

The Economist

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The holes in export controls

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A race to read the Herculaneum scrolls

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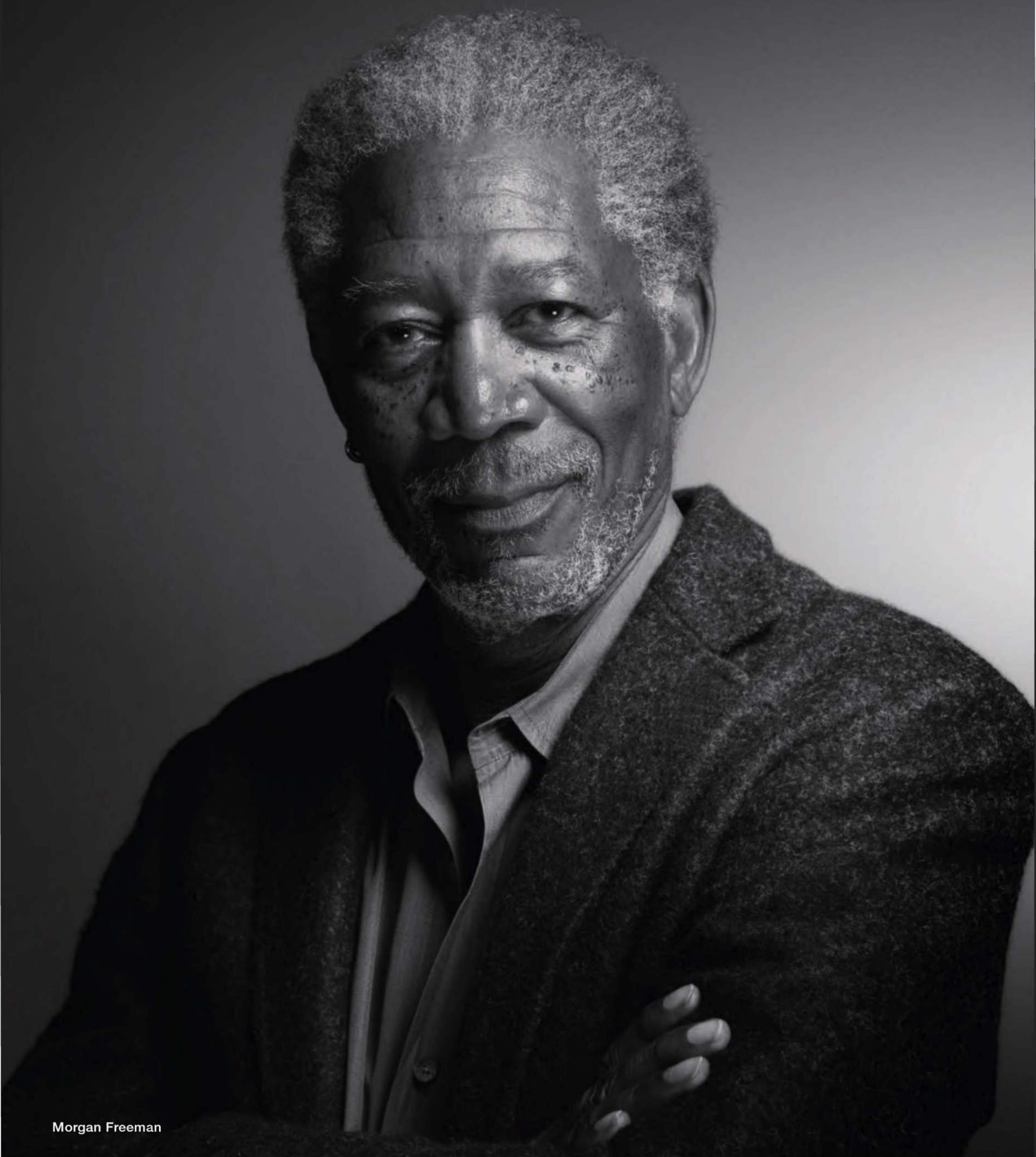
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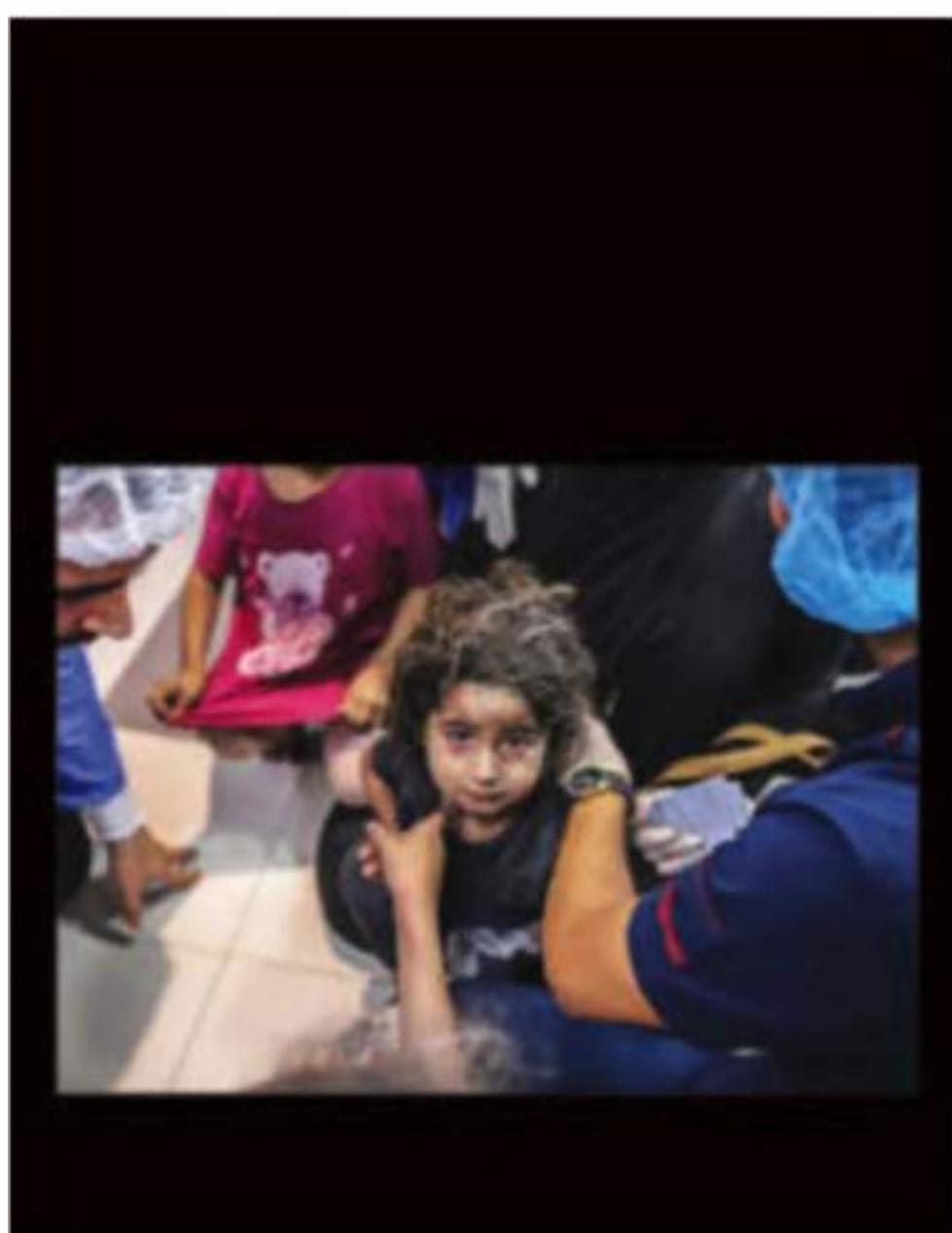
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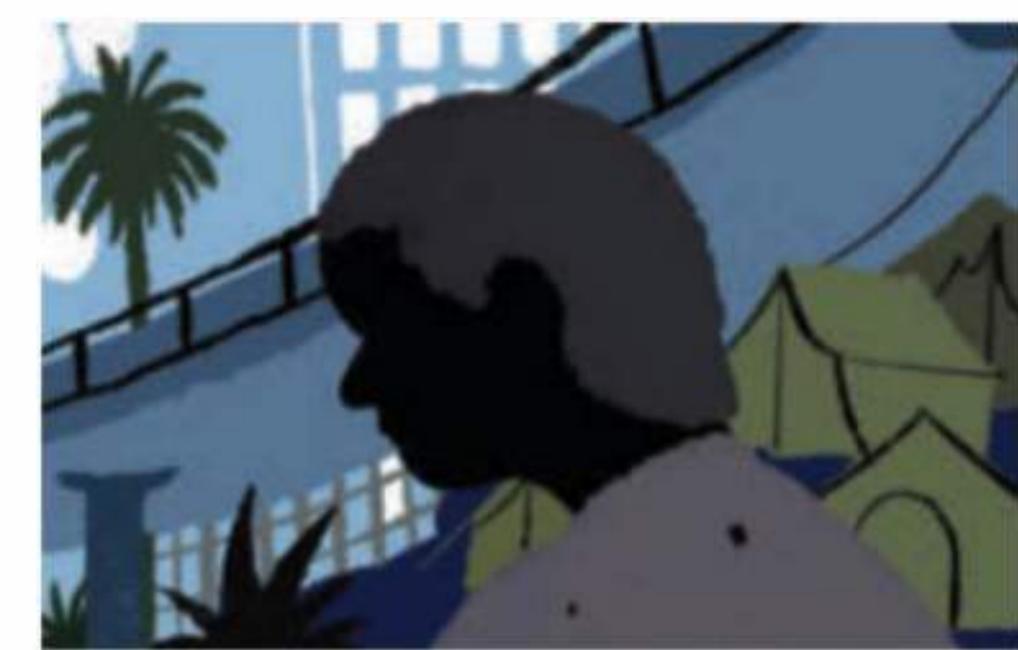


