaders have stepped down. Alibaba is splitting itself into several companies. Tencent has shed tens of billions of dollars in assets. New Oriental, China's most promising private-education business before the state snuffed out its entire industry almost overnight, has become an unglamorous online marketplace for agricultural and other products. Insiders argue about precisely how much direct influence the party had over such corporate decisions. Most agree that it is pleased with the outcome.

State support, implicit or explicit, can help businesses aligned to Mr Xi's vision. A lot of innovation in green energy, electric vehicles, robotics and digitisation is done by private firms but bankrolled by the state. Many entrepreneurs report that life is good in those areas. In sensitive domains like generative artificial intelligence (AI), new services are developed hand in hand with the state. Private companies working on AI frequently consult regulators, who provide guidance for what development is and is not permissible. Rather than regarding such consultations as an obstacle to innovation, Chinese AI firms often see it as a fast track to success.

The party exercises control in subtler ways, too. One potent tool is its corporate "social credit" system. Launched not long after Mr Xi came to power, it rates companies based on factors including their legal and debt-payment record. Lauren Yu-Hsin Lin at the City University of Hong Kong and Curtis Milhaupt of Stanford Law School recently examined all publicly available scores in Zhejiang, a wealthy coastal province. They found that companies with more political connections had higher scores. Other than a company's size, the variable most closely associated with a high score is having a director or a chief executive who has served in important government or party positions.

Firms with high scores can be "red-listed", or given preferential access to credit. Ending up on the system's blacklist makes it exceedingly hard to get loans. This gives private firms a strong incentive to follow state policies even in the absence of direct state ownership.

Cell-side analysts

Another way for the party to control businesses is through party committees, where employees who are party members meet to discuss ideology and its place in corporate life. These cells typically do not have any formal administrative clout. However, they can channel information about the company or its industry to regulators. This information may in turn shape local regulations, notes a banker. As with golden shares, the clearest impact that party committees have had so far is to breed distrust among foreign investors, and between foreign companies' local subsidiaries and their headquarters.

Many of the changes in the private sector can be explained as an attempt on the part of entrepreneurs to balance commercial activity while also showing loyalty to the party and fulfilling political duties, says Huang Tianlei of PIIE. Showing loyalty does not necessarily make them less profit-seeking. They are simply trying to adapt to a political economy founded on the supremacy of the party.

Still, the blurrier the line between the state and the private sector, the harder it becomes for entrepreneurs to strike a balance between party and profit. Ms Pearson and her co-authors find that private companies may not be "secure enough in their autonomy from the state to pursue their own interests with ease". It is not just investors who find the system tiresomely muddled. The view from within is getting hazier, too. ■

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An outside chance

How to succeed—and fail—as a foreign business in India

Why some companies are staying put while others up sticks

Nov 30th 2023 | Mumbai

THE RECENT history of foreign business in India is littered with failures. Even as the country has tried to lure global businesses keen to diversify into a fast-growing emerging market and, amid rising geopolitical tensions, away from China, many multinational companies are throwing in the towel. Notable departures over the past couple of years include Abu Dhabi Commercial Bank; Ford, an American carmaker; Holcim, a Swiss cement giant; and Metro, a German retailer. Disney is negotiating the sale of all or part of its streaming business. On November 24th Berkshire Hathaway, a $780bn American investment Goliath, offloaded its 2.5% stake in Paytm, an Indian payments processor.

These are only the latest companies to call it quits. Inbound foreign direct investment has been flat since 2018. Although nearly 11,000 foreign firms entered India between 2014 and 2021, a government report found that 2,783 had left or closed in that period—a dispiritingly high number for a supposedly fast-charging economy.

Some were probably put off by practical challenges, such as clogged roads, unbreathable air and patchy telecoms networks. Some no doubt balked at the legal obstacles to hiring workers, buying land or paying the right taxes. Some may simply have felt unwelcome; local bureaucrats and business leaders often see foreigners as a direct threat to domestic interests. Crucially, many fared less well than home-grown rivals. According to BCG, a consultancy, their gross operating margins average 12%, against 15% for Indian firms. When confronted by India’s reality, as opposed to its potential, plenty of excited foreign chief executives quickly find themselves “disabused”, sighs a consulting boss.

Plenty, but not all. Dove soap, Knorr stock cubes and other consumer staples made by Hindustan Unilever, the Indian arm of a British giant, can be bought in 9m shops across the country. India’s top car-seller is Maruti Suzuki, a joint venture with a Japanese firm, followed by Hyundai of South Korea. Honda of Japan may soon dethrone Hero, an Indian rival, as the bigger maker of two-wheelers. Indians snap up Samsung phones and use WhatsApp, part of Meta’s social-media empire, to talk private and, increasingly, commercial business. They make half of all their digital payments via PhonePe, which is owned by Walmart, an American retailer.

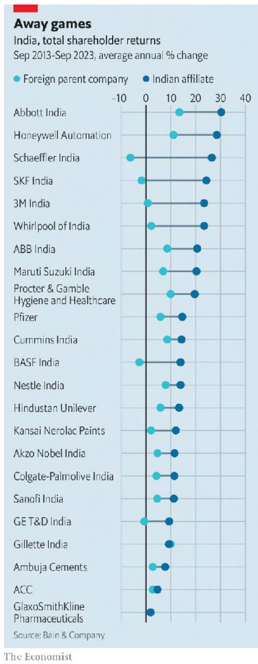
Far from quitting, some foreign companies are doubling down on their Indian bets. Which businesses persevere—and why—helps understand what it takes to succeed in India as a foreign enterprise.

One group of corporate outsiders that can thrive in India are those whose business is aligned with the priorities of the Indian state, such as boosting export-oriented manufacturing. Apple has become the poster child of this approach, by moving some iPhone-making to contract manufacturers setting up shop in India. Vestas of Denmark and Senvion of Germany are producing wind turbines for sale abroad. Tesla is reportedly negotiating lower import tariffs on its electric cars in exchange for setting up an electric-car factory.

An indirect way to shore up India’s economic ambitions is to help build the roads, ports and other infrastructure needed to get products from the factories to faraway markets. An investment manager at a big financial firm lists the Indian subsidiaries of engineering companies as good wagers on Indian growth. Over the past ten years ABB's Indian affiliate has generated annual total stockmarket returns of 21%, two and a half times those of its Swedish-Swiss parent. America's Honeywell averaged 11% globally but 28% for its Indian arm.

Another successful group are foreigners who make an effort to indigenise their Indian business. Some team up with well-connected locals. Google and Meta have invested billions of dollars in partnerships with Reliance Industries, India's biggest conglomerate, whose Jio telecoms unit brought mobile internet to 440m Indians. In August BlackRock, the world's biggest asset manager, returned to India in a joint venture with Reliance. Its earlier foray involving a smaller partner was discontinued in 2018. If this time works out, BlackRock will have succeeded where those trying to go it alone, such as Fidelity, had failed. SAIC Motor, a Chinese car firm, is reportedly looking to sell a large stake in MG Auto, a local subsidiary facing a pernickety tax exam, to JSW, India's steel champion.

Outsiders have other ways to make their business more Indian. Rather than run its Indian bank from its home in Singapore, DBS set up a local affiliate complete with an Indian board accountable to Indian regulators. Walmart strengthened its Indian presence by acquiring a controlling stake in Flipkart, a local e-commerce platform, in 2018. In July the American retailer increased its interest by buying the stakes held by two American tech-investment firms, Tiger Global and Accel.



One last important group is staying put—firms that are already big in India. Often, says the India head of a sovereign wealth fund, they flourish not by creating new markets but by replacing informal provision of existing goods and services. Many, similarly to ABB and Honeywell, earn better returns from their Indian subsidiaries, notes Nikhil Ojha of Bain (see chart). Some, like Hindustan Unilever or Maruti Suzuki, have been in the country for decades. Many Indians would consider them homegrown.

Some are not so well liked, at least at first. Since it entered India ten years ago, Amazon has faced limits on local acquisitions, restrictions on selling own-label products, rules on inventory size and accusations that it threatened millions of *kirana* corner shops. Rather than give in, the e-emporium has stood firm. In June its boss, Andy Jassy, said it would invest an extra $6.5bn in India by 2030, bringing its total spending in the country to $26bn. It is expanding its e-commerce distribution network and building cloud-computing data centres. In November it launched FanCode, a channel on its Prime Video streaming service dedicated to sports including cricket, the national pastime.

This resolute approach appears to be paying off. Resistance to Amazon's Indian growth seems to be easing among government officials, who may have concluded that its logistical expertise is what India needs to connect its factories to the world. Billions of dollars in promised investments can't have hurt, either. ■

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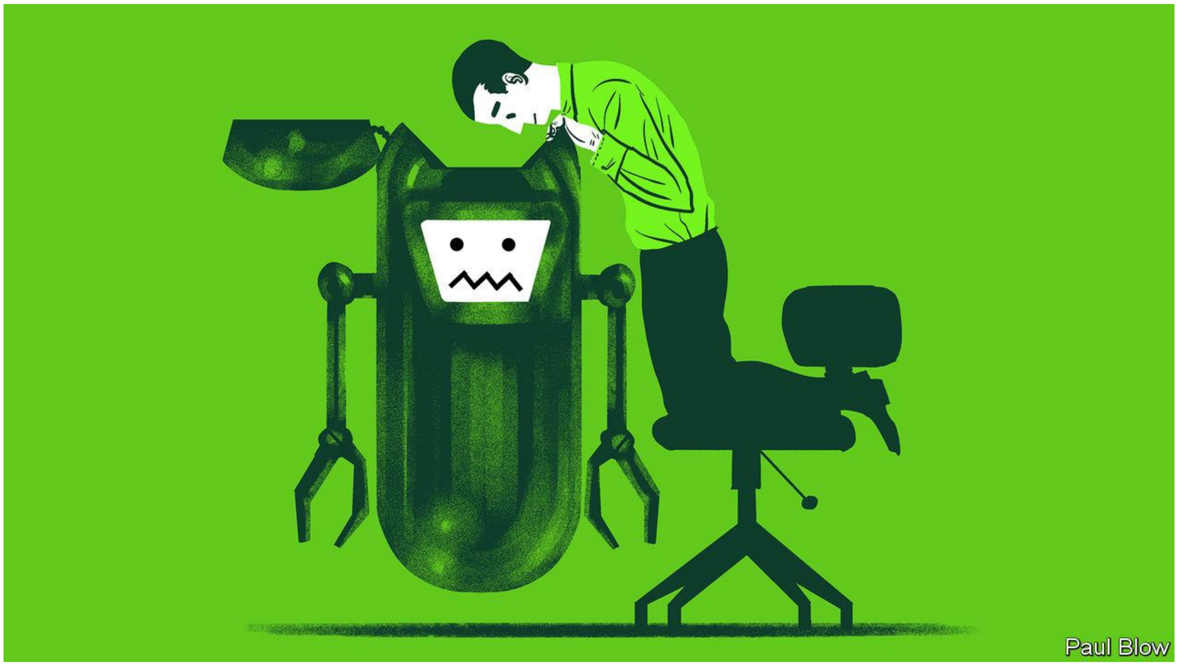
Bartleby

Generative AI generates tricky choices for managers

Transformational technologies can be very trying

Nov 27th 2023



THE REMARKABLE capabilities of generative artificial intelligence (AI) are clear the moment you try it. But remarkableness is also a problem for managers. Working out what to do with a new technology is harder when it can affect so many activities; when its adoption depends not just on the abilities of machines but also on pesky humans; and when it has some surprising flaws.

Study after study rams home the potential of large language models (LLMs), which power AIs like ChatGPT, to improve all manner of things. LLMs can save time, by generating meeting summaries, analysing data or drafting press releases. They can sharpen up customer service. They cannot put up IKEA bookshelves—but nor can humans.

AI can even boost innovation. Karan Girotra of Cornell University and his co-authors compared the idea-generating abilities of the latest version of

ChatGPT with those of students at an elite university. A lone human can come up with about five ideas in 15 minutes; arm the human with the AI and the number goes up to 200. Crucially, the quality of these ideas is better, at least judged by purchase-intent surveys for new product concepts. Such possibilities can paralyse bosses; when you can do everything, it's easy to do nothing.

LLMs' ease of use also has pluses and minuses. On the plus side, more applications for generative AI can be found if more people are trying it. Familiarity with LLMs will make people better at using them. Reid Hoffman, a serial AI investor (and a guest on this week's final episode of "Boss Class", our management podcast), has a simple bit of advice: start playing with it. If you asked ChatGPT to write a haiku a year ago and have not touched it since, you have more to do.

Familiarity may also counter the human instinct to be wary of automation. A paper by Siliang Tong of Nanyang Technological University and his co-authors that was published in 2021, before generative AI was all the rage, captured this suspicion neatly. It showed that AI-generated feedback improved employee performance more than feedback from human managers. However, disclosing that the feedback came from a machine had the opposite effect: it undermined trust, stoked fears of job insecurity and hurt performance. Exposure to LLMs could soothe concerns.

Or not. Complicating things are flaws in the technology. The Cambridge Dictionary has named "hallucinate" as its word of the year, in tribute to the tendency of LLMs to spew out false information. The models are evolving rapidly and ought to get better on this score, at least. But some problems are baked in, according to a new paper by R. Thomas McCoy of Princeton University and his co-authors.

Because off-the-shelf models are trained on internet data to predict the next word in an answer on a probabilistic basis, they can be tripped up by surprising things. Get GPT-4, the LLM behind ChatGPT, to multiply a number by 9/5 and add 32, and it does well; ask it to multiply the same number by 7/5 and add 31, and it does considerably less well. The difference is explained by the fact that the first calculation is how you convert Celsius to Fahrenheit, and therefore common on the internet; the second is rare and so does not feature much in the training data. Such pitfalls will exist in proprietary models, too.

On top of all this is a practical problem: it is hard for firms to keep track of employees' use of AI. Confidential data might be uploaded and potentially leak out in a subsequent conversation. Earlier this year Samsung, an electronics giant, clamped down on usage of ChatGPT by employees after engineers reportedly shared source code with the chatbot.

This combination of superpowers, simplicity and stumbles is a messy one for bosses to navigate. But it points to a few rules of thumb. Be targeted. Some consultants like to talk about the "lighthouse approach"—picking a contained project that has signalling value to the rest of the organisation. Rather than banning the use of LLMs, have guidelines on what information can be put into them. Be on top of how the tech works: this is not like driving a car and not caring what is under the hood. Above all, use it yourself. Generative AI may feel magical. But it is hard work to get right.■

Correction (28th November): *An earlier version of this article stated that the study by Karan Girotra and his co-authors took place at several elite American universities. It actually took place at just one elite university. It also stated that R. Thomas McCoy's co-authors are also at Princeton University. Not all of them still are. Apologies.*

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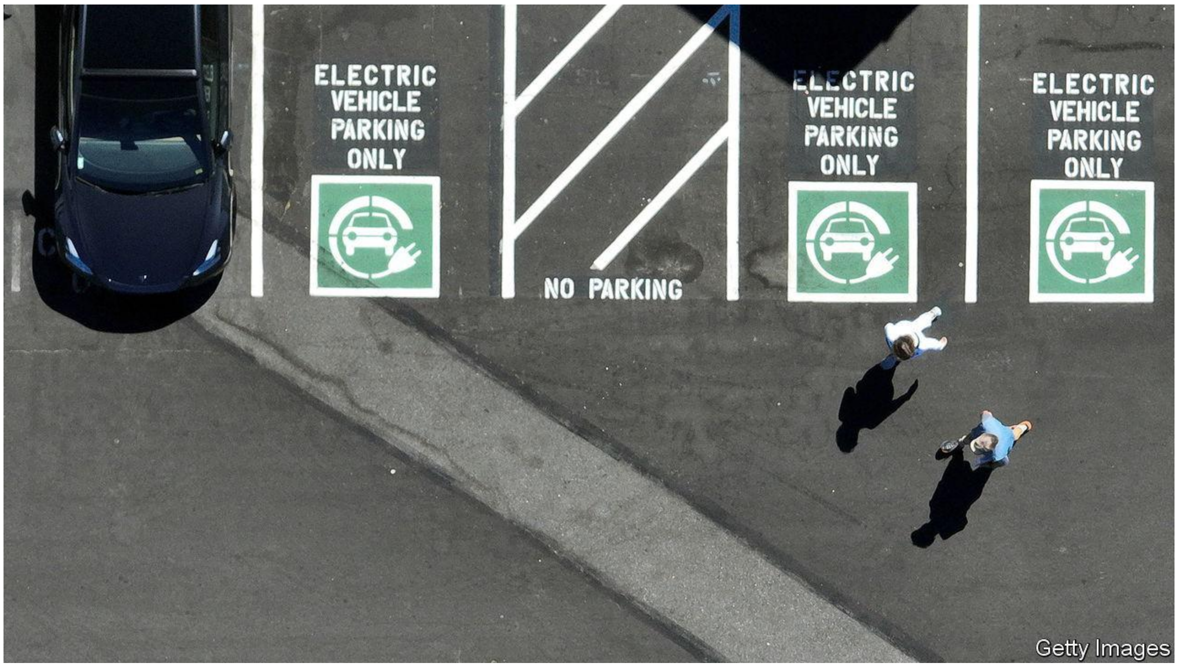
Also: How the Bartleby column got its name

Electric curmudgeons

Is America’s EV revolution stalling?

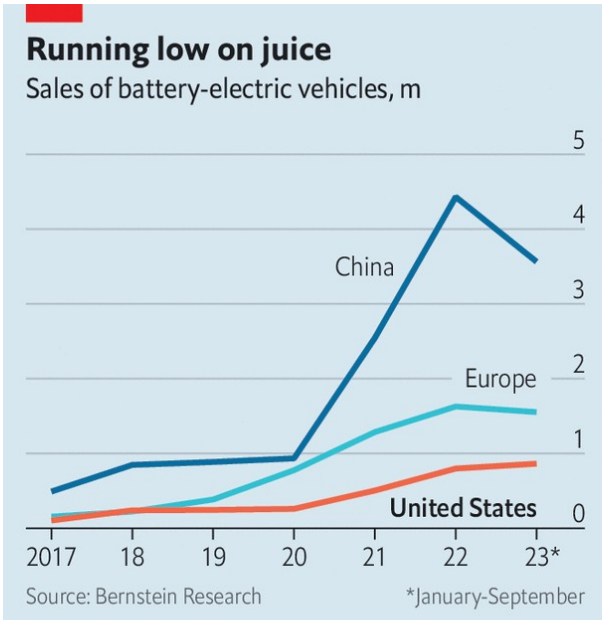
Its motorists aren’t won over by battery power—yet

Nov 27th 2023



AMERICANS LOVE their automobiles. So long, it seems, as they don’t run on batteries. A poll published in July by the Pew Research Centre found that less than two-fifths of them would consider buying an electric vehicle (EV). Despite expanding charging networks and more EV models to choose from, that is a slightly lower share than the year before.