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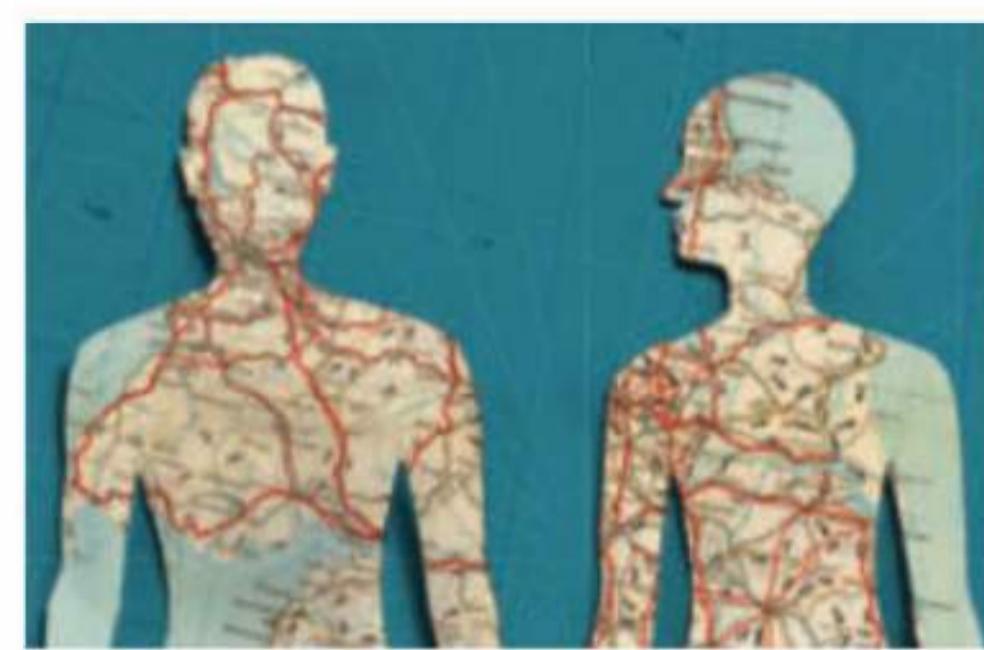
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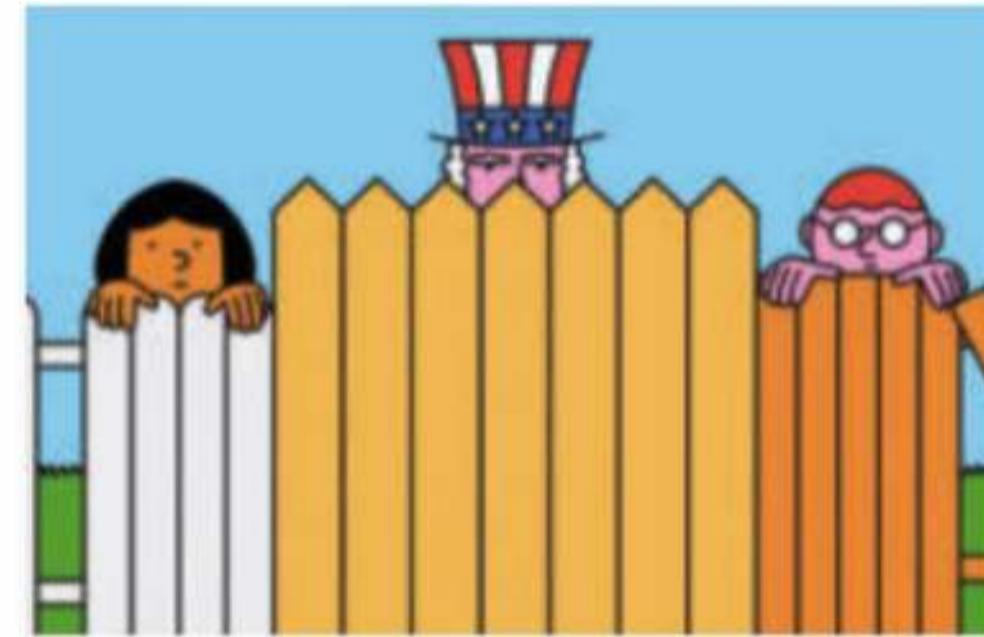
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The
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 to take part in "a severe contest between
 intelligence, which presses forward,
 and an unworthy, timid ignorance
 obstructing our progress."

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Joe Biden's trip to **Israel** to lend support after the terrorist attack by Hamas was overshadowed by a blast at a hospital in **Gaza**, which the Palestinians said killed hundreds of people. America and Israel pointed to intelligence that suggests the explosion was caused by a missile launched by Islamic Jihad, another militant group, that misfired, falling in the hospital's car park. Hamas and many Arab countries said an Israeli strike was to blame. The incident triggered outrage in the Arab world, leading Jordan to cancel a summit between Mr Biden and the leaders of Jordan and Egypt and Mahmoud Abbas, president of the Palestinian Authority.

The humanitarian situation worsened in Gaza, where about 3,500 people have been killed, according to the Palestinians, amid Israel's retaliation for the Hamas attack. Under mounting international pressure, Israel will allow food, water and medicine to cross from Egypt to southern Gaza, where the population has moved to take shelter. King Abdullah of Jordan warned that the "region is on the brink of falling into the abyss", but was adamant that his country and Egypt would not accept refugees.

Israel's ground troops were poised to enter Gaza. They have been held back in part because of fears that **Hizbulah**, a powerful militia based in Lebanon, will launch a big assault across the border into northern Israel at the moment when Israeli soldiers are focused on Gaza. Hizbulah is backed by Iran, which has warned that an "axis" of militias is ready to open "multiple fronts" against Israel.

The **French** government put the country on the highest state of alert after an Islamist extremist stabbed a teacher to death. Soldiers were drafted in to boost security and all pro-Palestinian demonstrations were banned. In **Brussels** a supporter of Islamic State shot dead two Swedish nationals. In **Illinois** a six-year-old boy died after being stabbed 26 times by his mother's landlord. The mother was wounded. Police say they were targeted because they were Muslim.

Anti-Semitic incidents and "celebrations" of the attack by Hamas were reported throughout Europe. **London's** police force reported a big rise in assaults on Jewish targets. Rishi Sunak, the British prime minister, reminded people that showing support for the terrorist group could be punishable by a prison sentence.



In **Poland** the liberal Civic Coalition and its allies won enough seats at an election to form a majority in parliament, heralding a big shift in government. The conservative Law and Justice (PiS) party, a thorn in the EU's side since gaining power in 2015, came first but will struggle to rule, even with the support of a far-right party. It is expected to get the first stab at forming a government; talks could take weeks. Donald Tusk, the leader of the Civic Coalition, called on the country's PiS-allied president to swiftly start the process.

Ukraine has used long-range ATACMS missiles for the first time, according to Volodymyr Zelensky, the country's president. The missiles were reportedly used to attack Russian bases in east Ukraine,

destroying nine helicopters. America silently provided the missiles to Ukraine, rather than announcing their deployment, apparently to take the Russians by surprise.

Friends in need

Vladimir Putin visited **China**, where he tried to gain support for his war on Ukraine. The Russian president went to a summit held by Xi Jinping, his Chinese counterpart, on China's Belt and Road Initiative. European delegates walked out of one meeting he attended. But not Viktor Orban. The Hungarian prime minister shook Mr Putin's hand, the first EU leader to do so since the start of the war.

Republicans in America's House of Representatives continued to squabble over choosing a new **speaker**. After spurning Steve Scalise, they were unenthusiastic about rallying around Jim Jordan.

Voters in **Australia** decisively rejected a constitutional amendment that would have created an advisory body for Aboriginal and Torres Strait Island people. The referendum on the Voice, as it was dubbed, was beaten by 61% to 39% and failed in all six Australian states. Critics of the proposal said it would have undermined the principle of legal equality by favouring one racial group in the constitution.

The centre-right National Party won **New Zealand's** general election, ending the six-year rule of the Labour Party, formerly led by Jacinda Ardern. Christopher Luxon, the incoming prime minister, will form a coalition with the ACT party, which is classically liberal. But with a slim majority he may have to rely on the populist New Zealand First Party for support.

India's Supreme Court declined to legalise gay marriage, accepting the government's argument that only Parliament could decide the status of marriage in the country.

Pro-democracy campaigners in **Indonesia** were outraged by the decision of the Constitutional Court to add an exception to a law that bars people under the age of 40 from running for president. The court said that people who have been elected to regional posts can now run, which would allow the 36-year-old son of the outgoing incumbent, Joko Widodo, to contest February's election.

Two tourists and their guide were killed in a terrorist attack in **Uganda** that the government blamed on the Allied Democratic Forces, which declares allegiance to Islamic State. The attack was in the Queen Elizabeth National Park, which is close to the border with Congo.

Daniel Noboa was elected as **Ecuador's** president. The 35-year-old businessman is a centrist who has promised to reduce crime, the big issue during the election. A presidential candidate was assassinated in August. Mr Noboa's victory is a rejection of the leftist faction aligned with Rafael Correa, a disgraced former president.

Representatives from Nicolás Maduro's autocratic regime in **Venezuela** and the opposition met in Barbados, their first meeting in nearly a year. Some progress was made as the two sides agreed to a timeline for an election in 2024. After the talks America relaxed sanctions on the country's oil sector.

Don't try this at home

Pepper X was named as the world's **hottest chilli** by Guinness World Records. The previous record was held by the Carolina Reaper. Both are grown by Ed Currie (no pun intended), a farmer from South Carolina. Pepper X rates at nearly 2.7m Scoville Heat Units (a jalapeño is around 3,000 to 8,000). Mr Currie said he was in severe pain with cramps for an hour after eating a whole one.

Tesla issued a downbeat earnings report. Net profit fell by 44% in the third quarter, year on year; its operating margin, a closely tracked measure of the difference between its income and expenses, plunged to 7.6%. The carmaker also said that although it will start delivering its long-delayed Cybertruck to customers in November it could take up to 18 months for the vehicle to turn a profit.

The American government tightened its ban on selling chips to China for use in **artificial intelligence**, extending the rules to capture sales of chips that had previously fallen just outside the ban's technical parameters. The clampdown is bad news for **Nvidia**, which said that the new restrictions would apply to its H800 AI chip. Chinese tech companies have been rushing to buy up the modified chip in case of a prohibition. Meanwhile, Nvidia announced a partnership with **Foxconn**, a Taiwanese manufacturer, to build data centres powered by Nvidia's technology.

The race for dominance in AI was thrown into focus when **Baidu** announced that its ERNIE 4 chatbot was now as good as OpenAI's GPT-4. The Chinese tech giant showed off ERNIE's capabilities at an event in Beijing by getting it to complete tasks, such as writing a martial-arts novel. ERNIE has 45m users, a fraction of ChatGPT's 180m, though the American bot was launched several months earlier.