Those words are backed up by relative inaction. In the third quarter of 2023 battery-powered vehicles made up 8% of all car sales. So far this year fewer than 1m EVs (not counting hybrids) were sold in America, a little more than half the number in less car-mad Europe (see chart). Chinese drivers bought almost four times as many. Between July and September General Motors (GM) shifted a piddling 20,000 in its home market, compared with more than 600,000 fossil-fuelled vehicles. Fully 92 days’ worth of EVs languish on dealership forecourts, compared with 54 days of gas-guzzler inventory. Outside California, Florida and Texas, which together account for over half of American EV registrations, electric cars mostly remain a curiosity.



The Economist

Disappointing demand is now prompting carmakers to reassess some of their ambitious electrification plans. In October Ford said it would delay $12bn of EV investments. GM has ditched some EV targets and put off by a year a $4bn scheme to turn an existing factory into one for e-pickups, among other EV-related savings; it will instead pay out a record $10bn in share buy-backs in 2024. Carmakers' battery-making partners are turning cautious, too. In September SK Battery laid off more than 100 employees and reduced output at a plant in Georgia. In November LG Energy Solution, a fellow South Korean firm, said it was laying off 170 workers in Michigan.

All this presents bumps on the road to electrified motoring in America. The car industry's ability to swerve around them will determine the fate of its energy transition. And, since passenger cars contribute a fifth of American total carbon emissions, it will have an effect on the country's decarbonisation efforts, too.

The biggest brake on EV enthusiasm in America is price. The average EV there sells for $52,000, reckons Cox Automotive, a consultancy. That is not a world away from the $48,000 that Americans typically pay for a petrol vehicle. But total costs of ownership, which combine the sales price and running costs for five years, vary more widely. At $65,000, the typical EV is $9,000 more expensive to own than a petrol car (owing to factors like pricey home chargers, dearer insurance and, compared with Europe and China, inexpensive petrol). On Ford's latest earnings call executives grumbled that Americans were stubbornly "unwilling to pay premiums" for EVs.

A new tax credit of up to $7,500 for EV purchases offsets some of this cost disadvantage. But it applies only to cars that obey strict rules of origin for components. It is also fiddly; buyers must file a form with their federal income-tax return. EVs' low adoption rates, relative novelty and rapidly evolving technology, meanwhile, make it hard for buyers to tell how fast they lose their worth, which may put some off the purchase. Others may be discouraged by quality problems. In recent years EVs have been recalled because of faulty battery packs. Seven of the ten car models that face the most basic problems, such as with door handles, are EVs, according to a survey by J.D. Power, a research firm.

Cheap and cheerful EVs tend to offer better value for money. But in America it is hard to find a set of electric wheels for less than $30,000. American carmakers have followed Tesla, the EV pioneer, in focusing first on higher-margin premium models rather than EVs for the masses. GM and Honda, a Japanese giant, recently dropped their joint $5bn plan to build an affordable EV. Inexpensive and decent-quality Chinese EVs from companies such as BYD have turned China into the world's biggest EV market and may soon flood Europe. They are, however, all but excluded from America by high tariffs and other barriers.

All this leaves America's car industry circling a roundabout. Consumers' unwillingness to pay for expensive EVs is forcing carmakers to offer steep discounts to shift inventory. Tesla has slashed its prices several times in the past year. Carmakers are offering average discounts of almost 10% on their EVs, more than twice as generous as for petrol cars. But this is making it even harder for the companies to make money from battery power. Ford's electric division is losing about $62,000 for every vehicle it sells, in contrast to a net profit of $2,500 apiece for the company's petrol cars. Continued losses in turn may temper car firms' appetite to invest in a broader electric offering that would appeal to buyers.

American carmakers are still hoping they can escape this vicious circle. They are mostly postponing their American EV investments rather than pulling the plug on them. In the next year or two many companies are expected to unveil dedicated electrified "platforms", as a car's structural backbone is known, rather than lumping batteries unsatisfyingly onto existing petrol-driven skeletons. Some of the EVs' quality problems are teething pains typical of all new models, be they electric or petrol-powered, which will be sorted out as production lines mature. And from January the EV tax credits will also be available at the point of sale, making it less burdensome for buyers to take advantage of them.

All this could eventually improve quality, expand product ranges, push down costs and, with luck, generate profits for car firms. Eventually may, though, come a bit later than hoped. ■

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Swedish strikes

Elon Musk v labour unions: Sweden edition

Tesla faces a small but serious threat in Scandinavia

Nov 30th 2023 | BERLIN

ELON MUSK, boss of Tesla, has gone to great lengths to keep unions away from his electric-car maker's 127,000 workers at its "gigafactories" in America, China and Europe. Even in Germany, land of harmonious relations between workers and bosses, the powerful metalworkers' union, IG Metall, has no say at the company's local plant in Grünheide, near Berlin. Mr Musk's latest challenge—a strike by some 130 mechanics at ten Tesla service workshops in Sweden—looks like a trifle. But it may yet prove consequential.

The Swedish strikers are members of IF Metall, which represents the country's metalworkers. They downed tools on October 27th, demanding collective-bargaining rights. Mr Musk ignored them at first. That dismissive stance became harder to maintain as other workers joined them in sympathy strikes. Postal workers refused to deliver licence plates for Tesla cars, dockers to unload Teslas from ships and cleaners to scrub the firm's showrooms.

On November 27th Tesla filed lawsuits against the Swedish Transport Agency and the national postal service over their workers' refusal to deliver licence plates for its cars. On the same day the court ruled that Tesla would be allowed to collect the plates directly from the transport agency's offices. But the strike continues. IF Metall vows to pay the strikers' wages for months, even years, if that is what it takes.

"My guess is that the Swedish unions will win," predicts Jesper Hamark of the University of Gothenburg. For IF Metall this is a much bigger fight than a walkout by 130 car mechanics. The union does not want to set a precedent that could inspire other companies to operate in Sweden without accepting collective bargaining. Today around 90% of workers in Sweden are covered by such agreements; 69% are union members.

A face-saving solution for Mr Musk could be to set up a Swedish subsidiary under a different name that would run the workshops and allow collective bargaining. Tesla's bigger worry is that the plucky Swedes embolden workers at its German factory, which manufactures 60% of Teslas sold in Europe. That share is likely to increase should European countries impose tariffs on electric cars from China, where the remaining 40% currently come from. To serve Europe's growing EV market, the world's second-biggest behind China, Tesla plans to double its German workforce from around 11,000 to 22,500.

"What's going on in Sweden is encouraging for us," says Markus Sievers of IG Metall. Swedish comrades' fight for better working conditions is its fight, the German union has declared. It claims that Tesla's German workers are paid a fifth less than those at carmakers covered by the industry's collective wage agreement. And it has already set up an office near Grünheide to win Tesla employees over. ■

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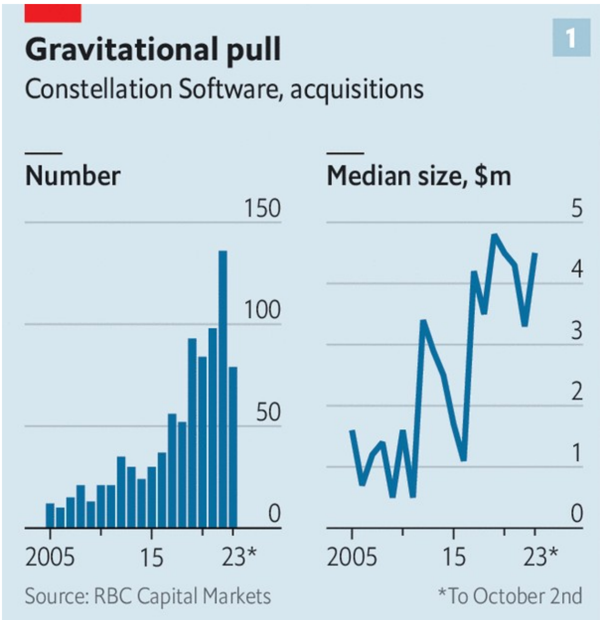
Baby Berkshire

How a Canadian company became the world's best acquirer of tech firms

Meet Constellation Software, tech's Berkshire Hathaway

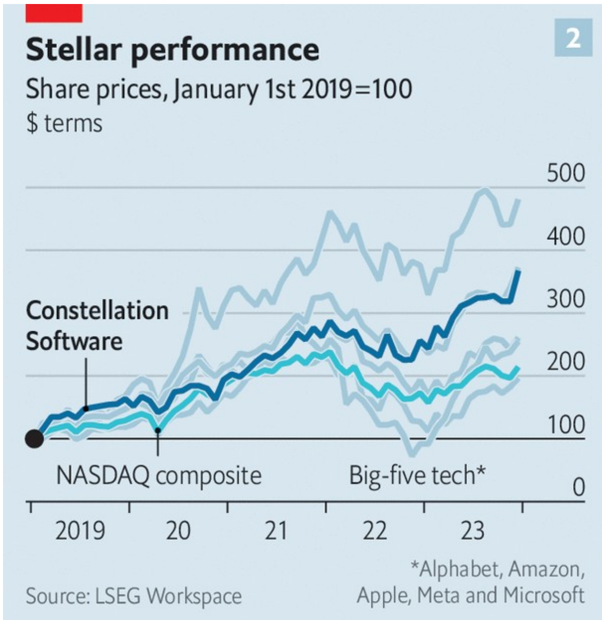
Nov 30th 2023

FOR OLDER startups these are tough times. The weak recent stockmarket debuts of Arm, a British chipmaker, Instacart, a grocery-delivery group, and Klaviyo, a software firm, have dampened enthusiasm for initial public offerings. Venture capital (VC) has dried up. Data from PitchBook, a research firm, show that late-stage startups need almost three times as much money as is available to them. Many are putting themselves up for sale. Acquisitions of private firms valued at $100m or more are at their highest since September 2022.



The Economist

One happy buyer is Constellation Software. The Canadian firm's targets must have sales of at least $5m and show consistent revenue and profit growth. A strong management team, preferably founder-led, is a plus. Though it has splurged on larger deals, the median value of firms it acquires is around $3m. According to Royal Bank of Canada (RBC), since 2005 Constellation has spent $8.7bn on more than 860 firms (see chart 1). In that time its revenue has grown by about 25% a year on average. This year it could exceed $8bn. The company's market value is up by a big-tech-like 250% in the past five years, to $50bn, outperforming the tech-heavy NASDAQ index (see chart 2). It is now Canada's second-largest tech firm after Shopify, an e-commerce platform.



The Economist

Whether by fluke or design, Constellation's dealmaking success is based on principles that look strikingly similar to those of the world's heavyweight acquirer, Berkshire Hathaway. Like Warren Buffett, Berkshire's boss, and his right-hand man, Charlie Munger (who died on November 28th), the founder and president of Constellation, Mark Leonard, seeks out businesses with a lasting competitive edge. In Constellation's universe, such a "moat" is enjoyed by software firms that specialise in building digital wares for unsexy industries from car dealerships and builders to spas. Tech giants shun these relatively piddling markets and smaller rivals lack the requisite know-how. The result is rich profits for the incumbents.

After a deal is done Constellation, much like Berkshire, runs the business with benevolent neglect. It does not integrate newly acquired companies or parachute in fresh managers. It is content to leave day-to-day operations to the existing leadership. It does not desperately try to squeeze out inefficiencies by centralising common business functions. Constellation believes that splitting a business weakens its bond with customers, notes Paul Treiber of RBC. Cash from the subsidiaries flows to the parent company, which uses it to buy new businesses. These in turn generate more cash, and so on.

To manage over 800 firms, Constellation is structured as a holding company with six large operating groups. Businesses in similar markets are grouped together. In 2021 Constellation floated Topicus, an operating entity that generated 14% of the firm's total revenue and is now valued at $5.8bn. When any of the other five big operating units get large enough, they, too, may be listed. As with Topicus, Constellation would retain control of the board.

Like Berkshire but in contrast to private-equity or VC funds, Constellation has no exit clock ticking. It can thus be patient with investment decisions. Mr Leonard's annual letters to investors echo Mr Buffett's in describing the company as a "good perpetual owner". This marathon mentality shapes employee pay. Bonuses are tied to returns on invested capital rather than just revenue growth. Executives must invest three-quarters of their bonus in company stock, which they cannot sell for four years. This aligns management's incentives with those of shareholders.

Constellation's success reveals an important truth about mergers and acquisitions that would also be familiar to Mr Buffett: serial acquirers tend to outdo occasional dealmakers. Tobias Lundberg of McKinsey, a consultancy, calculates that regular buyers on average generate about two percentage points more in excess total returns to shareholders annually compared with irregular ones.

Mr Lundberg puts this edge down to practice. As with exercise, the more buying a company does, the better it gets. A few firms like Tyler Technologies from Texas and Roper Technologies from Florida are trying to emulate Constellation's workout regime of picking up niche software makers. None has so far come close to matching the Canadian company's muscle. ■

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Schumpeter

Charlie Munger was a lot more than Warren Buffett's sidekick

In business, he was a paragon of common sense

Nov 29th 2023

Brett Ryder

EVERY MAY tens of thousands of the faithful flock to Omaha, Nebraska, hometown of Berkshire Hathaway, to bask in the presence of the investment firm's two leaders: Warren Buffett, known for his folksy genius, and Charlie Munger, for his killer zingers. But for the truly hard core, for many years a more cloistered gathering took place near Schumpeter's current abode in Pasadena, a lush city on the edge of Los Angeles. At the Pasadena Convention Centre, Mr Munger alone would hold forth, his dry wit in full flow. Recording devices were not allowed, but notetakers scribbled furiously as they tried to keep up.

The last one took place in 2011, when Mr Munger, who died in an LA hospital on November 28th aged 99, was a sprightly 87-year-old. It was his last shareholder meeting as head of Wesco, a financial conglomerate about to be wholly swallowed up by Berkshire, and hence the end of his one-man show. He spoke for three hours. As usual, he poked gentle fun at the audience, telling them, “You folks need to find a new cult hero.” Yet he clearly enjoyed delivering what one scribe called his sermon from the “Church of Rationality”. He beamed when they gave him a standing ovation.

Looking back through notes of that meeting, the themes he dwelt on seem random. He discussed what he felt was his inadequate legacy, though he took pride in attributes such as basic morality, self-discipline and objectivity. He advised rich parents how to look after their children (don’t try to motivate them with artificial hardships, he said, because they will inevitably hate you for it). He discussed the importance of being rational amid mistaken biases (which he called the “Lollapalooza effect”). He even put in a good word for *The Economist*, describing it, according to one notetaker, as his favourite “adult magazine”.

And yet those were not scattershot musings. They echoed a carefully thought out worldview on life, investment and business culture that he expounded on extensively in writings and speaking engagements whenever he was not in the spotlight as the Sage of Omaha’s curmudgeonly sidekick. As Mr Buffett put it, Mr Munger influenced Berkshire’s entire investment philosophy by introducing the wisdom that it is “better to buy a good business at a fair price than a fair business at a good price”. In other words, he deserves a big share of the credit for turning the financial conglomerate into the $780bn powerhouse that it has become.

Though the two men bore an uncanny physical resemblance (Mr Munger, at least later in life, was more portly), intellectually they had different strengths. Mr Buffett is a master of the plain and simple; Mr Munger was a complex thinker (“Charlie does the talking, I just move my lips,” Mr Buffett once quipped). Like the best duos—think Bill Gates and Paul Allen at Microsoft, Mickey Mantle and Roger Maris at the New York Yankees, and John Lennon and Paul McCartney in The Beatles—their strengths complemented each other, producing something almost magical. In the case of Messrs Buffett and Munger the magic lasted for 60 years. During that time they famously never had a row.

As with many successful partnerships, they shared common roots. Like Mr Buffett, Mr Munger grew up in Omaha. As teenagers both worked in the Buffett family store at different times. They met in Omaha in 1959, not long after Mr Buffett, then owner of a fledgling investment firm, had been told by a potential client that he resembled the erudite Mr Munger, who was six years his senior. He came to replace Benjamin Graham, a legendary “value“ investor, as Mr Buffett’s sounding board, with four qualities that Janet Lowe, Mr Munger’s biographer, said resembled Graham’s. He was honest, realistic, profoundly curious and unfettered by conventional thinking. Those are as good traits as any to summarise his approach to business.

In terms of honesty, he put the trustworthiness of business leaders, and the soundness of their accounts, above all else. He hated gimmickry (the accounting term EBITDA, he said, should be substituted with “bullshit earnings”). He was openly scornful of the “megalomania” of some investment bankers, whom he blamed for the financial crisis of 2007-09. In a deft parody penned in 2011 he described the perpetrators as Wantmore, Tweakmore, Totalscum and Countwrong. America was Boneheadia.

As for realism, he was no softy when it came to business. He believed in “moats” that safeguarded firms’ brand value, pricing power and scale. Take Wrigley’s Chewing Gum versus a cheaper competitor, for instance. “Am I going to take something I don’t know and put it in my mouth—which is a pretty personal place, after all—for a lousy dime?” Handle new technologies with care, he preached. Know your “circle of competence”. Don’t rush into new ventures you don’t understand.

For him, curiosity was a lifelong project, and he believed that business people should constantly refresh their knowledge, challenging their assumptions and learning from mistakes more than successes. As he said on the first page of “Poor Charlie’s Almanack”, a compilation of his writings and speeches: “Acquire worldly wisdom and adjust your behaviour accordingly. If your new behaviour gives you a little temporary unpopularity with your peer group…then to hell with them.”