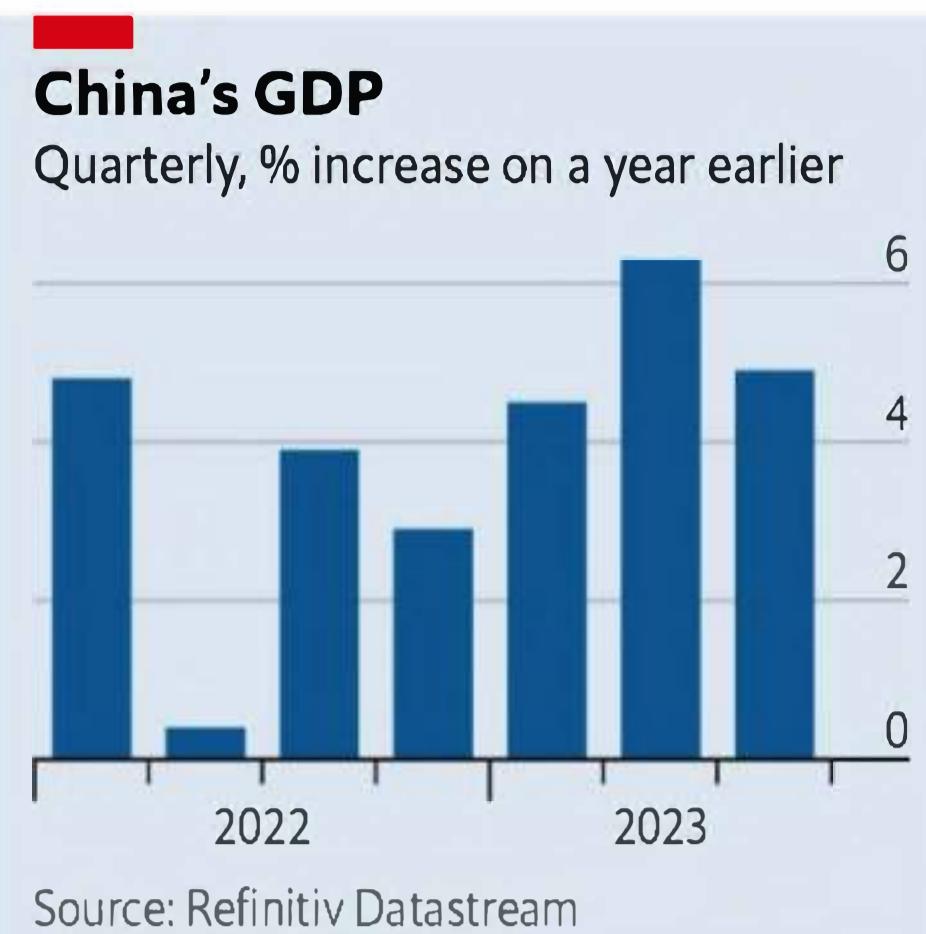
Microsoft at last completed its takeover of **Activision Blizzard**, the biggest ever in the video-game industry, 21 months after it was first announced. The deal had been resisted by antitrust regulators; Microsoft quickly sealed the acquisition after Britain's competition authority approved a revised proposal. America's Federal Trade Commission lost its attempt to block the transaction in court, but it is pressing ahead with its own legal hearing and may still challenge the deal.

A net 9m new subscribers joined **Netflix** in the third quarter, the largest number since the pandemic, which the company attributed in part to its crackdown on sharing passwords. It also raised its prices. The monthly cost in America of a premium package, which includes high-res 4K streaming, is now \$22.99.

Injection rejection

Plunging demand for covid vaccines continued to take its toll on drug companies. **Pfizer** slashed its forecast of revenue for the year by \$9bn and will book a \$5.5bn write-down in the third quarter because of the "lower-than-expected utilisation" of the shots. The share prices of Pfizer and BioNTech, which developed a vaccine with Pfizer, have fallen by more than a third since the start of the year. Moderna's stock has lost half its value.

Rite Aid, one of America's biggest pharmacy chains, filed for bankruptcy protection. The company is struggling to cope with a huge debt pile, falling revenues and the cost of litigation associated with the opioid crisis. It has already closed some shops and will shut others. Around 45,000 jobs are at risk.



China's GDP was 4.9% larger in the third quarter than in the same period a year ago, a faster pace of growth than analysts had forecast. September's growth in industrial output and retail sales also beat expectations. Officials downplayed talk of an economic recovery, warning that "the external environment is becoming more complex." The property market is very fragile, as speculation mounts that **Country Garden**, the country's biggest developer, may have defaulted on its dollar debt.

Britain's annual **inflation** rate held steady in September, at 6.7%. Food prices rose at the slowest pace since June 2022. The core rate, which excludes energy and food, eased to 6.1%. The Bank of England left interest rates on hold at its most recent meeting, and markets are betting it will do so again. "Let's not get carried away,"

Andrew Bailey, the bank's governor, has said; the fight against inflation is not over.

Net income at **Goldman Sachs** fell again in the third quarter, the eighth consecutive quarter of declining profit. The bank made \$1.9bn, down by 36% compared with the same period last year. David Solomon, its chief executive, has reportedly given up his hobby as a DJ, following internal criticism that it was distracting him from his main job.

By contrast, profit at **JPMorgan Chase** climbed by 35%, to \$13.2bn. America's biggest bank was boosted by almost \$23bn in revenue from net interest income, the difference between what a bank earns in interest on its loans and what it pays out on deposits.

Café culture

A financial analyst lost his claim for dismissal against Citigroup for claiming a false **expense for lunch**. The man said he alone had consumed the two coffees, two sandwiches and two pasta dishes, though it turned out his partner had joined him. Citi forbids expensing meals for spouses. The analyst specialises in financial crime.



Where will this end?

Only America can pull the Middle East back from the brink. The stakes could hardly be higher

HOW RAPIDLY things fall apart. The deadly blast in Gaza at Ahli Arab hospital on the evening of October 17th killed many Palestinians who were taking shelter. Despite strong evidence that their deaths were caused by the failure of a Palestinian rocket laden with fuel, Arab countries rushed to condemn Israel. Hizbulah, a heavily armed Lebanese militia, is lurking closer to outright war with Israel. Bridges built painstakingly between Israel and its Arab neighbours lie in ruins.

How fragile are the forces trying to hold things together. Fifteen hours after the blast, President Joe Biden landed in Israel, an old man with the weight of the world on his shoulders. Mr Biden's diplomacy is a geopolitical moment. As well as signalling grief and support for Israel, it brings into focus how much this crisis matters to the Middle East and to America (see Briefing).

For the past half-century the United States has been the only country willing and able to bring any kind of order to the region. Regardless of the many failures of American policy there, including in Iraq and Syria, Mr Biden and his secretary of state, Antony Blinken, have once again taken up that burden. Death and disease hang over Gaza. The poison is spreading across the Arab world. They do not have long.

The imminent danger is on that second front in the north of Israel. The death toll at Ahli Arab means that Hizbulah and its Iranian sponsors risk losing face if they fail to avenge lost Palestinian lives. Hizbulah will now also have strong backing in the Arab world if it attacks. If Israel concludes war is inevitable, it may strike first. America has tasked two aircraft-carriers with deterring Hizbulah and Iran from opening a second front. If they defy it, it should use them for a show of force.

A second danger is of Arab-Israeli relations being put back decades. Amid Israel's unprecedented bombing, Arabs remember previous wars in which Israel hit schools and hospitals. Israel has imposed a total siege of Gaza; its president has said all Gazans share responsibility. Despite Israel's excesses, Arab leaders could have called for calm and for an independent investigation of the hospital blast. What looks like the mass killing of Palestinians by Palestinians ought to have redoubled their efforts to safeguard Gaza's civilians and spurred them on to create a regional plan for a better Palestinian future.

Instead, the blast has deepened hatred and grievances. In words that cannot easily be taken back, Israel's Arab partners heaped blame upon the Jewish state. Jordan immediately cancelled a summit between Mr Biden and Arab leaders that had been the best hope for regional diplomacy. Egypt is more resolved than ever to keep temporary refugees out of the Sinai, partly for fear of being seen to abet Israel in what Palestinians worry is a plan to empty Gaza permanently.

This is a lamentable failure of leadership, with profound regional and global implications. Most Arab governments loathe Hamas and its backer, Iran. Countries like the United Arab Emirates and Saudi Arabia need stability and benefit from good relations with Israel. However, they are so wary of testing their citizens' anger with the truth about the rocket's origin that they

have chosen to sabotage their people's long-term interests.