Invert, always invert

Finally, think unconventionally. Don’t follow the herd. He loved Confucius and boldly encouraged America to “get along with China” despite the current tensions. Apple, he said, was an example of how engaging with China was both good for business and good for China. Everything that worked in the opposite direction, he said earlier this year, was "stupid, stupid, stupid". Even by Mr Munger's standards, that was blunt; he normally expressed himself with humour, not exasperation. But it summed up what was probably his greatest contribution to business thinking. He was a paragon of that old-style virtue—common sense. ■

Read more from Schumpeter, our columnist on global business:
The many contradictions of Sam Altman (Nov 22nd)
How to think about the Google anti-monopoly trial (Nov 15th)
The Bob Iger v Nelson Peltz rematch (Nov 9th)

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

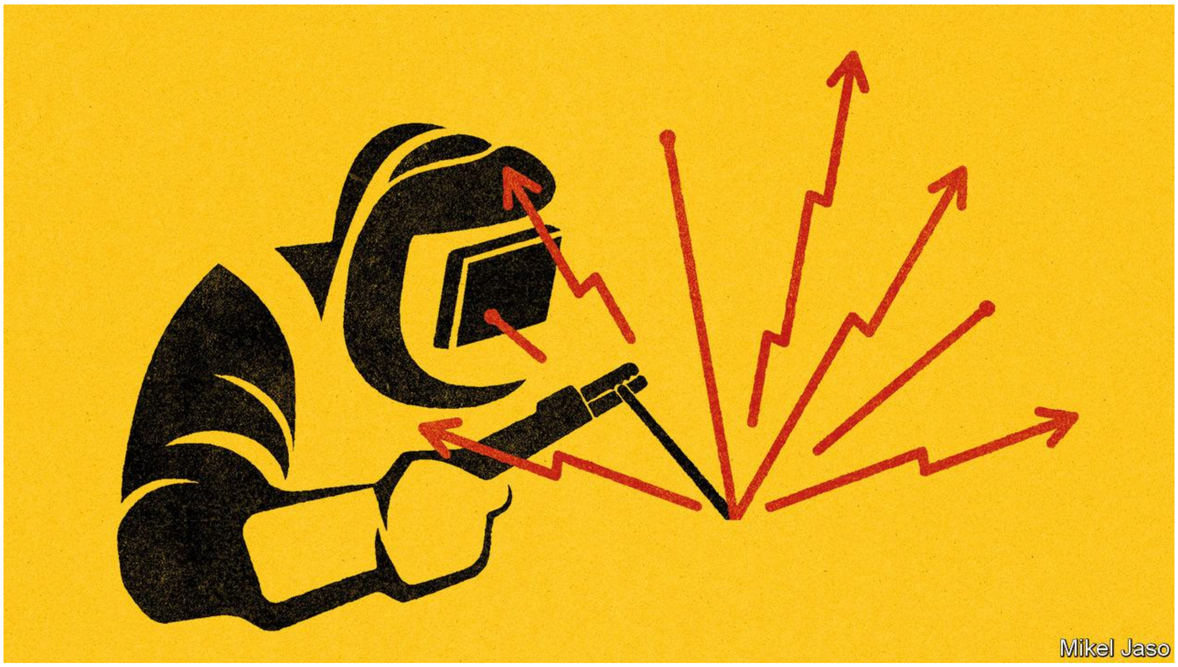
Finance & economics

Labour markets

Welcome to a golden age for workers

How employment and pay is being transformed for the better

Nov 28th 2023



ALMOST EVERYONE agreed that the mid-2010s were a terrible time to be a worker. David Graeber, an anthropologist at the London School of Economics, coined the term "bullshit jobs" to describe purposeless work, which he argued was widespread. With the recovery from the global financial crisis of 2007-09 taking time, some 7% of the labour force in the OECD club of mostly rich countries lacked work. Wage growth was weak and income inequality seemed to be rising inexorably.

How things change. In the rich world, workers now face a golden age. As societies age, labour is becoming scarcer and better rewarded, especially manual work that is hard to replace with technology. Governments are spending big and running economies hot, supporting demands for higher wages, and are likely to continue to do so. Artificial intelligence (AI) is giving workers, particularly less skilled ones, a productivity boost, which could lead to higher wages, too. Some of these trends will reinforce the others: where labour is scarce, for instance, the use of tech is more likely to increase pay. The result will be a transformation in how labour markets work.

To understand why, return to the gloom. When it was at its peak in 2015, so was China's working-age population, then at 998m people. Western firms could use the threat of relocation, or pressure from Chinese competitors, to force down wages. David Autor of the Massachusetts Institute of Technology (MIT) and colleagues estimate that this depressed American pay between 2000 and 2007, with a larger hit for those on lower wages. Populist politicians, not least Donald Trump, took advantage, vowing to end China's job "theft".

The Economist

Now China's working age-population is falling, other poor countries are struggling to build industrial capacity and geopolitical instability is making outsourcing less appealing. The rich world also faces a dearth of workers (see chart 1). Indeed, the number of them aged 20 to 54 (who are likely to be capable of physical labour) has already flattened off. A survey across 41 countries by ManpowerGroup, a staffing firm, finds that 77% of companies are struggling to fill vacancies, twice as many as in 2015. Two-thirds of Polish industrial firms say that worker shortages are one of the main things holding back production. In Germany public-transport services have been reduced owing to a lack of bus and train drivers. In South Korea the old are increasingly staying on the job to avert shortages: some 59% of 55- to 79-year-olds work, up from 53% a decade ago.

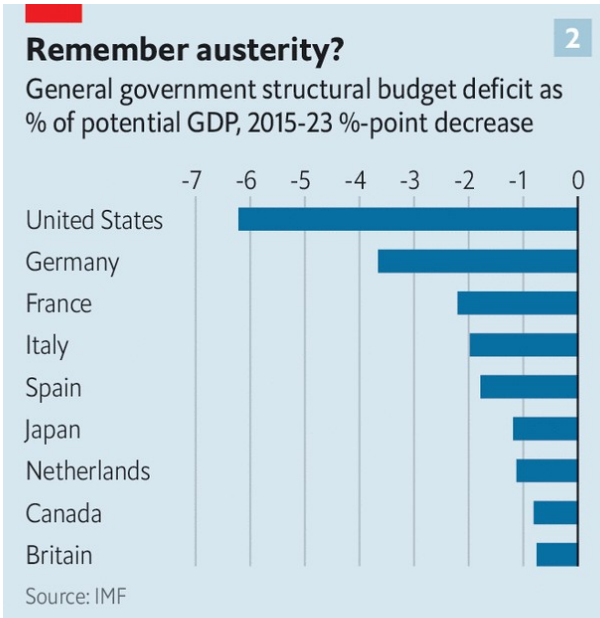
Labour has become so precious that businesses are starting to hoard it. A survey of small American companies found that more than 90% seek to retain employees if possible. In Germany, where the economy has stagnated since early last year, some 730,000 positions are advertised at job centres, close to the record high. Unemployment sits at just 3%. In part because of worker shortages, the rich world is experiencing an immigration boom, with its foreign-born population growing at a record pace. Yet such is the size of coming workforce gaps, even immigration on this scale will not plug them.

It would, then, be a good time to be a worker even without intervention from politicians. Yet they are hardly holding back. Most countries in the OECD, including America and France, have managed to maintain or even increase minimum wages in real terms during the recent bout of inflation. Across the rich world, trillions of dollars are also being spent in a bid to speed up the green transition, reduce dependence on China—and create jobs. Although such subsidies mostly end up in firms' pockets, and tariffs are costly for consumers, they give workers in protected industries bargaining chips.

The macroeconomic policy mix favoured by today's politicians and officials also suits workers. In the mid-2010s rich-world inflation was the lowest it had been outside of crises, but few countries opted for stimulus. This was partly because of analysis suggesting the economy was at full capacity; it later turned out there was more slack. In 2013 America's Federal Reserve thought that unemployment would settle at 5.6% in the long run. By 2019 that estimate had fallen to 4.1%. The IMF thought that Germany was close to full employment in 2012. The country then added 2.8m jobs without unusual wage growth.

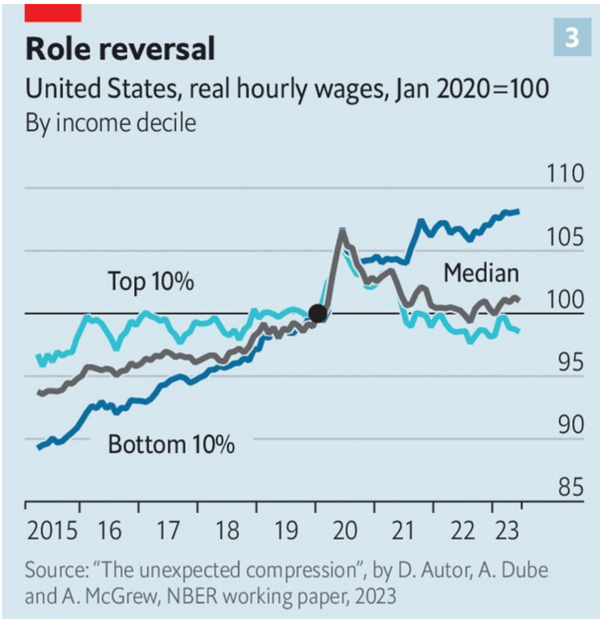
Blue-collar bliss

Things look very different today (see chart 2). Despite high inflation, EU countries will run an average fiscal deficit of more than 3% of GDP this year, reckons the European Commission. America's deficit will hit 8.2%, expects the IMF. Ageing societies, climate change and uncertain geopolitics imply that governments will struggle to tighten the purse strings any time soon. Central banks want to bring down inflation, but their policy guidance suggests that they would like to avoid the insufficient demand and low price growth of the 2010s once they have done so.



The Economist

Policymakers will therefore aim for what Janet Yellen called, before becoming America's treasury secretary, a "high-pressure economy" (ie, one that runs very close to its potential). Western leaders want to ensure that they can fight the next election while being able to point to healthy employment and rising wages, especially for the lower paid. In this sense, they seem to have learnt the lesson of the 2010s.



The Economist

The approach is already bearing fruit for workers. In a recent paper, Mr Autor and colleagues demonstrate that tight American labour markets are leading to fast wage growth, as workers switch jobs for better pay, and that poorer employees are benefiting most of all (see chart 3). The researchers reckon that, since 2020, some two-fifths of the rise in wage inequality over the past four decades has been undone.

A similar trend is probably playing out across the rich world. Germany's employment agency keeps a tally of jobs that are facing severe worker shortages. So far this year it has added 48 professions to the 152-strong list. Most require technical, rather than academic, education, with shortages most pressing in construction and health care. Japan offers time-limited visas for workers in a dozen fields, including the making of machine parts and shipbuilding, and the country's wages are rising faster than at any point in the past three decades. The wage premium that accrues to those with a university education is already shrinking; it may now fall faster.

Tight labour markets also encourage unions to demand more free time—to the horror of firms already short of staff. German steelworkers will seek a 32-hour work week in forthcoming negotiations, down from 35 hours. In Spain a new government wants to cut the standard 40-hour work week by two and a half hours. As shown by surveys and data about hours spent on the job, even Americans want to work less.

Many bosses hope that computers will pick up the slack. AI can perform tasks which require creativity, improvisation and learning, and were previously out of reach for machines. Companies have strong incentives to adopt it. A preliminary study by Dean Alderucci of Carnegie Mellon University and colleagues, using American patent data from 1990 to 2018, found that firms which innovated even with more basic forms of AI had 25% faster employment growth and 40% faster revenue growth than otherwise similar ones.

If the tech helps service workers—in call centres, for example—to be more useful, that will enhance productivity and perhaps job satisfaction as well. Indeed, a recent study by Erik Brynjolfsson of MIT and colleagues finds that such workers manage to resolve 14% more issues per hour when assisted by an AI bot, with the lowest-performers benefiting most from the tool. According to a survey by the OECD, some 80% of workers in manufacturing and financial services who use AI report that it improves their output. A large majority also say that it improves working conditions.

AI AI, sir

Some workers will get more of a boost than others. Those in professional services, such as doctors or lawyers, regularly make high-stakes decisions in non-routine circumstances. Since there is often no correct answer, doing so requires judgment as well as extensive training. AI may help people reach the required level of expertise. Imagine AI-assisted nurses taking over tasks from doctors, or coders able to take on more complex assignments. “The positive case is that AI brings a lot more people into higher-paid expert work,” says Mr Autor.

Early evidence from freelancers editing or writing texts suggests that ChatGPT has decreased monthly earnings by 5.2%. Such findings must be taken with a pinch of salt, however, for they show the impact of AI before labour markets adjust. A lot depends on how the adjustment progresses.

If demand rises strongly as prices fall, those in jobs affected by AI might benefit from their higher productivity: they can serve more customers, even if they are paid a bit less per task. And the good news is that higher productivity leads to more demand elsewhere. Think of a robot that is better at making phones than humans. Use of it leads to cheaper phones, higher demand and thus more production. In turn, this means more demand for phone designers and app coders. Daron Acemoglu of MIT and co-authors, looking at Dutch data from between 2009 and 2020, find that use of robots meant higher wages for workers who were not replaced, and that benefits spread beyond automating firms.

A more productive economy is a richer economy, which creates demand for labour—as well as for goods and services less affected by AI. Between 1980 and 2010 about half of employment growth came from the creation of new jobs, according to Mr Acemoglu and Pascual Restrepo of Boston University. This process will continue, and may speed up. Although AI will displace workers, new tasks will be created around it and in other parts of the economy. The skills required for these new tasks will not necessarily be digital ones but those that best complement AI. Hospitals may seek nurses with a wonderful bedside manner to work alongside AI tools.

“Technological progress so far has replaced routine tasks, first physically in the 1970s, then office tasks in the 1990s,” says Melanie Arntz of Heidelberg University. “The higher-skilled, meanwhile, sat on the complementary side of the progress, seeing their wages rise as a result.” With the AI revolution, it is likely to be those with fewer qualifications who benefit. And they are precisely the sort that are already seeing higher wages, as firms struggle to attract staff to look after ageing populations and to work in new green industries.

The forces transforming labour markets—demographic change, policy and AI—will interact differently in different conditions. Places with fast-ageing populations will see worker shortages, especially in professions requiring physical labour. So long as macro policies stay expansionary, upward pressure on wages will remain. That will spur AI use, which may also push up wages. Governments will need to remove barriers in regulated professions such as health care, so that these benefits may be enjoyed. Bosses will need to be nimble when redesigning firms.

In America, where demographic pressure is less intense, AI's impact is harder to predict. As in Hollywood, it may threaten to push down wages, leading to strikes. Yet history suggests the economy will generate new jobs in response to the affluence AI ought to bring. Politicians will want to polish their pro-worker credentials by supporting those on the streets protesting against AI. They would be better advised to look after those who lose jobs in the transition, but not to stand in its way. If in doubt: always bet on American dynamism. ■

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The pay picture

Real wages have risen in America and are rebounding in Europe

Yet workers remain miserable

Nov 30th 2023 | Washington, DC

NOT MUCH unites the world these days. Yet there is one sentiment shared by many people, regardless of nationality: pessimism about the economy. Just one in ten Americans thinks they are better off than a year ago, according to a recent poll conducted for *The Economist* by YouGov. Similar negativity shows up in surveys elsewhere.

Such glumness persists in America despite the remarkable feat performed by its economy: workers' real wages are significantly higher than before the covid-19 pandemic—even after controlling for inflation. Those on low incomes have done particularly well, benefiting from tight labour markets since 2021.

Average weekly earnings for the country's workers reached nearly $1,170 in October, up by around 3% in real terms since the end of 2019. The lowest quartile of earners has seen average annual nominal pay rises of 5.6% per year since the beginning of 2020, compared with 3.8% for the highest quartile, according to figures compiled by the Federal Reserve Bank of Atlanta.

The Economist

As ever with economic data, it is possible to tell different stories. Much depends on the choice of baseline. Incomes surged early in the pandemic on the back of the government's giant handouts. Relative to that heady period, real incomes are lower today. The choice of deflator also matters. The oft-cited consumer-price index exaggerates how much inflation erodes wages because it fails to capture how people adjust spending patterns amid rapid price increases.

Like America's economy, Britain's has produced growth in real wages despite the pandemic: inflation-adjusted pay 1.5% higher than it was at the end of 2019. As in other countries, there is also a bright spot at the bottom end of the jobs market. A 9.7% increase in the minimum wage this year and a further 9.8% increase scheduled for next year help explain that. But official figures may overstate the increase, since other sources, such as tax receipts, point to slightly weaker growth. Moreover, on a longer time horizon, real wages remain 4.7% below their peak, which was reached in February 2008. The government's forecasting office estimates that wages will not regain that level until 2028.

The effects of a tight labour market take longer to appear in Europe, since most of the continent's workers have pay set by collective-bargaining agreements. These tend to run for a year or more, and do not respond quickly to inflation. Real wages under collective-bargaining agreements in the euro zone thus dropped by 5.2% last year as inflation hit.

But since then wage agreements have ticked up. In the Netherlands, which has some of Europe's most up-to-date figures, annual growth in negotiated wages has reached 6% this year, even as inflation has dropped to zero. As inflation falls elsewhere, too, and new agreements come into force, real wages are likely to rise further. In Germany, for instance, federal-government employees will receive nominal wage rises of as much as 16.9% next year, with the heftiest rises accorded to those on the lowest wages. ■

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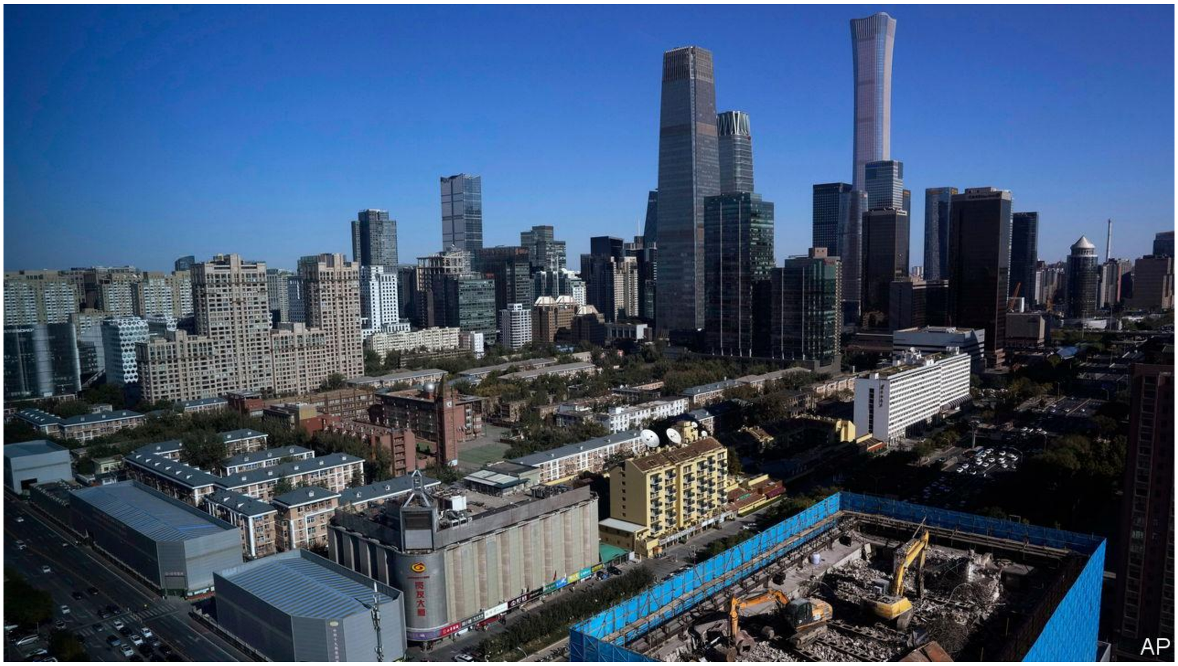
Property pain

China edges towards a big bail-out

But officials are wary of moral hazard

Nov 30th 2023 | Shanghai



AP

CHINESE BUSES are idling. Statements released by a handful of transport companies complain of deteriorating economic conditions and a lack of financial support. In October two in the city of Nanchong, in south-west China, said that they would halt services owing to a lack of finance from municipal authorities. These announcements may seem prosaic, but the intention is to do more than just inform riders about cancelled bus routes. They are aimed upwards at central authorities, says a former state official, and local authorities encourage the statements because they send a signal that all is not well in the provinces. Some have been even more direct, warning that they can no longer pay their debts. Across the country cadres are begging for bail-outs, in ways both subtle and direct. And there are signs that their efforts are beginning to persuade the higher-ups.

Local cadres must overcome severe resistance. Officials in Beijing want to avoid picking winners and the moral hazard inherent in bailing-out poorly run localities. Property is at the heart of the problem. Over the past year local governments have used shrinking budgets to stop construction sites from shutting down. Some have drummed up demand by lowering downpayments or making mortgages more accessible. But these efforts seem to be failing. In the first half of November home sales by floor space fell by nearly 20% year on year. Local government land sales have plummeted, squeezing a vital source of income. And thousands of firms run by provincial officials, called local-government financing vehicles (LGFVs), face problems. Goldman Sachs, a bank, estimates that such firms sit on 61trn yuan ($8.6trn) in debt, equivalent to about half China's GDP, and are struggling to make payments.

Individual property developers are also hoping for rescues, and small banks require capital injections. On November 22nd Zhongzhi, one of China's largest wealth-management companies, said that it was "severely insolvent" and unable to pay $36bn in debts, prompting a police investigation. Zhongzhi's liabilities are heavily intertwined with developers, local governments and wealthy urban investors, meaning they pose risks of financial contagion. The firm will probably require some form of state-brokered bail-out.

Will officials give in to the demands? They seem to have realised the scale of damage that could be caused by forced deleveraging in the property sector, says Zhang Zhiwei of Pinpoint Asset Management. According to Bloomberg, a news service, banks are being asked to supply unsecured short-term loans to a handful of developers. Prices of developer bonds traded in Hong Kong have risen recently on reports that authorities are drawing up a list of 50 firms eligible for new financing through banks, bonds and equities.

This news came after unconfirmed reports in mid-November that the government would provide 1trn yuan in low-cost financing for affordable housing and urban renovation. Another 1trn yuan in government bonds was issued in October. Some of the cash will probably find its way to local officials hoping to pay down debts. The plans imply that the central government is willing to print money in order to avert a collapse of local governments and the property market. They will be music to the ears of desperate local apparatchiks.

Analysts are yet to call the moves a bail-out. LGFVs have been swapping high-cost loans for special refinancing bonds that carry lower interest rates. This is easing the crushing repayment pressure many poor cities are under but, crucially, the towering debts are not being wiped clean. The 1trn yuan for urban renovation, if it materialises, will probably encourage more people to buy homes, but millions of others are still waiting for the delivery of properties for which they paid upfront. Many will not be built on time, if at all. Zhongzhi's liabilities are to wealthy investors; the state will be reluctant to rescue all of them.

A true bail-out would give developers access to copious credit, as would be needed to restore confidence in the property market. Demand for land would rise, giving local governments more income. Shadow banks such as Zhongzhi might even be able to recoup debts from developers. There have been signs of such a move. The city of Shenzhen said it would provide enough cash to a large local developer for it to avoid default. Reuters, a news agency, reported that Ping An, an insurance firm, was tapped to bail-out Country Garden, one of China's largest developers. Ping An denied the story, but the rumour has raised expectations that something is coming.

The plan to provide just 50 developers with liquidity indicates that officials still do not want to bail out everyone. They think that they can protect healthy but illiquid firms, and let insolvent ones fail. The desire to weed out duds has already prevented the creation of a lender of last resort for the companies, says Larry Hu of Macquarie, an investment bank. Therefore officials must also get banks to lend, says Mr Hu. This has not worked in the past. As always, the more cash Beijing hands out, the more others come begging for help. ■

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Fissures

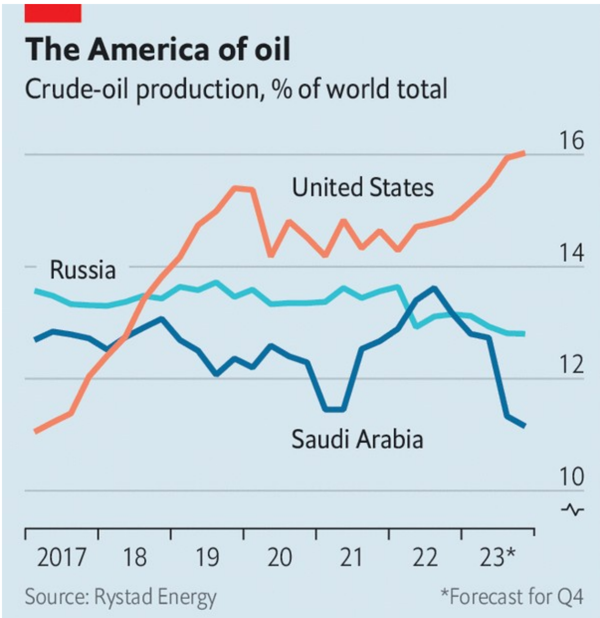
An unruly OPEC is causing problems for Russia and Saudi Arabia

The cartel is failing to drive up oil prices

Nov 29th 2023

THE MEETING in November of the Organisation of the Petroleum Exporting Countries and its partners (OPEC+) was meant to be a staid affair. Instead, the summit was first pushed back from the 26th and then moved online, revealing a fracas between the cartel's big producers and its minnows. After acquiescing to lower output quotas at their previous meeting in June, OPEC+'s west African members were unhappy to learn that Russia and Saudi Arabia, the bloc's de facto leaders, wanted to further curtail output. One oil minister, Diamantino Azevedo of Angola, planned to boycott the in-person meeting altogether.

As *The Economist* went to press, OPEC+ was at last due to meet online. Members were reported to be preparing modest additional cuts into 2024. This would represent the extension of a strategy in place since last October, under which they try to resist downward pressure on prices by restricting supply. Saudi Arabia and Russia are leading the way, with cuts of 1m barrels a day (b/d) and 300,000 b/d respectively; the rest of OPEC+ is together contributing another 3.7m b/d in cuts. Yet the price of the Brent crude benchmark is down by around 15% since the strategy was introduced—it currently sits at $83 a barrel—and has fallen for the past five weeks.



The Economist

The back-and-forth over November's pow-wow exposes the difficulties that OPEC+ faces. Recent oil-price drops reflect both expectations of slowing global demand, influenced by concerns over China's economy, and the fact that geopolitical risk has fallen: few now expect the war in Gaza to turn into a broader regional conflict. At the same time, other producers, including America, Brazil and Guyana, have increased output, making up for OPEC+'s cuts (see chart).

Yet the price falls also reflect the fact that OPEC+ is struggling to hold the line. The cartel welcomed an additional ten countries when it gained the plus sign in 2016, and plans to recruit still more. A larger organisation has no choice but to straddle divergent interests, as is now clear. The Angolan minister who planned to boycott the in-person get-together also walked out of another meeting in June alongside his counterpart from Gabon. The two ministers were apparently protesting against quota reductions. Along with others, they worry that output cuts will hurt investment in exploration .

At least Angola does not exceed its targets. Not all countries are so well-behaved. Iraq, for example, is producing 180,000 b/d more than its limit. Iran and Venezuela are not subject to the group's production caps because of sanctions. Mexico refuses to accept quotas. Despite being members of OPEC+, all have been selling more oil of late, eagerly hoovering up the market share forfeited by Russia and Saudi Arabia.

The last time the group faced a similar state of affairs—decelerating demand, new entrants and co-ordination problems—in 2014, officials chose a different strategy, as Alberto Behar of the IMF and Robert Ritz of Cambridge University have written. Back then members increased supply in an attempt to drive down the oil price. The aim, as announced at OPEC's meeting in November nine years ago, was to grab market share (and in so doing drive out American competitors). This had the advantage of stimulating demand and not requiring discipline among OPEC's members: they were able to produce oil to their hearts' content.

Such an approach is no longer feasible. OPEC's market-share strategy last time round helped discipline America's oil producers, pushing them to become more efficient and therefore more resistant to future squeezes. JPMorgan Chase, a bank, reckons that the cost of getting oil out of the American ground has declined by more than one-third since 2014. The country's oilmen have found methods to fracture rocks that produce more fissures, easing the extraction of oil, and now drill deeper wells that have longer lifespans.

Saudi Arabia would very much like OPEC+'s current strategy to succeed. Its free-spending government has pushed up the price at which the country's budget balances to $85 a barrel, according to the IMF—and that number is higher when outlays from its sovereign wealth fund are included. Russia, meanwhile, needs oil revenues to fund its war in Ukraine. Delaying the meeting to November 30th did not help either country. Both will now be hoping for a change in their luck. ■

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Pipe dreams

How to get African oil out of the ground without Western lenders

Go local, woo traders or head east

Nov 30th 2023

FROM WESTERN Uganda, the East African Crude Oil Pipleine will run for 1,443km through farms, forests and rivers, until it reaches the Tanzanian coast. If, that is, anyone pays for it. Already, 27 banks have ruled themselves out as lenders. Shareholders, led by TotalEnergies, a French oil giant, are now courting Chinese firms as they try to raise $2.4bn in debt. In response, environmental and human-rights activists in six African and European countries protested outside Chinese banks, embassies and insurers on November 20th.

The battle is a sign of things to come as Western lenders reconsider fossil fuels. Several banks, including Société Générale, say that they will no longer directly finance new oil and gas projects. G7 governments have also promised to wind down support for overseas extraction, albeit with some caveats and loopholes. "We need to recognise that you [can't] just walk to Mayfair or the City and get a deal done," says Rahul Dhir, the chief executive of Tullow Oil, which gets most of its barrels from Ghana. “You’re going to have to go to Cairo, you’re going to Lagos, you’re going to Beijing.”

In Africa, the drilling continues, at least for now. Politicians argue that revenues can finance development, even though Africans are on the front line of climate change (and oil and gas often lead to corruption, not prosperity). Wood Mackenzie, a consultancy, foresees nearly $300bn of capital spending on extracting African oil and gas this decade. Apart from dipping into their own pockets, firms have three options: go local, woo traders or look east.

African lenders, like the continent’s politicians, remain enthusiastic about fossil fuels. In South Africa, Standard Bank is expanding its oil-and-gas portfolio and acting as a financial adviser on the East African pipeline. The African Export-Import Bank, based in Cairo, is teaming up with oil-producing countries to launch an “African Energy Bank”, which will plug the gap left by traditional financiers. Such African multilaterals have helped keep the Nigerian oil sector afloat by assuming financial risks that deter local lenders, says Ayodeji Dawodu of BancTrust, an investment bank.

Funding for existing projects also comes from trading firms such as Glencore and Vitol, which will arrange a multi-year loan in return for future barrels. “We have no ambition to replace banks, what we want is more barrels to trade,” says one financier. Prepayments of this sort are popular with midsize producers and national oil companies, in part because they can be organised quickly. Yet they can pose difficulties, too. Opaque deals with oil traders lay at the heart of recent debt troubles in the Republic of Congo and Chad, as state firms struggled to fulfil their commitments.

The third option is to look east. Saudi Aramco is investing in Nigerian oil refineries; the Islamic Development Bank has pledged $100m to the East African pipeline. Most important is China, which has a long history of resource-backed lending, mostly through its state-owned financial firms. Despite a slowing economy, which has dragged on overseas lending, Chinese firms are making more direct investments in African oil and gas than ever.

Nor is Western capital retreating altogether. Its oil giants will still provide funding for headline projects such as Namibia's oilfields, which are probably the largest ever discovery south of the Sahara. There will still be money for gas, which has a cleaner reputation than oil. And although banks are nervous about supporting specific projects, they seem to be less worried about general-purpose finance, such as corporate loans or the underwriting of bond issuances. Western lenders contributed two-thirds of corporate financing for fossil fuels in Africa between 2016 and 2021, according to BankTrack and Milieudefensie, two Dutch NGOs, and Oil Change International, an American one.

Even so, the cost of capital is rising. Combined with weak demand, that could jeopardise assets in places like Angola and Nigeria. Extraction in Africa is pricey and carbon-intensive. McKinsey, a consultancy, reckons that 60% of the continent's production could be uncompetitive by 2040 if rich countries stick to green commitments. Oil provides around 60% of fiscal revenues in the countries that export it; gas provides a rising share of the continent's electricity. African governments complain they are being rushed into an energy transition on somebody else's timetable. ■

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Buttonwood

Short-sellers are endangered. That is bad news for markets

Nobody likes shorts, but they provide an invaluable service

Nov 30th 2023

IF YOU WANT to be liked, don't be a short-seller. Some other investors might defend you, at least in the abstract, as an important part of a healthy and efficient market. But to most you are—at best—a ghoul who profits from the misfortune of others. At worst, you are a corporate raider who bets that honest firms will go bust and then spreads lies about them until they do. Even your defenders will melt away if you pick the wrong target (shares they own) or the wrong moment (a crash in which many are losing money but you are making it).

Since the authorities are often among these fair-weather friends, the list of historical short-selling bans is long. It features 17th-century Dutch regulators, 18th-century British ones and Napoleon Bonaparte. The latest addition, issued on November 6th, came from South Korea's Financial Services Commission. It has caught the zeitgeist well, and not just among the army of local retail investors who blame shorts for a soggy domestic stockmarket. Wall Street's "meme stock" craze also cast amateur traders as the heroic underdogs, pitted against villainous short-selling professionals.

Meanwhile, one of America's best-known shorts, Jim Chanos, wrote to his investors on November 17th to announce the closure of his main hedge funds. "Our assets under management just fell to the point where it was no longer economic to run them," he explains, defining that point as "a few hundred million". At its peak in 2008, a few years after predicting the downfall of Enron, an energy company, his firm was managing "between $6bn and $7bn". Since being set up in 1985 its short bets have returned profits of nearly $5bn to its investors.

The shorts who remain in the game, then, face two threats. The first is an old one: that regulators, egged on by those who view short-selling as immoral, will clamp down on their business model. The second, more insidious, threat is that investors have lost patience with that business model and no longer want to put their money into it. Should short-sellers fall prey to either danger, financial markets will be worse at allocating capital, and those who invest in them will be worse off.

Start with the charge that betting on asset prices falling is immoral. This view holds that short-sellers drive down prices, hurting other investors' returns and making it harder for companies (or even governments) to raise capital. Most obviously, it ignores the fact that the shorts' biggest targets tend to be those, like Enron, that have themselves defrauded investors. Short-sellers are the only people with a strong financial incentive to uncover such frauds and bring them to light, saving investors from even greater losses in the long run. The same is true of firms that are simply overvalued. Had shorts managed to puncture the dotcom bubble earlier, or the more recent ones in SPACs and meme stocks, fewer investors would have bought in at the top and lost their shirts.

Meanwhile, there is scant evidence that short-selling depresses prices. A study of six European countries that temporarily banned short-selling during the crash of March 2020, by Wolfgang Bessler and Marco Vendrasco of the University of Hamburg, found that these bans failed to stabilise stockmarkets. Instead, they reduced liquidity, increasing the gap between "buy" and "sell" prices and thereby making transactions more costly.

Moreover, the shares of smaller firms—often painted as victims of bigshot shorts—suffered more from a deterioration in market quality.

What short-sellers can do, if they head off the second threat and convince their investors to stick with them, is alert the rest of the market to assets they believe to be overvalued. They are often successful in this endeavour: take Adani Enterprises, a vast Indian conglomerate that was loudly shorted by Hindenburg Research in January, and whose share price is down 39% since the start of the year. Such arguments might be self-interested, but so are those of any fund manager talking up their book.

The difference is that the longs are backed by investment banks, public-relations advisers and the companies themselves, all with a clear interest in selling optimism and hype. Markets work better, and capital is allocated more efficiently, when there are also killjoys willing to take the opposing side. And with stockmarkets, especially America's, close to their all-time highs, the insurance against a crash that short-selling funds provide may be particularly valuable to investors. After all, notes Mr Chanos, the fact that it is so out of fashion means it is cheaper than ever. ■

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Free exchange

Why economists are at war over inequality

Income gaps are growing inexorably—aren't they?

Nov 30th 2023

Álvaro Bernis

ACCORDING TO A familiar saying, academic disputes are so vicious precisely because the stakes are so low. But in a scholarly battle over inequality, the stakes are rather higher. Research by a trio of French economists—Thomas Piketty, Emmanuel Saez and Gabriel Zucman—has popularised the notion that American income inequality is soaring. Other economists have built heaps of research upon these findings, while politicians have pledged to undo the trends through higher taxes and spending. To most people the phrase "inequality is rising" seems self-evidently true.