For Iran, that looks like victory. For years it has had a strategy of financing, arming and training proxies like Hamas and Hizbulah. It calculates that violence and mayhem weaken Israel and discredit Arab governments. If the sight of America fighting Hizbulah alongside Israel leads to a rupture of Mr Biden's relations with the Arab world, an exultant Iran will have built the foundations for its own regional dominance.

Russia and China are winning, too. There is a perception in the global south that this complex story is actually a simple one of oppressed Palestinians and Israeli colonisers. China and Russia will exploit this caricature to argue that America is revealing its true contempt for brown-skinned people in Gaza and its hypocrisy over human rights and war crimes—just as they claim it did by supposedly provoking a war in Ukraine.

What can Mr Biden do? His analysis must start with the need for peace between the Palestinians and Israelis and a recognition that there can be none for as long as Hamas governs Gaza—not after it has demonstrated that it puts Jew-hatred before any other goal. Gaza city is honeycombed by tunnels. Destroying Hamas's ability to wage war therefore requires a ground offensive.

Everything follows from the prosecution of that ground war. The tragedy of Ahli Arab validates the cynical calculation that

Palestinian casualties help Hamas by undermining support for Israel. The Israeli army needs to be seen to spare civilians, not least because it needs time to destroy Hamas's tunnels. Gaza is on the brink. Poor sanitation threatens epidemic disease. Israel has at last agreed that some aid can cross into Gaza. Much more will be needed. If Egypt continues to bar refugees, Israel should go further by creating havens on

its own territory in the Negev, supervised by UN agencies.

It is also vital to spell out what comes after the invasion. Israel needs to show that its fight is with the terrorists, not the people of Gaza. It should pledge a new beginning after the war, with a programme of rebuilding and the promise that it will not strangle Gaza's economy. It should support a new Palestinian constitution and new elected leaders. All this would be easier under a new Israeli government voted in when the war is done.

Even if Mr Biden can persuade Israel to take these steps, that leaves the hardest question of all. How to provide security in post-Hamas Gaza? Israel cannot occupy the enclave permanently. That idea was rightly abandoned in 2005. An international commitment is therefore needed. Because it is not clear who would join this, Mr Biden should start building a coalition now. The more Israel shows the Arab world that it is serious about protecting civilians and planning for the day after, the more likely Arab leaders are to play their part.

This is a tall order. Much can and will go wrong. Ordinary Arabs' ingrained anti-Zionism will gnaw at their leaders' willingness to help. But the alternative is the decay that feeds scavenger states like Iran and Russia. Mr Biden is the only leader who can pull things back together. If he fails, and the security of the Middle East crumbles, it will be a catastrophe for America, too. ■



American politics

Speaking of goat rodeos

How House Republicans could yet, surprisingly, further the national interest

THE VIEW of the world from the White House end of Pennsylvania Avenue looks like this: Hamas has attacked Israel, one of America's closest allies. The biggest war in Europe since 1945 is raging, and Ukraine needs American support to prevent it from being swallowed by Vladimir Putin. Taiwan also needs help. And a government shutdown is looming. Meanwhile at the other end of Pennsylvania Avenue, the world looks like a lot of men in suits arguing about who should be in charge of the meeting. House Republicans have spent two weeks squabbling about who should be speaker. Congress is paralysed.

It has been a poorly timed piece of self-indulgence. Fortunately, there is a chance of a reprieve. That could mean a Congress that works slightly better, at least temporarily, plus a fresh package of military support for Israel and for Ukraine (and perhaps for Taiwan too). The government may even stay open.

To recap, on October 3rd Kevin McCarthy, the House speaker, was sacked by a small faction of Republicans led by Matt Gaetz, an elaborately coiffured nepo-politician who seemed to be acting out of personal animus. With Mr McCarthy gone, Steve Scalise, an affable congressman from Louisiana who has spent a decade climbing the Republican leadership ladder, tried his luck. He was rejected by the House Republican caucus, too.

Then Jim Jordan, a congressman from Ohio who is known for his dogged support of Donald Trump's efforts to overturn the election of 2020 and his delight in shutting down the government at every opportunity, put himself forward for the position. This would have been like placing the most unco-operative member of a team in charge of running it, in the hope that the result would be less disruption. Mr Jordan was rejected as well. The Republicans have such a thin majority in the House that once the regicide has begun, it is hard to end the bloodletting.

While this abdication of responsibility has been under way,

the House has had a temporary speaker, Patrick McHenry of North Carolina. The hitherto obscure Mr McHenry has yet to receive the memo about his party being the tribunes of working-class Americans, and has never been seen in public without a bow-tie on. Yet Mr McHenry may also, by a bizarre sequence of events, now find himself in a position to change the fate of more than one country.

Both parties are keen to support Israel. There is also majority support in the House for continuing to arm Ukraine and fund the American government. But the Republicans who run the House have long refused to allow bills to come to a vote unless they enjoy the support of a majority of Republican lawmakers. So matters of great importance have been left to fester.

One possible (and indeed plausible) solution is that support for Israel is packaged together with support for Ukraine and Taiwan, some more money for border security and a bill to keep the government funded until this time next year (see United States section).

The principles of good governance suggest these matters should be considered one by one.

The dealmaking required to get them through the House, however, suggests lumping them together. Given the necessary authority, Mr McHenry could shepherd such a bill through with support from Democrats. And, because he does not officially have the job of speaker, he cannot easily be removed by his own side, as Mr McCarthy was.

Some combination of Republicans and Democrats should grant Mr McHenry the authority, at least for now, to bring bills to the floor. All it would take is a simple majority. For pragmatic Republicans who are fed up with being at the mercy of their party's least constructive lawmakers, it is an opportunity to break the logjam. They should take it. Israel, Taiwan and Ukraine need American help. America needs a Congress that can consider legislation. Right now it has urgent work to do. ■



Poland

Populists can be beaten

A victory for the rule of law in the heart of Europe

LIBERALS DO NOT get much to cheer them up these days, but the news from Warsaw this week qualifies. Confounding fears that many disenchanted voters might simply stay at home, Poles turned out in record numbers on October 15th to vote down the populist-nationalist Law and Justice (PiS) party that has run the country for the past eight years. They gave what looks like a solid mandate for government to an opposition alliance headed by Donald Tusk, a former prime minister and a former head of the European Council to boot (see Europe section). The alliance won 248 seats in the 460-member Sejm, or lower house of parliament, and 66 of 100 seats in the Senate, the weaker upper house.

Following a run of successes for illiberal populists—in Hungary and Italy last year, and in Turkey in May, not to mention a sharp recent rise in popularity for Germany's AfD—the result is a relief. To understand why it is such good news, consider what would have happened if PiS had managed to stay on.

Four more years of PiS would have meant three kinds of problems. First, PiS would have continued its creeping capture of the country's supposedly independent institutions, such as the judiciary. It has installed its own hand-picked judges in senior positions, in particular taking over all 15 slots in Poland's Constitutional Tribunal, the country's most important court since it can

► strike down laws it deems unconstitutional, as well as in a council that vets all lower judges. It has turned state broadcasters into megaphones for PiS's propaganda. It has deployed its people to lead state-run industrial enterprises, such as Orlen, an oil company, which conveniently slashed the price of fuel ahead of the election. It has been building a patronage system, whereby even humble government jobs in towns it controls depend on supporting, or at least not criticising, the ruling party.