Others have cast doubt on the trio's findings, however—notably Gerald Auten of the Treasury Department and David Splinter of the Joint Committee on Taxation, a nonpartisan group in Congress. We first analysed their work in 2019, as part of a cover story. It modifies the French trio's methodology and comes to a very different conclusion: American post-tax income inequality has hardly risen at all since the 1960s. In the past few days the *Journal of Political Economy* (JPE), one of the discipline's most prestigious outlets, has accepted their paper for publication.

This has not settled the debate. In fact, the opposing sides are digging in. "I don't think that inequality denial (after climate denial) is a very promising road to follow," Mr Piketty tells your columnist. "We've been showered with prizes from the establishment for our academic contributions on this very topic," adds Mr Saez. Others say the JPE paper has won the day. "It seems clearly correct to me," says Tyler Cowen of George Mason University. "The Piketty and Saez work is careless and politically motivated," says James Heckman, a Nobel prizewinner at the University of Chicago.

You might think that analysing trends in income inequality would be straightforward. Don't people's tax returns tell researchers all they need to know? But although tax returns are useful, they can mislead. Americans who are partners in a company, or hold investments, often have enough trouble estimating their own income. Now imagine trying to estimate the incomes of millions of people over several decades, accounting for overhauls to the tax code. Researchers then need to account for the 30-40% of national income that is not even reported on tax returns—including some employer-provided benefits and government welfare. Researchers' methodological choices have huge effects on the results.

Messrs Auten and Splinter focus much of their attention on the distorting impact of an important tax reform in 1986. Before it was introduced many rich people used tax shelters that allowed them to report less income on their tax return and therefore pay less to the IRS. In "Mad Men", a television series about advertising executives in the 1960s, Don Draper and his pals fund their lavish lifestyles by putting lots of spending on expenses. Reforms made such wheezes harder, and increased incentives to report income, in part by lowering rates. Looking only at his tax return, Draper might appear to have got richer after 1986, even as his true income stayed the same. Once this is corrected for, the rise in top incomes is less dramatic than it might at first appear. In some papers one-third of the long-term rise in inequality occurs around 1986.

Messrs Auten and Splinter make other adjustments. Messrs Piketty and Saez have focused on "tax units", typically households who file taxes in a single return. This introduces bias. In recent decades marriage has declined among poorer Americans. As a consequence, the share of income enjoyed by those at the top appears to have risen, as the incomes of poorer people are spread across more households, even as those of richer households remain pooled. Messrs Auten and Splinter therefore rank individuals.

They also account for benefits provided by employers, including health insurance, which reduces the share of the top 1% in 2019 by about a percentage point. They make different assumptions about the allocation of government spending, and about misreported income. All in all, they find that after tax, the top 1% command about 9% of national income, compared with the 15% or so reported by Messrs Piketty, Saez and Zucman. Whereas the trio conclude that the share of the top 1% has sharply increased since the 1960s, Messrs Auten and Splinter find practically no change.

Their paper is a valuable contribution. Greg Kaplan of the University of Chicago, who edited it, notes that it was reviewed by four expert referees and went through two rounds of revisions that he oversaw. The paper is scholarly in the extreme (including delights such as "the deduction for loss carryovers is limited to 80% of taxable income computed without regard to the loss carryover"). The authors are clearly obsessive about the history of the tax code.

Yet their methodology has its own difficulties. "The remarkable thing is that almost all of their modifications push in the same direction—that's something you wouldn't expect a priori," says Wojciech Kopczuk of Columbia University. Mr Splinter, speaking at a seminar in 2021, seemed not to have thought deeply about the potentially distorting effects of the decline of America's informal economy. The gradual shift from cash-in-hand payments to direct deposits could have forced poorer folk such as cleaners and taxi-drivers to report more income on tax returns, making them appear richer when in fact they were not.

I feel bad for you / I don't think about you at all

The trio has concerns as well. Mr Piketty argues that "in order to get their results, Auten-Splinter implicitly assume that non-taxed labour income, pension income and capital income has been much more equally distributed than taxed income since 1980”, which he believes is unrealistic. Mr Saez seems a little fed up with the scholarly battle. “Our experience is that they haven’t changed anything of substance following these long exchanges.” But the JPE paper makes Mr Kopczuk “think that together with earlier papers we are now getting (wide) bounds for where the truth might be”. As a consequence, the idea that inequality is rising is very far from a self-evident truth. ■

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Science & technology

The other greenhouse gas

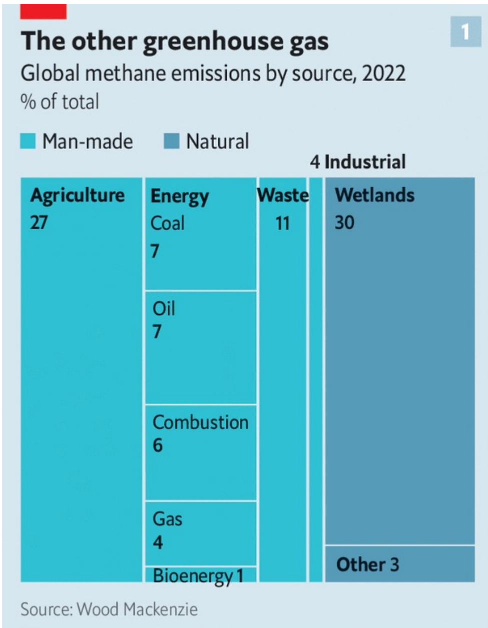
Politics and technology are pushing oil firms to cut methane

When it comes to climate change, methane is low-hanging fruit

Nov 29th 2023 | Stavanger

MOST DISCUSSIONS about climate change revolve around carbon dioxide. But that is not the only greenhouse gas. As delegates gather in Dubai for the COP28 summit, an annual UN-sponsored climate chinwag, much attention will be focused on methane instead.

Unlike carbon dioxide, which lingers in the air for centuries, methane hangs around for only a decade or so. But during that time it prevents more than 80 times as much heat from escaping. Nearly 45% of the difference between the world's temperature in the 2010s and its temperature in the second half of the 19th century was due to methane's warming effects. Methane emissions can often be cut cheaply. But until recently few have bothered to try.



The Economist

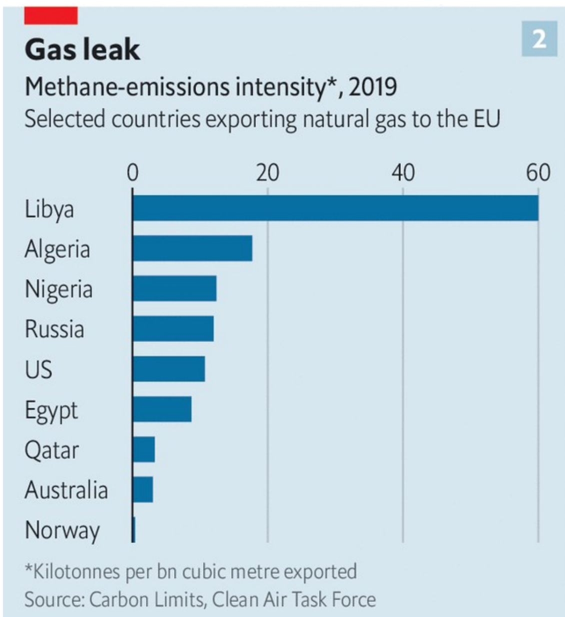
That is changing. Methane leaks into the air from many sources. Some, such as landfills and farming, are man-made (see chart 1). Others, such as wetlands, are natural. At COP28, though, the focus will be on oil-and-gas companies. Their methane emissions are seen as some of the lowest-hanging fruit, for three reasons. A clutch of technologies have made it easier to measure them. Politicians are increasingly keen to cut them. And that combination of pressure and possibility has begun to change minds even among oil-industry bosses. With help from America and the EU Sultan al-Jaber, COP28's Emirati president, hopes to forge an ambitious deal on methane on the sidelines of the main talks.

To see what might be possible, look to Stavanger, a city of quaint wooden houses that is the capital of Norway's oil-and-gas industry. The country shares the hydrocarbon-rich North Sea with Britain, Denmark and the Netherlands. Yet greenhouse-gas emissions from Norwegian oil and gas are only a third of what they are in Britain.

In 1971 Norway's government banned the routine "flaring"—or burning—of natural gas, which is mostly methane, from rigs in its area of the North Sea. Although burning methane turns it into carbon dioxide and water, a good deal of flared methane escape unburned, meaning the ban drove down emissions of both gases.

Ideal gas laws

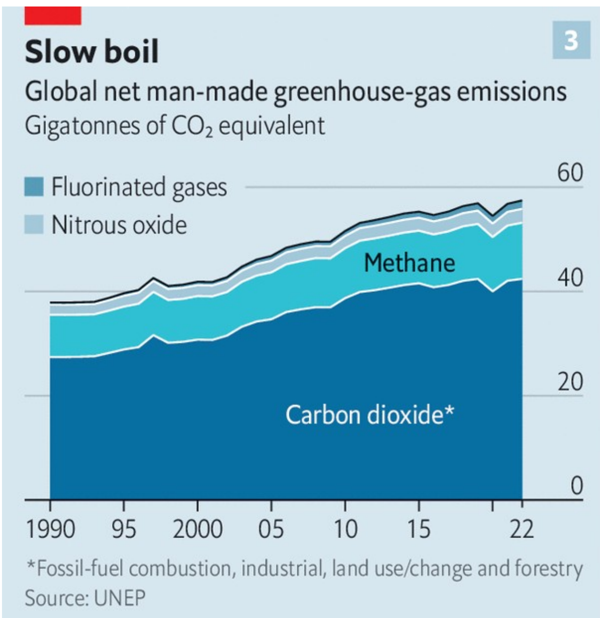
Newer rules have forced Equinor, Norway's state-owned oil company, to continue cleaning up (see chart 2). Some of its offshore platforms receive electricity from land, removing the need to burn gas onboard to provide it. The firm is even developing dedicated offshore wind-farms to power its rigs. The International Energy Agency (IEA), a quasi-official entity, reckons that if all countries reduced the intensity of emissions to Norwegian levels, methane emissions from oil and gas extraction would fall by 90%.



The Economist

Other countries are making belated efforts to follow suit. China, the world's biggest methane emitter, said on November 7th that it would include the gas in its national climate plan. Coal mining, which liberates the stuff from coal seams, is the second-biggest source of Chinese methane after agriculture. Oil-and-gas production is likewise, after farming, the second-largest source of American methane. It has made regulation of the gas a priority, and has called on other countries to chip in to a global methane-reduction fund to help poor countries lower methane emissions. On November 15th the EU approved an ambitious set of standards on methane emissions covering both domestic and imported energy, which Mark Brownstein of the Environmental Defence Fund (EDF), an advocacy group, calls "a breakthrough".

Policing such promises has been made easier by technology, says Antoine Halff, a founder of Kayrros, an environmental-intelligence firm. Methane emissions can be tracked by everything from satellites and aeroplanes to ground-based sensors, with artificial intelligence helping analyse the deluge of data. A paper published last year in *Science* analysed data from a satellite run by the European Space Agency. It identified 1,800 "ultra emitters"—methane sources that send more than 25 tonnes per hour into the air—in 2019 and 2020. Together those added up to between 8% and 12% of the oil-and-gas industry's total methane emissions. Most were found in just six countries—Algeria, America, Iran, Kazakhstan, Russia and Turkmenistan.



The Economist

That is good news, for two reasons. A few big sources are easier to tackle than lots of tiny ones. And it makes it harder for the industry to deny the scale of the problem. The IEA thinks the true quantity of methane produced by the sector might be 70% higher than the official figure.

That has helped prod big Western firms to acknowledge the need to tackle methane. Some oilmen worry about regulation. Others are eyeing nascent markets in Asia and Europe that may be willing to pay a premium for natural gas certified as having low methane emissions. A group of a dozen companies, including ExxonMobil, an American firm, and Shell, a British one, have cut the intensity of their methane emissions by half since 2017.

They have used high-tech methods, such as airborne monitoring, and low-tech ones, like replacing leaky valves. Methane emissions now stand below 0.2% of the total volume of natural gas that each firm sells.

But most methane emissions in the oil-and-gas industry come not from Big Oil but from dozens of national oil companies (NOCs) that sit on top of most of the world's hydrocarbons. Any deal done at COP-28 will have to include such firms if it is to make much difference. Besides his job running the conference, Mr al-Jaber is the boss of ADNOC, Abu Dhabi's NOC. He has been meeting leaders of both private sector firms and other NOCs in the run-up to the summit. According to someone involved in those meetings, he has been pressing his fellow oil bosses hard to agree to a deal.

An agreement is not certain. But there are good omens. America is keen that governments and philanthropic organisations should help poor countries make the needed investments. Big Western oil firms often run oilfields jointly with poor-country NOCs. After some reluctance, they are now thought to be ready to offer technical and financial assistance to cut methane leaks. After all, methane that is not vented or flared can be sold as fuel, helping pay for the investments needed to capture it.

Laggards will be squeezed as monitoring technology improves. Mr Halff's firm earlier this year used satellite data to expose big methane leaks from oil- and gas-fields in Turkmenistan. The bad publicity intensified negotiations between Turkmenistan and America on ways to plug them. And there will soon be even more eyes in the sky. The EDF has built a methane-monitoring satellite of its own. It is due to be launched next year. Soon there will be nowhere for rogue emitters to hide. ■

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

Termination shock?

Do rising methane levels herald a climate feedback loop?

A scientist notes ominous similarities to the ends of previous ice ages

Nov 29th 2023

THE END of an ice age is a fearsome and complex thing. Ice sheets collapse; ocean currents shift; weather patterns are thrown awry; low-lying land is inundated. Each change triggers more change, mostly in a way that makes the world warmer still.

Such “terminations” are visible in the geological record. When ice ages end, says Euan Nisbet of Royal Holloway, University of London, a sudden rise in airborne methane levels “is the bellwether, right at the beginning of [the] changes. The melting of the ice takes thousands of years. But the atmospheric change can be…a matter of decades.” And when Dr Nisbet looks at today’s atmospheric data, he sees something that looks worryingly termination-like.

At the end of an ice age, as the world begins to warm, its tropical wetlands spread. The microbes that live in those wetlands produce methane as a waste product, so more wetlands means more methane in the air. And because methane is itself a powerful greenhouse gas, that drives further warming in turn. Even as delegates to the COP28 climate conference consider ways to cut human methane emissions, Dr Nisbet worries that the Earth's natural systems may be churning out more and more of the gas.

Methane levels are certainly rising. Over the 40 years during which the gas's level in the atmosphere has been monitored, it has grown by about 17%, in two distinct stages. In the first, strong annual growth slowed until, in the early 2000s, it stopped altogether. But around 2006 it began growing again—and the rate is accelerating.

The evidence that wetlands might be to blame comes from the type of methane being emitted. Methane is made of four atoms of hydrogen atoms and one of carbon. That carbon atom can be either the "light" isotope, with six neutrons in its nucleus, or the heavy isotope, which has seven. Methane-making bacteria find the lighter sort easier to handle. The methane they produce is therefore lighter than methane from fossil fuels or forest fires, another major source of the gas. And over the past 15 years the methane in the atmosphere has indeed become lighter.

That is suggestive, but not conclusive. Accounting for the methane in the air is tricky. An academic collaboration called the Global Methane Budget (GMB) produces two tallies. One bottom-up estimate adds the emissions of all known sources. Another top-down one works backwards from the methane levels in the air and tries to calculate emissions on the ground consistent with it. In the most recent budget, published in 2020, the two approaches disagreed significantly. The total calculated from known sources was 30% higher than the number derived from the atmosphere.

The GMB concluded that the rise in methane since 2006 was a mix of more fossil-fuel sources and more microbial ones. Many of those microbes, it suggested, might be living in landfills and the stomachs of cattle, two environments that human efforts are expanding. And methane from such sources is isotopically similar to methane that comes from wetlands.

But more recent, detailed studies which analyse the isotopic data in more detail have pushed the consensus away from farming and rubbish dumps and towards swamps. In 2021 a group of researchers analysed improved satellite and ground observations and concluded, in a paper published in *Atmospheric Chemistry and Physics,* that 35% of the post-2006 increase came from wetlands. A more recent estimate by Dr Nisbet and colleagues puts the contribution at 45%.

Those may even be underestimates. One way that methane is taken out of the atmosphere is through reactions with chlorine ions over the ocean, a process that preferentially targets the lighter sort of methane. A paper published in June suggests that interactions between dust and sea spray over the Atlantic may mean there is more chlorine out there than modellers previously thought. If so, the shift towards microbial methane sources may be even more pronounced than the lightness of the methane in the atmosphere suggests.

And it is not just rising temperatures that could boost methane production from wetlands. Records from ice cores show that, at the end of the most recent ice age, the level of carbon dioxide in the air and the lightness of atmospheric methane were closely correlated. The obvious explanation is that carbon dioxide makes plants grow more vigorously. (It is, after all, what they eat.) And faster growth means more dead vegetable matter for methane-making bacteria to eat in turn. Human-caused carbon-dioxide emissions are having a similar fertilising effect on today's vegetation, though whether that is part of today's methane story remains to be seen.

More data may help clarify things. New satellite and airborne measurements should make it easier to say from whence and in what quantities the light methane is coming. Xin Lan, a carbon-cycle scientist at the University of Colorado at Boulder, and one of Dr Nisbet's co-authors, thinks that looking at isotopes of hydrogen as well as carbon may make it possible to distinguish between methane produced by swamp microbes from that made by bugs in cow guts and landfills. Fieldwork may reveal to what extent wetland emissions are being driven by the run-off of artificial fertilisers, which can be cut more easily than climate change can be reversed.

If those data support Dr Nisbet's hypothesis, and a warming world really is producing more and more methane, that would raise several uncomfortable questions. Will the process accelerate? Or will something limit the growth of the wetlands? Will efforts to cut man-made methane emissions be able to counteract rising emissions of the natural sort, in a sort of climatic Red Queen's race?