There would, second, have been reason to fear a continuation and perhaps a deepening of PiS's illiberal domestic agenda. Its judges have made abortion illegal except in cases of rape or incest or to protect the life or health of the mother, and it started rewriting textbooks to make them more "patriotic".

Third, a re-emboldened PiS would have continued in its combative stance towards the EU, where it often teams up with Viktor Orban's government in Hungary, a populist alliance that was strengthened by the recent return to power of Robert Fico in Slovakia. The central Europeans have been hostile to schemes to share responsibility for dealing with illegal migration, and have backed each other in disputes with Brussels over the rule of law, which the populists tend to flout. Most alarming, given its hitherto excellent record of supporting Ukraine, the PiS government has recently started to play politics with the war, blocking the import of grain from its neighbour in defiance of EU rules.

Much can still go wrong. The opposition agreed to form a government if it won, but there is no guarantee that this will proceed smoothly; the alliance consists of nine parties whose agendas run from radical-left to centre-right. And as prime minister, Mr Tusk will encounter many obstacles, starting with the president, Andrzej Duda, who though nominally independent is a PiS ally. Mr Duda can veto all legislation, and the opposition will not have the votes to override him. Mr Tusk will also bump up against the PiS-stacked Constitutional Tribunal; its judges are appointed for nine-year terms. Short of changing the constitution, there will be no easy way to get rid of them; so Mr Tusk may find his bills struck down. Winkling out PiS's judges from lower courts will be tricky too, and would invite the same criticisms that liberals used to make of PiS.

Mr Tusk will be able to count on goodwill from Europe, but this is no panacea. Some €35bn (\$37bn) of covid-recovery funds owed to Poland, and even more from the regular budget, are blocked because of the row over the rule of law; the European Commission would be happy to unblock it, but first the Poles must meet the conditions it has laid down. These obstacles are exactly why creeping authoritarianism, PiS- or Orban-style, is so dangerous. Turning it around will be hard. But at least a start can now be made. And opposition parties around Europe and the world can see that populists can be beaten. ■

America's banks

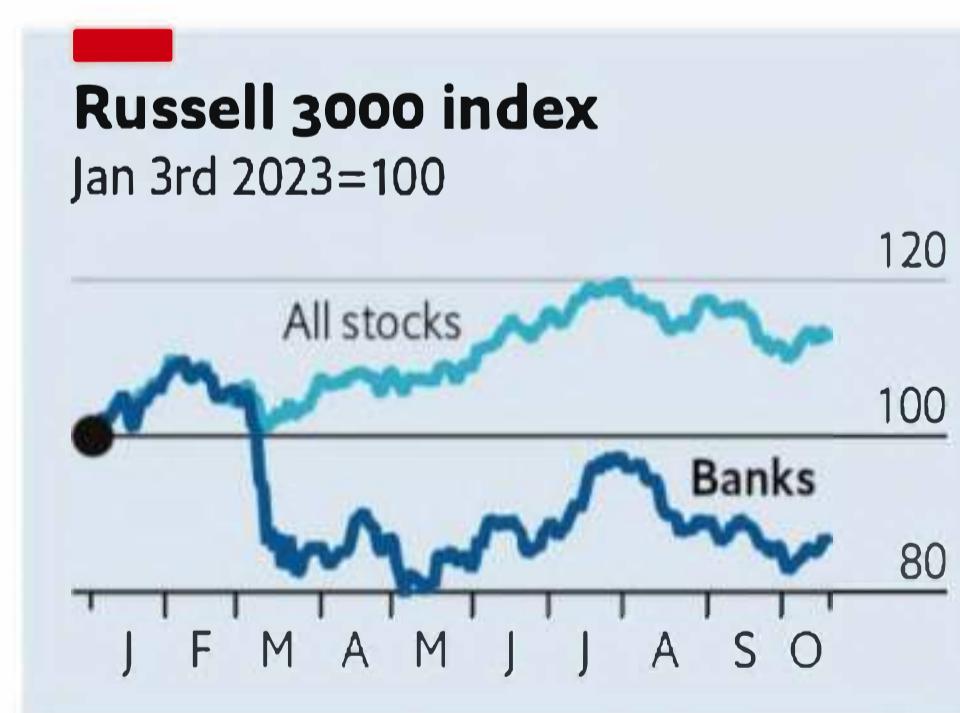
A brush with Basel

Plans to stuff banks with more capital are imperfect but necessary

AMERICA SPENT more than a decade trying to make its banks safer, only for several of them to collapse suddenly earlier this year. So it is no surprise that regulators are trying once again to shore up the system. Their latest proposals would on average increase by 16% the amount of high-quality equity capital banks would need to fund their operations, among a litany of other changes designed to bring America's rules in line with principles agreed globally. If the package—dubbed the "Basel 3 end-game"—is implemented, banks, which have been reporting their profits over the past week, will have to spend years building up their safety buffers.

Bankers are furious. "What person in what ivory tower thinks that is a rational thing to do?" asked Jamie Dimon, the boss of JPMorgan Chase, of one of the rule changes last month. Some of the industry's complaints about the details are reasonable. Overall, however, the increased safety brought about by more capital is worth the costs.

The benefits of the reform are most obvious for the type of bank that has been vulnerable this year. Silicon Valley Bank (SVB), which had \$212bn in assets, collapsed in March having suffered enormous losses on its bond portfolio as interest rates rose. As a bank with assets of less than \$700bn, it was exempt from having to mark its bond portfolio to market when calculating its safety buffer, even if those bonds were categorised as holdings that may be sold (rather than held until they mature). Only when depositors fled from SVB, forcing it to sell bonds at a loss, was its capital cushion revealed to be an accounting fiction.



The new proposal lowers the asset threshold to \$100bn, requiring banks of SVB's size to value accurately at least some of their bonds. As a result many will have to build up capital, which should help prevent a repeat of the debacle.

For the biggest banks, the argument is less clear-cut. They did not suffer during the spring crisis, and instead hoovered up deposits that fled from smaller institutions. They are considerably better capitalised than they were a decade ago. And because their depositors remain loyal even if they don't pay much interest, higher rates have served mainly to boost their profits by raising the amount they can charge on loans. In earnings reports released since October 13th JPMorgan, Bank of America and Citigroup all recorded rising net interest margins in the third quarter of 2023, fitting a pattern whereby the larger the bank, the more likely it has been to benefit from higher interest rates.

Capital also comes with downsides. It is a more expensive means of funding loans than debt or deposits, and some of those costs get passed on to borrowers. Some of the new rules might make financial intermediation in important markets harder. If regulators neglect shadier parts of the financial system, activity could migrate there to escape their scrutiny. Mr Dimon is right that some of the new edicts are poorly designed.

Yet the move towards bigger safety buffers is nonetheless desirable. The big banks did not collapse in the spring, but it is they whose failure would cause an economic catastrophe—and, probably, land taxpayers with the biggest bail-out costs. By one ►

► estimate the global financial crisis of 2007-09 cost every American \$70,000 in income over their lifetimes. So painful are banking crashes that studies which attempt to weigh the costs and benefits of capital often call for a much fatter cushion than would be in place even if the Basel 3 endgame is implemented.

It is no surprise that bankers object to more capital, which is rather like being forced to buy insurance against unlikely events. But society as a whole benefits enormously when that insurance is in place. The strength of America's economy means that now is a good time to try to make the system safer, because building safety buffers is harder than maintaining them.

Even if the proposals are enacted, America's banking woes are far from over. The simplest way to build capital is to retain profits rather than pay them out in dividends. Yet many small

banks are enduring a profit squeeze, because they are having to pay more interest to retain depositors, or now depend on short-term borrowing at the prevailing high rate of interest. Use of a supposedly temporary emergency lending programme at the Federal Reserve, for example, has crept up over the summer. The facility has outstanding balances of \$109bn.

Bond portfolios also continue to shrink in value. By the end of July, banks' unrealised securities losses were worth \$558bn; since then, long-term bonds have sold off further as investors have bet on interest rates staying higher for longer, reducing the chance of a reprieve. For many banks the best path to viability will be to find another institution willing to gobble them up. The system that emerges will be more concentrated. Regulators are right to seek to make it less fragile, too. ■

AI and health

Polishing the crown jewels

How to make Britain's National Health Service AI-ready

AT THE HEART of Britain's publicly funded health-care system lies a contradiction. The National Health Service generates and holds vast swathes of data on Britons' health, organised using NHS numbers assigned to every person in its care. The system enables world-leading studies, like the RECOVERY trial during the pandemic, which discovered treatments for covid-19. You might suppose it to be a treasure trove for artificial-intelligence (AI) developers eager to bring their models to bear on improving human health. Yet if you put this to a developer they will roll their eyes and tell you why all is not as rosy as it seems.

That is because the kinds of tabular data that inform clinical trials—who took which drug, what the outcome was—are not the same as those most useful for training machine-learning models, such as scans or genomes, which hold more information about a patient. Much of this sort of NHS data is a mess, organised in ways which serve doctors treating patients, but not AI developers hoping to feed it to computers. Making it suitable for those models is a task with which the NHS has not yet come to grips. It is often easier for those seeking to organise these richer data to start from scratch, as with a vast data-collection exercise now under way (see Britain section).

To open up the NHS's data riches to AI, its managers and political masters should turn to three principles: cleanliness, comparability and consent. Cleanliness starts with hosting rich data in cloud-computing environments where the data are easier for AI developers to wrangle. Hospitals and clinics also need greater incentives to prepare their datasets for machines. Most of the NHS's successful AI projects so far have relied on the drive of dedicated, intellectually curious doctors who have had to fight the system rather than be helped by it. Forging stronger links between the NHS and universities—and giving PhD students easier access to datasets—is another good idea.

A more open approach to licensing intellectual property would also help. Too often, the NHS demands fees and terms so steep and strict that they deter developers. It should see the big picture and accept smaller fees, to incentivise the building of clean datasets. That will mean less money proportionally for the

NHS, and possible riches for developers, but in the long run would benefit the service and its patients. And if used outside Britain, it might mean more revenue overall.

Comparability of data is also vital. Though everyone has an NHS number, scans are often gathered and stored in different ways in different places, making it harder to create large datasets for machine learning. The NHS is poised to announce the winner of a contract to link up disparate datasets. This will help, but more is needed. For example, scans of the same type should be carried out in ways similar enough to allow AI to detect signals of health rather than differences in the scanning process.

The final pillar is consent. Though everyone wins if everyone lets their data be fed to computers, Britons should be allowed to opt out. Politicians must persuade people of the benefits of vast datasets in which everyone—young or old, black or white—is

represented. They must also reassure them that their data will be anonymised, and not used to their detriment, for instance by insurers.

The NHS has no time to waste. The rewards on offer are better, earlier diagnosis of disease, and a more productive, efficient system. That is sorely needed when waiting lists are long and funds squeezed. The NHS's position as a world leader in data-heavy trials faces a stiff threat

from health systems in other places, which are digitising rapidly. Abu Dhabi, for example, is considering feeding health-care data into foundation models, and may open up its trained models to the world. Consumer technology—smartphones, watches and devices connected to them—is fast improving its capacity to peer inside the human body. It may one day begin to rival the scanning capacity of the NHS, usurping it as the easiest and cheapest channel for the provision of algorithmic health care.

The economy stands to gain, too. NHS data could be the basis of a thriving export industry, licensing AI tools to health-care systems around the world. But if it does not clean up its digital act, Britain will become a taker of new health technology, just as it has become a taker of American digital services like online search and social media. That would be a missed opportunity, and the beginning of the end of the data primacy of the NHS. ■





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The closing time and date for the submission of applications for this call is 6 November 2023, 12.00 noon Brussels time.

Unleash the MHRA

The Society of Chemical Industry's recommendations for the British life-science industry are broadly welcome, and I hope that some of the more sensible ones will be adopted by the government to support the industry's success in the long run. But nowhere does Sharon Todd, the society's chief executive, nor the report, mention one of the most critical and, at least historically, globally competitive pieces of infrastructure that Britain has to drive forward innovation (By Invitation, October 7th). That is Britain's progressive and responsive Medicines and Healthcare products Regulatory Agency (MHRA).

Right here and now, the biotech industry in Britain is squealing under the significant erosion of this crucial organisation's capacity to engage with innovators, and in providing essential advice and feedback. This is stifling progress on world-beating medicinal products and services that could transform patients' lives globally, and support a growing British innovation industry. A startup that can't get MHRA advice will have an even harder time raising funds, especially in the present constrained environment.

The government would be well advised to act very, very quickly to address this serious risk to Britain's leading status in this industry which, regardless of Ms Todd's noble proposals, could be set back by a decade or more.

SIMON GOLDMAN
Cambridge, Cambridgeshire

Road rage

Rishi Sunak is misguided in his attempt to woo irritated British drivers, you say ("The war on the war on motorists", October 7th). I am no supporter of the prime minister but I think he has a point. The ultra-low emission zone, which charges certain polluting cars to drive in certain areas, made sense in inner London but the difference is marginal in outer London, and at significant cost

to the less well off, who are more likely to own non-compliant vehicles. Low-traffic neighbourhoods, where roads are blocked off or pedestrianised, are popular with residents, but they have aroused significant ire in places like Oxford, where they simply make it difficult to get around.

Driving everywhere at 20mph might save a few lives, but why stop there? Even more lives would be saved by reducing the limit still further, or banishing cars altogether. Some sort of balance would seem wise. And I don't agree that motorists are coddled. They fork out hugely for government fuel duties and road taxes. Trains, by contrast, are massively subsidised.

JEREMY HICKS
London

'Er indoors

When it comes to the dominance of invisible spouses, Rebecca, the unseen character in Daphne du Maurier's novel, pales against Mrs Mainwaring in "Dad's Army" (Back Story, September 23rd).

MARK KNIGHT
Sevenoaks, Kent

Wealth and well-being

The wealth-management industry narrowly defines itself as one of only protecting capital ("The \$100trn prize", September 9th). My organisation, which asks people to donate at least 10% of their inheritance to effective causes within the first five years of inheriting, interacts each day with ultra-high-net-worth families around the world. We've observed a rising sentiment of dissatisfaction with wealth managers.

With over \$130trn under management it is appalling that there are still gaps in funding to solve climate change, prevent pandemics and much more. Not only do banks not recognise this, they actively fund the problem by keeping dirty industries, like coal, thriving. Clients can easily move their money. If wealth managers don't change

there is always space for new entrants who are part of the solution.

SID EFROMOVICH
Co-founder and CEO
Generation Pledge
Millburn, New Jersey

Live longer, in poverty

Successive governments and businesses are failing to plan for demographic change. We are not prepared for the aged to live to 100, let alone 120 (Technology Quarterly, September 30th). Short-term reactive policymaking has contributed to workforce shortages, economic stagnation and a health and care system failing to meet our changing needs.