If not, and the process continues, how much methane could it add? The spike at the end of the last ice age saw methane levels rise from 400 parts per billion to 700ppb. Is it reassuring that the increase in man-made emissions from the Industrial Revolution to the turn of the century has dwarfed that, pushing levels from 700ppb to 1,800ppb? Or should one instead think of straws and camels' backs? ■

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Crystal balls

A Google AI has discovered 2.2m materials unknown to science

Zillions of possible crystals exist. AI can help catalogue them

Nov 29th 2023

CRYSTALS CAN do all sorts of things, some more useful than others. They can separate the gullible from their money in New Age healing shops. But they can also serve as the light-harvesting layer in a solar panel, catalyse industrial reactions to make things like ammonia and nitric acid, and form the silicon used in microchips. That diversity arises from the fact that “crystal” refers to a huge family of compounds, united only by having an atomic structure made of repeating units—the 3D equivalent of tessellating tiles.

Just how huge is highlighted by a paper published in *Nature* by Google DeepMind, an artificial-intelligence company. Scientists know of about 48,000 different crystals, each with a different chemical recipe. DeepMind has created a machine-learning tool called GNoME (Graph Networks for Materials Exploration) that can use existing libraries of chemical structures to predict new ones. It came up with 2.2m crystal structures, each new to science.

To check the machine's predictions, DeepMind collaborated on a second paper, also published in *Nature*, with researchers at the University of California, Berkeley. They chose 58 of the predicted compounds and were able to synthesise 41 of them in a little over two weeks. The team at DeepMind say more than 700 other crystals have been produced by other groups since they began preparing their paper.

To help any other laboratories keen to investigate the computer's bounty, the firm has made public a subset of what they think should be the 381,000 most stable structures. Among them are many thousands of crystals with structures potentially amenable to superconductivity, in which electrical currents flow with zero resistance, and several hundred potential conductors of lithium ions that could find a use in batteries. In both cases DeepMind's work has increased the total number of candidate materials known to researchers tens of times over.

Aron Walsh, a materials scientist at Imperial College London who was not involved in the research, says DeepMind's work is impressive. But "this is the start of the exploration rather than the end," he says, noting that the machine has only scratched the surface of what might be possible. In a recent paper of his own he tried to calculate how many stable crystals incorporating four chemical elements (so-called quaternaries) might be potentially manufacturable. He wound up with a conservative estimate of 32trn. For its part, GNoME looked only at crystals that form under relatively low temperatures and pressures. And crystals are only one subset of a universe of materials that includes everything from amorphous solids such as glass through to gases, gels and liquids.

Whether any of DeepMind's 2.2m new crystals will be useful remains to be seen. Even if they do not, the techniques used to make the predictions could be valuable. Besides suggesting new crystals, AI may also shed light on as-yet-unknown rules that govern how they form.

Ekin Dogus Cubuk at DeepMind highlights one such finding. Previously, he says, crystals made from six elements, called senaries, were thought to be vanishingly rare. But DeepMind's AI found around 3,200 in its sample of 381,000 stable compounds. A better understanding of how crystals form, and what sorts are possible, might also save scientists curious to test how the 2.2m new materials behave from the tedious task of synthesising each one of them by hand. ■

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Forty thousand winks near the sea

Why chinstrap penguins sleep thousands of times a day

But only for four seconds at a time

Nov 30th 2023

SLEEP IS A bit of an evolutionary mystery. A sleeping animal cannot look for food, defend its territory, flee from danger or find a mate. The fact that sleep is nonetheless ubiquitous among animals suggests its restorative powers are essential. So does the fact that, if laboratory animals are deprived of it for long enough, they die.

Some animals, though, try to have their cake and eat it. Dolphins and ducks can sleep with only half their brains at a time, leaving the other half alert. Now a paper in *Science* by Paul-Antoine Libourel from the Lyon Centre for Research in Neurosciences, and Won Young Lee from the Korea Polar Research Institute, reports another ingenious dodge. Chinstrap penguins, it seems, take their sleep in the form of thousands of tiny micro-naps—or at least, they do when they are nesting.

Dr Lee and Dr Libourel were examining penguins on King George Island, just off the coast of Antarctica. Keen to conduct sleep research in the wild, rather than in the confines of a laboratory, the researchers captured 14 penguins. They fitted them with electrodes to record their brainwaves, and fixed movement sensors and GPS trackers to their bodies. Thus equipped, the penguins were released, and their brain activity was tracked remotely for ten days. In addition, some were monitored at their nests by video cameras.

Like ducks, chinstrap penguins can sleep with either their whole brain or with just one hemisphere at a time. (Data from the GPS trackers also confirmed that they can sleep in the middle of the ocean.) But whereas ducks, like most animals, sleep in long chunks, the researchers discovered that, on land, the penguins were nodding off for just a handful of seconds at a time, hundreds of times an hour. The average length of a nap was around four seconds; 72% of them lasted fewer than ten seconds.

Such micro-sleeps are not unknown. Other penguin species do something similar, although they tend to nap for much longer periods. Extremely tired humans can be prone to them, as jet-lagged executives and the parents of newborn babies can attest. But the chinstraps seem to have gone all-in on the idea. When adding up the total duration of naps, the researchers concluded that the birds were getting between 11.5 and 12 hours of sleep each day.

The researchers offer two explanations for the penguins' staccato sleep patterns. The first is to do with external threats. Penguins often incubate their eggs alone while their partners are away foraging for food, on trips that can last for days. Colonies are menaced by brown skuas, predatory birds that will gladly snatch unattended eggs. Broken sleep may be an evolutionarily ingenious way of catching some shut-eye during long egg-guarding vigils while still remaining able to react to danger.

But that theory is complicated by another of the researchers' findings. Birds with nests near the edge of the colony ought to be at greater risk than those in the centre. But birds on the edges of the colony seemed to enjoy longer and deeper naps than those that lived near the middle.

That leads to the second suggestion, which is to do with the penguins themselves. Penguin colonies are noisy, crowded places. And threats may come from within as well as without. Chinstrap penguins are not above stealing nesting materials from unwary neighbours, for instance. Birds in the bustling, crime-ridden centre of the colony may simply find it harder to get any shut-eye than those living in the safer, quieter suburbs.

Choosing between those theories will require more research. (Both, of course, could prove to be true.) Nor could Drs Lee and Libourel measure how restorative the penguins' interrupted sleep was—although brain recordings suggest the animals' neurons were spending a few seconds in a quiescent state during each nap. That, and the fact that the birds are evidently able to incubate their young under such conditions, suggests they are getting at least something from their constant nodding-off. Humans nurturing their own newborns should take heart. ■

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Culture

Film-making in China

Two film awards reveal the battle for the future of Chinese cinema

The Golden Horse and the Golden Rooster illustrate the divide between independent and mainstream film-making

Nov 29th 2023 | TAIPEI


Ricardo Rey

ON THE FACE of it, the Golden Horse and the Golden Rooster awards ceremonies are remarkably similar events. Both are glitzy and take place in November. Both celebrate the year’s best Chinese-language films. Both give out golden animal figurines to the winners.

But a closer look exposes a chasm between them. The Golden Rooster awards, hosted in Xiamen, a port city in south-east China, on November 4th, featured mainland Chinese films approved by Communist Party censors. Most were big-budget blockbusters and heavy on special effects, handsome heroes and nationalism.

The Golden Horse awards, meanwhile, took place in Taipei on November 25th. Nominated films came from mainland China, Hong Kong, Malaysia, Singapore and Taiwan. Many were thoughtful art-house films, suffused with social criticism. None of the nominated films applied for the “dragon seal” of Chinese state approval, meaning they will never be released in cinemas on the mainland.

The twin events reflect the bifurcation of Chinese cinema. The Communist Party wants to use film as an ideological tool: it has tightened its control over the country’s movie industry, demanding that storytellers “eulogise the party, the motherland, the people”. Films must be made with “ethics and warmth” and offer a “trustworthy, lovable and respectable image of China”.

In short, the party wants more movies like “Creation of the Gods I: Kingdom of Storms”, the winner of the Golden Rooster for Best Feature Film this year. The fantasy epic dramatises the battles of kings and spirits in ancient China. State-affiliated film groups say it is an example of how movies can promote cultural self-confidence in line with Xi Jinping Thought, the philosophy of China’s leader, which every schoolchild is required to study.

In Taiwan, the Golden Horse awards and the accompanying festival celebrate cinema as a tool for free expression. Founded in 1962, the event is widely referred to as the “Chinese Oscars”. It has become a refuge for independent Chinese film-makers who have no interest in hewing to the demands of censors.

For decades the Golden Horse attracted stars from both sides of the Taiwan Strait. Then in 2018, Fu Yue, a director, used an acceptance speech to declare her hopes for Taiwan’s formal independence. The following year, China’s film administration banned mainland movies from competing. Officials gave no clear reason why, though the announcement came as cross-strait tensions were intensifying. The government has vigorously tried to persuade film-makers that the Golden Rooster is more prestigious.

Such efforts have not succeeded. Only 179 films entered the Golden Rooster awards this year, compared with 552 submissions for the Golden Horse—including 210 submissions from mainland China, Hong Kong and Macau, according to Wen Tien-hsiang, head of the Golden Horse executive committee. Mainland films remain welcome at the Golden Horse awards, Mr Wen says: submissions can come from anywhere so long as the film’s cast and language are predominantly Chinese. “If you want to come, if you dare to, then come,” he says. “We will give you a fair chance.”

Despite the Communist Party’s disapproval, mainland films have continued to enter the Golden Horse awards. To avoid punishment back home, the film-makers often register their work as non-Chinese. The top prize this year went to “Stonewalling”, which entered as a Japanese film, even though its cast and most of its crew are from mainland China and the story is set there.

The film’s directors, Huang Ji and Otsuka Ryuji, are a married couple from China and Japan respectively. Their aim is to chronicle the experiences of the most vulnerable people in China, particularly rural women and children. “Stonewalling” is the third part of a trilogy following Lynn (Yao Honggui), first as a youngster in rural Hunan province, then attending high school, then moving to the city. In “Stonewalling” she is pregnant and desperate for money.

The films are semi-autobiographical, Ms Huang says. Her parents play the main character’s parents; many of the scenes are shot in the clinic that they run in real life. This points to Ms Huang’s and Mr Otsuka’s resourcefulness—as well as to the logistical difficulty of independent film-making in China. “Any creator who wants to make something close to reality will meet all kinds of obstacles,” says Ms Huang. “We decided not to be bothered by them.”

In the past, indie films made without state approval could be shown only at private screenings within China and at international festivals. But in 2016 China passed a new law requiring all films to obtain permits, regardless of whether their makers planned to distribute them abroad, in Chinese cinemas or online. Anyone involved in producing a film without a permit could be fined and banned from the industry. That has made it much harder for independent film-makers to find actors, crew and financial backers.

As a result, most of China’s top actors, directors and producers have chosen the more straightforward option. Many are prepared to self-censor, or to lend their talents to the party’s propaganda efforts, if it means their work gets a nationwide release. The Chinese film market is more than 20 times the size of Taiwan’s.

This year's Golden Rooster nominees included superstars such as Tony Leung and Wang Yibo. Among the feted movies were "Born to Fly", a film about the Chinese air force; "Hidden Blade", a spy thriller about undercover Communist Party agents in Japanese-occupied Shanghai; and "The Wandering Earth 2", a sci-fi epic following Chinese astronauts and scientists.

Many of these "main-melody" films, as China's patriotic movies are nicknamed, are impressive spectacles; some even manage to produce genuinely moving moments. This kind of fare is increasingly popular within China, too. But that is in part because Chinese audiences have limited options, says Zhang Zanbo, a director who can no longer make films in China after criticising the Golden Horse moratorium. "If you get used to eating junk food fried in gutter oil, you don't know what real delicacies are like," he says.

Tastier morsels are on offer at the Golden Horse awards, at least. Its nominees included "Time Still Turns the Pages", a drama from Hong Kong about student suicides; "Eye of the Storm", a Taiwanese thriller about the SARS outbreak; and "Snow in Midsummer", a co-production by Malaysian, Singaporean and Taiwanese film-makers about the Malaysian riots of 1969. Most of these films will not be released in China. Their audience, and their profits, will probably be small.

Yet to many, the most important thing is that the Golden Horse remains a beacon of creative freedom. When the awards began, Taiwan was governed by martial law. Its films were also rigorously censored and ordered to promote "healthy realism" and patriotic ideas, says Mr Wen of the executive committee. Only after Taiwan's democratisation in the 1980s and 1990s did storytelling become untrammelled.

For film buffs, that history is instructive. Politics may "divide people by their identities and constantly draw lines between them. But films can break through that," Mr Wen says. "As for what we cannot break though right now, we will wait." ■

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Pressing up

Small publishers are sweeping the Booker and Nobel prizes

Independent companies are outclassing their bigger rivals

Nov 27th 2023

IN RECENT YEARS the judges of the Booker prize, Britain's most prestigious literary award, have opted for sombre novels about apartheid, civil war and poverty. The winner for 2023 is, once again, not the sort of jolly yarn that will provide relief from the news. "Prophet Song" imagines Ireland's descent into totalitarianism. Paul Lynch, the author (pictured), has said he was "trying to see into the modern chaos".

But the book's triumph tells a rosier story about the publishing industry. Oneworld, which published it in Britain, employs 25 people and is led by Novin Doostdar and Juliet Mabey, a husband-and-wife team. In addition to this year's prize, the independent firm published Booker winners in 2015 (by Marlon James) and 2016 (Paul Beatty). In America "Prophet Song" is published by Grove Atlantic, another independent, with a staff of 30.

These houses are tiny compared with the juggernauts that dominate the book trade. The world's largest publisher, Penguin Random House (PRH), employs 10,000 people. PRH, along with HarperCollins, Hachette and Macmillan—known as the "Big Four"—account for 51% of sales in Britain. In America the picture is similar: the "Big Five" (the same group, plus Simon & Schuster) dominate the market, with 60% of sales.

But a large staff and large budgets do not always translate into quality. When it comes to the world's most important literary prizes, small publishers are outperforming bigger ones. Last year's Booker prize went to "The Seven Moons of Maali Almeida" by Shehan Karunatilaka, which had been rejected by larger publishers before being issued by Sort of Books in Britain and W.W. Norton in America. American indies also published Booker prizewinners in 2019, 2020 and 2021.

Independently published books have done particularly well with the Nobel. This year's laureate, Jon Fosse, is published in America by Transit Books, a minuscule outfit. (Its headquarters are the publishers' home, making it literally a "publishing house".) Last year's Nobelist, Annie Ernaux, is published by Seven Stories in America, which has a dozen full-time employees. Mr Fosse and Ms Ernaux are both published in Britain by Fitzcarraldo Editions, perhaps the pre-eminent small press, which has issued books by four of the past nine Nobel laureates. Its team is made up of seven people.

What is the secret to big success for small presses? Nothing new, the editors say, but rather something as old as the book trade: picking worthy titles, editing them carefully and promoting them well. It often comes down to money—in particular, not thinking too much about it.

Big publishers have to produce quarterly profits for shareholders, which means they need commercial titles that will reliably sell. (That means celebrity memoirs, pulpy romance novels and predictable action thrillers.) They strive to post ever higher returns: in 2021 Simon & Schuster boasted a 21.4% profit margin.

By contrast, independent houses say they are satisfied with profit margins of around 3%. Financial considerations are "only one of the factors involved in selecting books”, says Morgan Entrekin of Grove Atlantic. He describes his firm—whose rich back catalogue includes works by Samuel Beckett and Jack Kerouac, among others—as a “not for loss” business.

Oneworld can “afford to go out on a limb for something”, says Ms Mabey, and the approach “has paid off for me many times over”. Good books, if they are taught in schools, can sell for years and make a profit in the long term. Prizes provide another lift. “The Seven Moons of Maali Almeida” has sold roughly 20 times more copies than Mr Karunatilaka’s other novel.

Indie companies are willing to take chances on authors whom bigger publishers consider too risky. Mr Entrekin bought the American rights for Bernardine Evaristo’s “Girl, Woman, Other” after corporate publishers dropped the mid-career novelist. (It won the Booker in 2019.) Independents are also willing to stick with authors who may be writing well but selling modestly, publishing the third and fourth novels that may lead, as in Mr Lynch’s case, to a prizewinning fifth.

Publishing is, by its nature, a gamble. The recent renaissance of independent presses may fade with the changing tastes of prize committees or the fickle fancies of readers. “Sometimes you catch a thermal,” Ms Mabey says, and a book soars. “Sometimes you don’t.” But small publishers can adapt to changing winds. And with another Booker in the bag, Oneworld, like so many of its peers, is flying high. ■

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Plains writing

Willa Cather and Larry McMurtry shared subjects and sensibilities

Both chronicled the American West, even as they sought to escape it

Nov 30th 2023

Chasing Bright Medusas: A Life of Willa Cather. By Benjamin Taylor. *Viking; 192 pages; $29*

Larry McMurtry: A Life. By Tracy Daugherty. *St Martin's Press; 560 pages; $35 and £30*

THE American West is a great setting for a story but a hard place to live. That is the theme of new biographies of Willa Cather and Larry McMurtry, 20th-century novelists who abandoned a life among cattle and dust for the comforts of the city. Yet the writers also shared an inability to escape their roots and returned—in fiction, at least—to the places they had left. McMurtry wrote elegiac (and occasionally bitter) stories about Texas cowboys. Cather sketched the plains of Nebraska.

Tracy Daugherty, who has written biographies of Joan Didion and Joseph Heller, has now completed a comprehensive and nuanced account of McMurtry—the first since his death in 2021. McMurtry produced memorable books including "The Last Picture Show" (1966), a send-up of his northern Texas hometown, and "Lonesome Dove" (1985), about a cattle drive, which won a Pulitzer prize.

McMurtry's family owned a ranch, but he was no cowboy: he preferred to spend his time with a book rather than in the saddle. He devoured children's books before turning to masterworks such as "Don Quixote" and "Madame Bovary". His passion for literature continued into adulthood: as well as writing books, he collected and sold them. A happy afternoon would find him browsing shelves or selling first editions in one of his shops.

Writing was a chore by comparison. "Unfortunately good writers are made in empty rooms with typewriters in them," he lamented. With a certain resignation, he made a habit of finishing ten pages a day. He set out to puncture the legend of the American West in his tales, but often only added to frontier mythology. Readers did not seem to mind much.

Movie producers also loved his stories. Novels including "Terms of Endearment" (1975), a family drama, were adapted into acclaimed films; some of the happiest years of his life were spent in Hollywood. But, during a long decline beset by illness and melancholy, he churned out middling books that diminished his reputation.

By contrast, Willa Cather left behind a coherent body of work after her death in 1947. "Chasing Bright Medusas" offers an excellent companion to Cather's writing. Born in Virginia and brought up in Red Cloud, Nebraska, Cather excelled at short novels of the Great Plains, and later, the south-west. In elegant but unadorned prose Cather captured the simple beauty of the countryside and its people. "Death Comes for the Archbishop" (1927), set in New Mexico, was her "masterpiece among masterpieces", Benjamin Taylor writes.

She had her first taste of cosmopolitan life on the frontier. As Mr Taylor explains, Cather encountered bohemians and Scandinavians in small Nebraska towns, and populated her novels with similar characters speaking in foreign tongues. She imagined their struggles: her books probed difficult subjects including suicide and loveless marriages. Cather eventually left for New York and, like other Manhattanites, enjoyed the open spaces of Central Park.

Mr Taylor approaches Cather's work in a spirit of appreciation. A shelf of studies of the author already exists, he says, so instead he aims for a personal response to her work. That means his view is unabashedly partisan. At one point Mr Taylor defends Cather against criticism from Ernest Hemingway, who had privately mocked her for writing about war without ever having seen a battle. "With all due respect to Hemingway," Mr Taylor writes, her interest was in the nature of grief, not munitions.

You might assume that Cather's and McMurtry's work would be steeped in conservatism, religion and practical values. Yet McMurtry was immersed in the counterculture, studying literature alongside Ken Kesey and other psychedelic-drug-dabbling hippies. Cather was a lesbian who enjoyed a lifelong partnership with a woman and created androgynous characters. Perhaps they found the American West too stifling a place to call home, even as they immortalised it in print. ■

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World in a dish

In Russia's arsenal the knife and fork have been powerful weapons

So argues a new book about the country's gastro-diplomacy

Nov 28th 2023

JOSEF STALIN understood the power of feasts. His chefs created sumptuous spreads which were designed to intimidate his guests. Witold Szablowski, a Polish author, suggests that when Stalin hosted Allied leaders for the Yalta conference in 1945, buckets of caviar and Crimean champagne helped him secure territorial concessions in eastern Europe.

Mr Szablowski argues that Soviet and Russian rulers have long fought with knives and forks. "What's Cooking in the Kremlin", his book, looks at their gastro-diplomacy. State dinners reached an apogee under Leonid Brezhnev (pictured left) in the 1970s. One chef recalls a roasted pheasant, perched on a pedestal of bread and decked with its own feathers.

At a meeting with Mikhail Gorbachev in 1986, Richard Nixon was so impressed that he had photos taken of every dish. Margaret Thatcher was known for her picky eating, but even she called for seconds—then thirds, then fourths—of fresh blinis.

Ironically, those who presided over these displays could be alienated by their lavishness. Viktor Belyaev, one of the Kremlin's longtime chefs, says Brezhnev preferred familiar fare. When he returned home from banquets, he would ask for fried potatoes with soured milk.

Mr Szablowski argues that cooks are adept observers of human nature; that may be why *lichniks*, the personal chefs to Soviet leaders, were part of the KGB. (Spiridon Putin, Vladimir Putin's grandfather, catered to Lenin and Stalin and was probably part of the secret police.) The vignettes in this book reveal a different side to political figures and thereby dent the image they cultivate. It is hard, for instance, to see Mr Putin in the same way after hearing of his childlike obsession with ice-cream.

"What's Cooking in the Kremlin" also chronicles how food has shaped ordinary people's lives. Mr Szablowski speaks to women who worked in canteens in Chernobyl's exclusion zone and gave chocolate to soldiers afflicted by radiation poisoning. More recently, during the siege of the Azovstal steel plant in eastern Ukraine, a woman called Natalya spent weeks feeding the fighters in underground tunnels. Each tale in the book is accompanied by a recipe. Here Natalya calls for one or two cans of Spam, cooked in 30 litres of water collected from the plant's industrial tanks.

The darkest section of the book covers the famine of 1932-33, when Stalin destroyed Ukrainian agriculture, causing millions of deaths (and crushing a restive region). Hanna Basaraba was six years old when the *Holodomor* happened. "I remember being hungry non-stop," she recalls. She ate tree bark and rotten potatoes; others boiled linen clothing to make soup. One of Ms Basaraba's neighbours was driven to madness and was believed to have eaten her own children.

Nine decades later, Ukrainians are again being brutalised by a tyrant in Moscow. As well as dropping bombs, Mr Putin has blocked grain exports via the Black Sea in order to wreck the country's economy. Like Stalin, he is ruthless enough to use food as a weapon. ■

Read more from World in a dish, our column on food:
[Dave Portnoy, an internet personality, has become pizza's kingmaker] *(Sep 28th)*
[Chinese food is more diverse than Western eaters might think] *(Aug 30th)*
[How Provençal rosé became the summer tipple par excellence] *(Aug 4th)*

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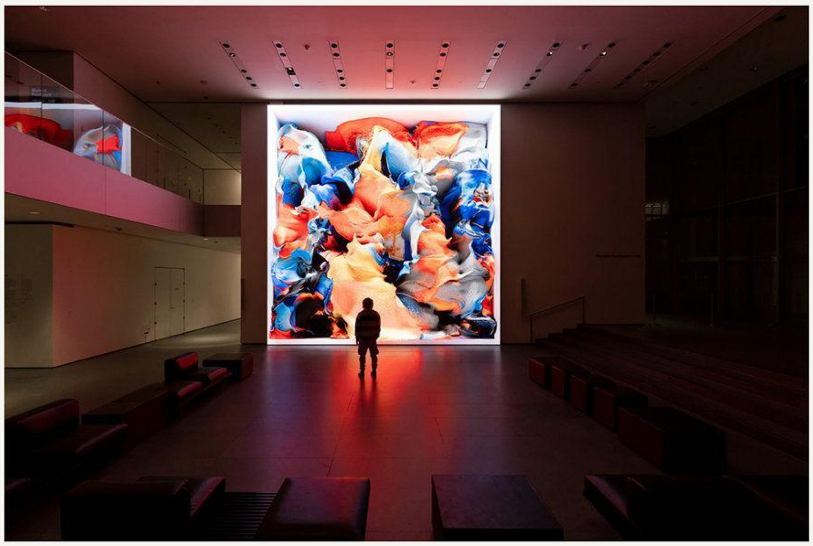
Digital art

Museums are learning to love NFTs

August institutions are adding tokenised artworks to their collections. Why?

Nov 30th 2023



The Museum of Modern Art/ Robert Gerhardt

DECEMBER 4TH marks an unhappy anniversary in the art world. Two years ago Pak, an anonymous artist, sold “Merge”—a single artwork made up of thousands of parts—for a combined total of $92m, a record for a living artist. It was the height of the mania for non-fungible tokens (NFTs).

The fall that followed was dramatic. Today NFTs are as unfashionable as elbow patches or frosted lipstick. According to NFT18, an analytics firm, in October NFT art sales amounted to $21.7m, down 99% from the peak of $2.7bn in January 2021. Many of those who bought them have written them off or are trying to offload them. A website has even been set up to help collectors deduct these losses from their tax bills: unsellablenfts.com.

Some art-world insiders have welcomed the bust. But the boom still left its mark on the industry. Major art museums are now beginning to acquire NFT-based, or “tokenised”, artworks, even though they have lost their pandemic-era shine. Digital art, once on the fringes of the art world, is now being seen by more people.

Artists have been making art with and about computers since the 1960s. It rarely received as much attention as painting or sculpture—until March 2021, when "Everydays", a digital mosaic by Beeple, made up of 5,000 images, went for $69m at Christie's. "Literally overnight the entire world [was] talking about digital art," says Steven Sacks of the bitforms gallery in New York.

Not all digital artworks are NFTs, and NFTs are not artworks in and of themselves. An NFT is more like a certificate of ownership: a tool for creating a unique version of an easily replicated digital asset. By creating an NFT, an artist establishes "digital scarcity" and hence value.

There has been a conflation of the "certificate of authenticity and the art itself", says Christiane Paul, the Whitney Museum's curator of digital art. The NFT bubble led to a "radical misunderstanding about what digital art is". (The term encompasses everything from iPhone doodles to complex computer-generated video.)

But as museums seek both to capture the zeitgeist and to appeal to new segments of the public, NFTs and digital art are making their way into museums' collections. The Whitney, which first acquired an NFT in 2018, now owns 30 (two were donations). In the past year the Los Angeles County Museum of Art, the Pompidou Centre and the San Francisco Museum of Modern Art have acquired NFTs.

In October the Museum of Modern Art in New York (MoMA), perhaps the most important contemporary-art institution, accepted the donation of two NFT-based works. The first, "Unsupervised" by Refik Anadol, features churning animations generated by a machine-learning model—one trained on data from MoMA's collection. The other, "3FACE" by Ian Cheng, is a kind of "personality test" for the collector: an algorithm generates a cartoonish visual representation of their crypto wallet.

Both works are part of MoMA's effort to enhance its digital offerings. (Last year the museum controversially sold some $70m of art from its collection to finance digital projects and acquisitions.) Mr Anadol's piece was given pride of place at MoMA and proved very popular with the public, says Michelle Kuo, one of the curators of painting and sculpture. But the work has not won over critics, who have called it "an extremely intelligent lava lamp" and a "pointless museum mediocrity".

Some curators have pointedly kept their distance from NFTs. One museum director in Texas was offered NFTs by a donor (perhaps one in search of a tax write-off): he asked, "Can I sell them and buy real art?" In the end, the museum declined the donation altogether.

Yet the real cultural legacy of the NFT boom is that it brought digital art into the public eye. It "opened up the gallery doors for digital artists", says Zachary Small, the author of "Token Supremacy", a forthcoming book. Serious work from the "NFT internet culture" will succeed in the traditional art world, predicts Jeffrey Deitch, an American gallerist.

In time the digital art market may come to resemble the analogue one: full of gate-keepers. Curators and gallerists will have to sort through reams of rubbish on OpenSea, an NFT marketplace; an artwork's value will be determined less by the health of a certain cryptocurrency and more by critical consensus.

Can collectors' trust be regained? Auction houses including Christie's and Sotheby's insist sales of digital artwork continue to grow, even if prices are down. Digital art accounts for 3% of high-net-worth buyers' spending and 8% of their collections, according to data collected by Art Basel: down by half from last year, but up from before the boom. Spending was highest among Gen-Z collectors, suggesting that youngsters may drive this trend forward.

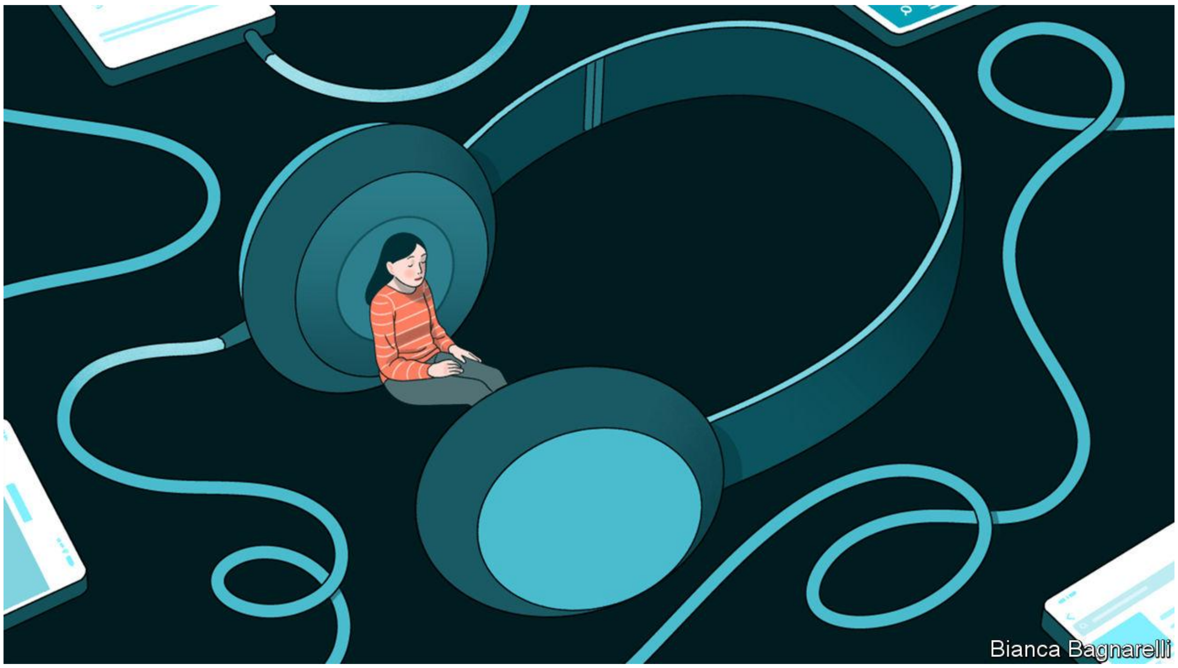
The art world is currently "in the stone age of the virtual turn", says Daniel Birnbaum, director of Acute Art and a former curator of the Venice Biennale. Some hope this is like the dotcom bubble before it. That would make the NFT moment not the end of something, but the beginning. ■

A sound grasp

These are The Economist’s favourite podcasts of 2023

They covered subjects including empire, medical scandals and war

Nov 24th 2023



“The Big Flop”

A dissection of failures, covering everything from Quibi, a short-lived mobile-video platform, to Juicero, an expensive but pointless drinks machine. This podcast lays out how bad ideas become a (usually brief) reality.

“Drifting Off with Joe Pera”

Joe Pera, an American comedian, invites listeners to doze off to his relaxing tones. Episodes feature tales of the mundane: a tour of a music shop, for example, and a history of soup. Insomniacs will delight in his gentle narration—even if they never get to the end of a show.

“Empire”

This podcast untangles colonialism's complex legacy. William Dalrymple and Anita Anand have examined the imperial pasts of Britain and Russia, as well as the history of slavery. The latest season focuses on Persia, "the first great superpower".

"Holy Week"

A look at the days following the assassination of Martin Luther King in Memphis in 1968. With a skilful script and atmospheric music, the show also examines the trade-offs of the civil-rights movement, extending its analysis to the present day.

"If Books Could Kill"

For many, the schlocky books you might buy in an airport are a guilty pleasure. This podcast, which rips such books apart, is an even greater indulgence. The hosts' intelligent, irreverent analysis makes you laugh as you learn.

"The Kids of Rutherford County"

The latest podcast from Serial and the *New York Times* investigates the collapse of the juvenile-justice system in a county in Tennessee. The series chronicles how children were arrested and illegally jailed, before documenting the struggle to hold those responsible accountable.

"Normal Gossip"

Each episode of this podcast recounts drama from the banal worlds of farmers' markets, flatshares and first jobs. All the stories are true but anonymised; each instalment is gripping. It is a masterclass in storytelling.

"Operation Tradebom"

In 1993 a bombing at the World Trade Centre in New York killed six people and injured more than 1,000. This podcast, marking the 30th anniversary of the attack, lets witnesses and victims speak for themselves. It describes the subsequent investigation and the parallels with the assault on the twin towers eight years later.

“Past Present Future”

David Runciman, a professor of politics at Cambridge University, hosts this enlightening podcast about the history of ideas. In commute-length episodes, he surveys the work of thinkers including James Baldwin, John Rawls and Virginia Woolf.

“The Retrievals”

Women who underwent egg retrievals at a fertility clinic found themselves in agonising pain. A nurse, who was an addict, had been stealing the fentanyl. The women recount their nightmarish experiences and highlight an enduring problem: that parts of the medical establishment still ignore women’s suffering. A real-life horror story.

“Search Engine”

PJ Vogt seeks to answer the “kinds of questions you might ask the internet when you can’t sleep”. (For instance: “Does anyone actually like their job?”) Some episodes tackle newsy topics, such as the opioid crisis and the travails of Sam Bankman-Fried, a disgraced crypto-billionaire.

“Slow Burn: Becoming Justice Thomas”

This engaging podcast examines the career of Clarence Thomas, a Supreme Court justice since 1991, as well as his politics, his controversial confirmation and the Anita Hill sexual-harassment scandal.

“Ukraine: Under the Counter” and **“Ukraine: The Handoff”**

Women who had been raped by Russian soldiers in Bucha posted pleas for abortion pills online. A doctor smuggled thousands of tablets from Germany, through Poland to Ukraine. “Each of these pills is a story,” says Molly Webster, the host, who works at Radiolab. The shows reflect on motherhood, pregnancy and war. ■

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Economic & financial indicators

- Economic data, commodities and markets

Indicators

Economic data, commodities and markets

Nov 30th 2023

Economic data

1 of 2

	Gross domestic product, % change on year ago: latest		quarter*	2023†	Consumer prices, % change on year ago: latest		2023†	Unemployment rate, %	
United States	3.0	Q3	5.2	2.4	3.2	Oct	4.1	3.9	Oct
China	4.9	Q3	5.3	5.5	-0.2	Oct	0.7	5.0	Oct‡§
Japan	1.2	Q3	-2.1	2.0	3.3	Oct	3.2	2.6	Sep
Britain	0.6	Q3	-0.1	0.4	4.6	Oct	6.8	4.3	Jun††
Canada	1.1	Q2	-0.2	1.1	3.1	Oct	4.0	5.7	Oct
Euro area	0.1	Q3	-0.2	0.7	2.9	Oct	5.5	6.5	Sep
Austria	-1.3	Q2	-3.0‡	-0.3	4.9	Oct	7.7	5.5	Sep
Belgium	1.5	Q3	2.0	1.4	-0.7	Nov	2.6	5.6	Sep
France	0.7	Q3	0.4	0.9	4.5	Oct	5.7	7.3	Sep
Germany	-0.4	Q3	-0.5	-0.2	2.3	Nov	6.0	3.0	Sep
Greece	2.9	Q2	5.1	2.4	3.8	Oct	4.0	10.0	Sep
Italy	nil	Q3	0.2	0.7	1.8	Oct	6.1	7.4	Sep
Netherlands	-0.6	Q3	-0.8	0.2	-1.0	Oct	4.5	3.6	Oct
Spain	1.8	Q3	1.3	2.3	3.2	Nov	3.5	12.0	Sep
Czech Republic	-1.1	Q2	-1.2	-0.5	8.5	Oct	10.6	2.7	Sep‡
Denmark	0.6	Q2	-1.2	1.5	0.1	Oct	3.8	2.9	Sep
Norway	-1.9	Q3	-2.1	1.4	4.0	Oct	5.8	3.6	Sep‡‡
Poland	0.4	Q3	5.7	0.4	6.6	Oct	11.3	5.0	Oct§
Russia	5.5	Q3	na	1.1	6.7	Oct	6.2	2.9	Oct§
Sweden	-1.4	Q3	-1.2	-0.6	6.5	Oct	6.0	7.4	Oct§
Switzerland	0.5	Q2	0.1	0.8	1.7	Oct	2.2	2.1	Oct
Turkey	3.8	Q2	14.6	3.4	61.4	Oct	53.1	8.9	Sep§
Australia	2.1	Q2	1.4	1.9	5.4	Q3	5.7	3.7	Oct
Hong Kong	4.1	Q3	0.3	3.4	2.8	Oct	2.0	2.9	Oct‡‡
India	7.8	Q2	11.0	6.5	4.9	Oct	5.7	8.1	Apr
Indonesia	4.9	Q3	na	4.9	2.6	Oct	3.8	5.3	Q3§
Malaysia	3.3	Q3	na	4.0	1.8	Oct	2.6	3.4	Sep§
Pakistan	nil	2023**	na	1.7	26.9	Oct	31.8	6.3	2021
Philippines	5.9	Q3	13.9	4.1	4.9	Oct	6.0	4.8	Q3§
Singapore	1.1	Q3	5.6	0.9	4.7	Oct	4.9	2.0	Q3
South Korea	1.2	Q3	2.4	1.3	3.8	Oct	3.7	2.1	Oct§
Taiwan	2.3	Q3	7.8	1.2	3.0	Oct	2.5	3.4	Oct
Thailand	1.5	Q3	3.1	2.8	-0.3	Oct	1.6	0.9	Sep§
Argentina	-4.9	Q2	-10.9	-1.8	143	Oct	135	6.2	Q2§
Brazil	3.4	Q2	3.7	3.0	4.8	Oct	4.6	7.7	Sep§‡‡
Chile	0.6	Q3	1.3	-0.2	5.0	Oct	7.6	8.9	Oct§‡‡
Colombia	-0.3	Q3	1.0	1.6	10.5	Oct	11.8	9.3	Sep§
Mexico	3.3	Q3	4.3	3.4	4.3	Oct	5.5	2.7	Sep
Peru	-1.0	Q3	-1.1	-0.3	4.3	Oct	6.5	6.1	Oct§
Egypt	2.9	Q2	na	3.8	35.9	Oct	37.5	7.1	Q3§
Israel	3.5	Q3	2.8	0.9	3.7	Oct	4.3	3.1	Oct
Saudi Arabia	8.7	2022	na	-1.1	1.6	Oct	2.3	4.9	Q2
South Africa	1.6	Q2	2.4	0.7	6.1	Oct	5.9	31.9	Q3§

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. Note: Euro area consumer prices are harmonised.

The Economist

Economic data

2 of 2

	Current-account balance, % of GDP, 2023†	Budget balance, % of GDP, 2023†	Interest rates, 10-yr gov't bonds latest, %		change on year ago, bp	Currency units, per $ Nov 29th	% change on year ago
United States	-2.8	-6.3	4.3		52.0	-	
China	1.8	-3.8	2.6	§§	-14.0	7.12	0.7
Japan	2.9	-5.1	0.7		42.0	147	-6.2
Britain	-3.2	-3.5	4.3		101	0.79	5.1
Canada	-0.4	-1.3	3.5		51.0	1.36	nil
Euro area	2.2	-3.4	2.4		49.0	0.91	6.6
Austria	2.6	-2.4	3.0		45.0	0.91	6.6
Belgium	-1.5	-4.5	3.1		59.0	0.91	6.6
France	-1.3	-5.0	3.1		67.0	0.91	6.6
Germany	5.5	-2.4	2.4		49.0	0.91	6.6
Greece	-6.5	-2.1	3.6		-50.0	0.91	6.6
Italy	0.7	-5.3	4.2		35.0	0.91	6.6
Netherlands	8.1	-1.9	2.8		54.0	0.91	6.6
Spain	1.6	-4.1	3.6		60.0	0.91	6.6
Czech Republic	-1.4	-3.9	4.2		-59.0	22.1	6.4
Denmark	11.1	1.5	2.7		50.0	6.79	5.7
Norway	17.1	10.8	3.6		42.0	10.7	-6.6
Poland	1.1	-4.8	5.5		-125	3.96	14.1
Russia	2.8	-2.7	11.7		145	88.7	-30.9
Sweden	4.6	-0.3	2.7		76.0	10.4	1.7
Switzerland	7.4	-0.7	0.9		-15.0	0.88	8.0
Turkey	-4.6	-5.0	25.6		1,508	28.9	-35.5
Australia	0.6	0.5	4.4		75.0	1.51	-1.3
Hong Kong	6.7	-1.5	3.8		15.0	7.80	0.1
India	-1.3	-5.9	7.2		-3.0	83.3	-1.9
Indonesia	0.6	-2.5	6.6		-36.0	15,395	2.3
Malaysia	1.7	-5.0	3.9		-18.0	4.65	-3.0
Pakistan	-0.1	-7.6	15.1	†††	160	286	-21.5
Philippines	-4.5	-7.2	6.2		-81.0	55.4	2.1
Singapore	18.8	-0.7	3.0		-10.0	1.33	3.0
South Korea	2.2	-2.7	3.6		-3.0	1,290	2.9
Taiwan	13.4	-0.2	1.3		-23.0	31.2	-0.9
Thailand	0.5	-2.7	2.8		33.0	34.8	1.8
Argentina	-3.0	-4.8	na		na	360	-53.6
Brazil	-1.6	-7.6	10.9		-226	4.89	8.4
Chile	-4.0	-3.2	5.8		27.0	868	4.7
Colombia	-4.0	-4.2	10.5		-250	3,995	20.4
Mexico	-1.4	-3.8	9.3		11.0	17.2	11.8
Peru	-1.3	-2.9	7.1		-68.0	3.73	3.0
Egypt	-1.8	-6.7	na		na	30.9	-20.7
Israel	5.4	-4.9	4.1		84.0	3.68	-6.5
Saudi Arabia	3.0	-1.9	na		na	3.75	0.3
South Africa	-1.8	-5.2	9.9		-31.0	18.6	-8.7

Source: Haver Analytics. §§5-year yield. †††Dollar-denominated bonds.

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Markets

In local currency	Index Nov 29th	% change on: one week	% change on: Dec 30th 2022
United States S&P 500	4,550.6	-0.1	18.5
United States NAScomp	14,258.5	-0.1	36.2
China Shanghai Comp	3,021.7	-0.7	-2.2
China Shenzhen Comp	1,889.9	-0.8	-4.3
Japan Nikkei 225	33,321.2	-0.4	27.7
Japan Topix	2,364.5	-0.6	25.0
Britain FTSE 100	7,423.5	-0.6	-0.4
Canada S&P TSX	20,116.2	nil	3.8
Euro area EURO STOXX 50	4,370.5	0.4	15.2
France CAC 40	7,267.6	0.1	12.3
Germany DAX*	16,166.5	1.3	16.1
Italy FTSE/MIB	29,688.5	1.8	25.2
Netherlands AEX	762.0	0.3	10.6
Spain IBEX 35	10,062.6	1.8	22.3
Poland WIG	74,512.1	-0.3	29.7
Russia RTS, $ terms	1,128.0	-2.1	16.2
Switzerland SMI	10,802.9	-0.3	0.7
Turkey BIST	8,009.3	0.3	45.4
Australia All Ord.	7,245.8	-0.4	0.3
Hong Kong Hang Seng	16,993.4	-4.2	-14.1
India BSE	66,901.9	1.3	10.0
Indonesia IDX	7,036.1	1.9	2.7
Malaysia KLSE	1,446.1	-0.7	-3.3
Pakistan KSE	60,499.0	4.0	49.7
Singapore STI	3,084.7	-1.0	-5.1
South Korea KOSPI	2,519.8	0.3	12.7
Taiwan TWI	17,370.6	0.3	22.9
Thailand SET	1,387.7	-1.9	-16.8
Argentina MERV	790,376.6	-5.8	291.1
Brazil BVSP*	126,165.6	0.1	15.0
Mexico IPC	52,792.8	0.2	8.9
Egypt EGX 30	24,759.2	-1.1	69.6
Israel TA-125	1,825.0	1.0	1.3
Saudi Arabia Tadawul	11,103.1	nil	5.3
South Africa JSE AS	75,241.4	0.6	3.0
World, dev'd MSCI	3,013.9	0.3	15.8
Emerging markets MSCI	983.0	-0.1	2.8

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 30th 2022
Investment grade	124	154
High-yield	431	502

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

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Commodities

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

2015=100	Nov 21st	Nov 28th*	% change on: month	% change on: year
Dollar Index				
All Items	152.0	152.0	3.8	3.0
Food	133.7	133.1	2.6	-3.1
Industrials				
All	169.2	169.7	4.8	7.9
Non-food agriculturals	119.1	119.2	5.5	-11.6
Metals	184.0	184.6	4.7	12.6
Sterling Index				
All items	185.1	182.9	-0.6	-2.6
Euro Index				
All items	154.2	153.5	nil	-2.9
Gold				
$ per oz	2,002.6	2,034.6	1.9	16.0
Brent				
$ per barrel	82.5	81.7	-6.7	-1.9

Sources: Bloomberg; CME Group; Cotlook; Refinitiv Datastream; Fastmarkets; FT; ICCO; ICO; ISO; Live Rice Index; LME; NZ Wool Services; Thompson Lloyd & Ewart; Urner Barry; WSJ. *Provisional.

The Economist

The Economist explains

- **What does it take to expel an American congressman?**

The Economist explains

What does it take to expel an American congressman?

If George Santos is booted out, he will join a select group

Nov 29th 2023

GEORGE SANTOS burned bright and briefly. Shortly after his election to Congress in November 2022, the lies he told to win the seat began to be revealed. The Republican had claimed, falsely, that his grandparents had fled the Holocaust and that his mother was at the Twin Towers when the 9/11 terrorist attacks took place. His CV was fiction. In May 2023 Mr Santos was charged with money-laundering, theft of public funds and wire fraud; more charges were added in October. He has pleaded not guilty. But on November 16th the House of Representatives Ethics Committee published a report alleging that he had "sought to fraudulently exploit every aspect of his House candidacy for his own personal financial profit". Mr Santos called the findings "a disgusting politicised smear" but said that he would not seek re-election next year for his New York seat. As soon as this week Mr Santos may join the House's most exclusive club: the ranks of members it has expelled.

The constitution gives the House and the Senate the right to "punish its members for disorderly behaviour, and, with the concurrence of two-thirds, expel a member". Two-thirds is a high bar by design. The framers wanted to avoid interfering with the will of the people: if a congressman misbehaves, let his constituents vote him out. The House, wrote James Madison, is "so constituted as to support in the members an habitual recollection of their dependence on the people". Especially in the House, where terms last just two years, the prospect of election defeat is supposed to keep lawmakers accountable.

That helps explain why just five have been thrown out. The first was John Clark of Missouri, in 1861. His sin—taking up arms against the government to fight for the Confederacy—was grave. But lesser misdeeds, even serious ones, were often tolerated. On several occasions members beat fellow lawmakers on the House floor with canes. The House censured two assailants but ousted none. In 1856 a motion to expel Preston Brooks of South Carolina, who whacked his victim until his cane broke, failed. Brooks resigned his seat, then promptly won it back in a special election. Even killing did not meet the bar. In 1838 William Graves of Kentucky killed Jonathan Cilley of Vermont in a duel. Congress responded not with a motion to expel Graves but with a law prohibiting duelling, or accepting a challenge to a duel, in Washington, DC. He served another term.

The House ejected two southern lawmakers after Clark for the same reason: disloyalty to the union during the civil war. Since then there have been just two expulsions. Michael Myers of Pennsylvania, convicted in 1980 of taking bribes in an FBI sting operation, was caught on tape saying, "Money talks in this business and bullshit walks." He was expelled the same year. "I know what it feels like now to sit on Death Row," Mr Myers said. But he did not seem to learn his lesson: in 2022, aged 79, he was sentenced to 30 months' imprisonment for commiting election fraud on behalf of several candidates in Pennsylvania. In 2002 James Traficant of Ohio was expelled after being convicted of similar federal corruption charges. (He was also found to have forced aides to work on his houseboat in Washington, DC, and to bale hay on his farm in Ohio.) Both men ran for their seats again; both lost.

The House ethics report alleges that Mr Santos spent misappropriated funds on Botox, designer goods and porn subscription services. On November 28th

Robert Garcia and Dan Goldman, two Democratic congressmen, filed a motion to expel him. If the ouster effort succeeds—which seems likely—it would set a modern precedent. Mr Myers and Traficant had already been convicted at the time of their expulsions; Mr Santos is still awaiting trial. ■

Obituary

- [Saleemul Huq lobbied ceaselessly to make poor countries heard]

Adapt or die

Saleemul Huq lobbied ceaselessly to make poor countries heard

The biologist and climate activist died on October 28th, aged 71

Nov 29th 2023

AT EVERY COP meeting up to the present one in Dubai, he would be there. A COP junkie, he called himself. He would set himself up in a good strategic spot, near the entrance or on a prominent sofa, arm himself with coffee, cigarettes and his permanently pinging phone, and draw a crowd. This was his "mobile office" where he could waylay useful people, listen patiently to delegates, students and petitioners and embrace old friends. If he was not in his "office", colleagues said, it was because he was everywhere.

Saleemul Huq was not there as a negotiator. He had fine credentials, including director of the International Centre for Climate Change and Development and director of climate research at the International Institute for Environment and Development; but behind all that lay an ardent agitator. It was he who instructed delegates from the least-developed countries to "Tell it like it is!"—to tell the rich countries, the no-holds-barred historical polluters, that the loss and damage they had caused had to be paid for; and that adaptation to climate change, rather than mere mitigation, should now be everyone's aim.

He had been banging this drum for almost three decades. In that time the world had passed, like a frog in heating water, from drowsiness to boiling point, and still no efficiently organised global fund had been set up to compensate the farmers whose land had been flooded by sea-level rise or whose homes had been shattered by storms. He saw such ragged figures every day in Dhaka, camping and sleeping in the streets. If refugees from war deserved global sympathy, so did these, displaced by climate.

At the Paris conference in 2015 the richer countries had reaffirmed a pledge, made at Copenhagen six years earlier, to give $100bn a year towards a fund to mitigate climate change in the worst-affected places. Article 9 of the Paris agreement definitively accepted the words "loss and damage". They were hard fought-for, but he insisted. There was no great rush to put the promised money into the pot; at COP26, in Glasgow in 2021, only the Scots chipped in with £1m. The next year, at Sharm El-Sheikh, a specific fund was set up for loss and damage and the rich countries induced to pay into it. America and other rich counties kicked and screamed; he stood his ground.

It was little enough anyway, in the cold light of day. "Loss and damage" were euphemisms for what he really wanted to say: "liability" and "compensation". But neither Europe nor the United States would tolerate such language for a minute, let alone the devil-word "reparations". They preferred vaguer terms they could interpret as they liked. Besides, now that they had their own climate disasters to cope with, they did not much like paying for other people's. Sharm el-Sheikh established the principle of a fund, but it had no proper structure yet. Details were left for Dubai. He wanted to say, in his courteous way, weren't they all in this together? What about solidarity, unity, or simply helping each other?

The attitude of higher-income countries riled him in other ways. They argued that they gave aid already. But aid was something they chose to give, or not. A pledge, by contrast, as at Copenhagen, was an obligation. The rich countries made this more palatable by giving the money as loans, which they hoped to see repaid. They were earmarked for mitigation, such as wind and solar power, which could turn a profit; not for adaptation, such as embanking a river. For polluters to loan money to their victims was immoral, Dr Huq thought. As a matter of principle, the cash should come as open-handed grants.

And grants should be for adaptation. This was his second great theme and victory: to get adaptation written into the COP treaties. Again, this met stiff resistance. But the time for mitigation alone was past. Climate change could no longer be minimised, let alone averted. It was locked in. All anyone and any country could do was to adapt and prepare as best they could.

His own country led the way. Whipped by the cyclones that blew up from the Bay of Bengal, flooded by the mighty Ganges and Brahmaputra, Bangladesh was among the most vulnerable countries in the world. Yet in 2021, when floods drowned 170 people in wealthy Germany, the usual seasonal cyclone in Bangladesh—which might have killed 100,000 people in the past—caused only 30 deaths. And Dr Huq had been the driver of that change.

It was not inevitable. As a child in a diplomat's family, he might have stayed in Germany, Kenya or Indonesia, all places where he had lived and gone to school. As it was, he studied biology at Imperial College London and then, in the 1980s, left for Bangladesh. There he persuaded the government that it needed an environment department, and set up the Bangladesh Centre for Advanced Studies to be a helpful think-tank on climate. For most of his life after that, except for another spell in London and his annual three-week whirl at COP, he was in Bangladesh, studying how poor coastal communities could teach themselves, and the world, resilience.

They did extremely well. Because salt water soaked the land, they took up shrimp farming. They encouraged mangrove forests, which filtered salt and also tempered storm surges. To get enough fresh drinking water, villagers put tanks on their roofs to catch rain; for plentiful crops, despite the persistent flooding, they grew vegetables in bags or on floating bamboo mats. Shelters were built, and PA systems in the villages gave loud advance warnings. Some of this was old knowledge revived, but much came from the pressure his teams kept up on the government. About 8% of the Bangladeshi budget was now committed to helping people recover from, and adapt to, natural disasters.

It was vital to listen to people like those, on the front line, valiantly fighting. At COP26 he brought in a Bangladeshi woman farmer to talk to delegates, female farmers being the poorest of the poor. She was heard respectfully. If only the millions of other victims of rising seas, soaring temperatures and strengthening storms could speak too, richer countries might come to recognise the true sting of “damage”, and the true weight of “loss”. ■

Table of Contents