Future generations may not only be bored—not least if they continue to be pushed out of the employment market soon after they hit 50—they are also likely to spend longer living in poverty and with ill health. Innovations in biotech are one thing, but finding solutions to the financial, health, housing, transport and leisure needs of our ageing society is the challenge we must address first.

DAVID SINCLAIR
Chief executive
International Longevity Centre
London

You made no mention of two fictional examples of immortality gone right, Connor and Duncan MacLeod, the Highlanders. Never-ending life is really only appropriate for thrifty Scots who will use their time to deal in antiques, philosophise and occasionally save us mortals from our own mistakes.

KYLE MCCOY
Middleton, Wisconsin

Reward the bestsellers

It seems the goal of the Nobel prize in literature is to reward authors whose works are not widely read ("Prestigious, lucrative and bonkers", October 14th). By contrast, the science Nobels are given to scientists whose work have had a great impact in their field. Charles Dickens would have been passed over for a

Nobel for someone much more esoteric. Today, a writer like Stephen King, whose work permeates our society in books and also in movies and television, will never be considered for a Nobel even though he has shaped American literature and culture.

Having your work actually read by the public should not be a disqualification. It would be nice if the Nobel prize-givers did not act like an erudite faculty committee showing off its arcane knowledge and instead took an author's impact into consideration.

THAD HALL
Pittsburgh

Brevity is the soul of wit

Johnson (September 30th) reiterated the common advice for effective writing: keep syntax simple, use short and active sentences, with common words, be brisk and clear. Yet writing is not only a tool for communication but an art form that creates possibilities for sophisticated expression. Instead of complex sonnets, Shakespeare might simply have written "I love you" and "Relationship; need to talk." The English language and all of its users would be vastly impoverished if he had written so effectively.

PAGE NELSON
Charlottesville, Virginia

Brevity is important in exams, too. I am reminded of an old Oxford essay question: "Was Hegel a good philosopher? Be brief". One smug student wrote, simply, "Yes".

When the paper came back, the examiner had given it a high mark but scribbled a comment in the margin: "This was a good, brief answer. But a better, briefer answer would have been No."

SAM WILLIAMS
London



No place for a war

JERUSALEM

As Israel's invasion of Gaza nears, the obstacles grow more daunting

FOR THE first time in more than 40 years, the Israeli Defence Forces (IDF) have called up their entire armoured corps, thought to number more than 1,000 tanks. Fully 360,000 reservists have also been mustered, including a civil-defence force of 20,000 people. The additional manpower is intended to bolster the IDF's full-time personnel, of roughly 170,000. Although some of these troops are deployed along Israel's northern border, to ward off a potential attack from Lebanon by the militants of Hizbulah, more are massing in the south, near the Gaza Strip. Israel is poised to begin what is expected to be its biggest military operation since the invasion of Lebanon in 1982. Its leaders have said they are determined to destroy Hamas, the militant group that controls Gaza, in retaliation for its bloodthirsty rampage across southern Israel on October 7th.

As *The Economist* went to press, no assault had materialised. The most obvious reason for the delay was the brief visit to Israel on October 18th of Joe Biden, America's

president. His presence was intended both to show support for Israel and to try to broker some sort of agreement to help Palestinian civilians trapped in Gaza.

As it happened, just as Mr Biden was boarding Air Force One on October 17th to head to the region, a deadly explosion racked a hospital in Gaza. The territory's health ministry said that hundreds of people had been killed. Hamas blamed bombing by the IDF. Israel said a rocket fired by another Palestinian militant group, Islamic Jihad, had malfunctioned and fallen on the hospital compound.

Analysis of images and video footage by independent researchers suggested that Israel's explanation was more plausible. The IDF also released tracking data on rocket launches and intercepted communica-

tions among Palestinians that appeared to bear out its account. Palestinian rockets are built in makeshift workshops in Gaza to Iranian designs. Mid-air malfunctions are common: the IDF claims that of over 7,000 rockets fired at Israel since October 7th, at least 450 have fallen within Gaza. Israel points out that the images of the explosion's aftermath show a charred car park at the centre of the hospital compound, and lots of damage to adjacent buildings, but no crater or structural devastation of the sort that would be expected from the munitions it uses in air strikes.

Mr Biden backed Israel's version of events. American officials cited their own infra-red satellite data and intercepts as evidence. But the tragedy nonetheless scotched his hopes of reaching a sweeping deal with Arab leaders to get aid into Gaza and at least some civilians out, despite Israel's blockade of the territory.

Timing is all

Any agreement depends on the acquiescence of Egypt, with which Gaza has a short border and where deliveries of food and medical equipment are piling up. But the carnage at the Ahli Arab hospital caused such outrage in the Arab world that Jordan quickly cancelled a summit where Mr Biden was to meet Abdel-Fattah al-Sisi, Egypt's president, and Mahmoud Abbas, the leader of the Palestinian Authority (PA).

"There is no point in doing anything at ►"

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21 Gaza's long-term future

► this time other than stopping this war," said Ayman Safadi, Jordan's foreign minister. In the end the best Mr Biden could do was secure an Israeli pledge not to obstruct aid deliveries and an Egyptian one to let 20 trucks a day into Gaza. He also announced that America itself would provide \$100m in aid to ease the Palestinians' plight.

The tragedy at the hospital underlined the slow progress of Israel's effort to encourage Palestinian civilians to move to the southern part of the Gaza Strip to escape the brunt of the looming battle. The IDF says that only 600,000 or so of the 1.1m residents of northern Gaza have heeded its call. By delaying a wide-ranging deal on humanitarian aid or safe zones where civilians can take shelter, the explosion at Ahli Arab will have set back efforts to persuade the holdouts. As it is, more Gazans have already been killed just by Israel's bombing campaign since October 7th than in any previous conflict involving the territory (see next story). Inevitably, a ground assault will lead to far more deaths.

Southern Gaza has become extremely overcrowded, with no organised provision of food or shelter for arrivals from the north. Hamas has told Gazans to stay put. What is more, Israeli bombing continues in southern Gaza as well, with reports of refugees from the north being killed in air strikes. A common refrain among Gazans is that nowhere in the territory is safe, and that they might as well stay in the relative comfort of their homes.

Another worry for Israel's generals is the risk of a war on two fronts. Iran, an ally of Hamas, was caught by surprise on October 7th, according to people familiar with the situation. But it has since urged Hizballah, a big militant group in Lebanon, to enter the fray. Hizballah has an arsenal of some 150,000 rockets and missiles, includ-

ing more accurate ones than Hamas can deploy, which would severely tax Israel's missile-defence systems.

The possibility of war with Hizballah is looking likelier by the day, say Israeli insiders. Although Hizballah might prefer not to invite Israeli retaliation against Lebanon, which is gripped by a dire economic slump, it ultimately answers to its Iranian paymasters, not ordinary Lebanese. On October 16th Hossein Amir-Abdollahian, Iran's foreign minister, made an ominous warning: "The possibility of pre-emptive action...is expected in the coming hours," he told Iranian state television. The same day Israel's government issued an unprecedented order to evacuate 28 Israeli villages within 2km of the border with Lebanon. On October 17th the IDF killed four people attempting to cross a security fence.

Some ministers and defence officials have suggested that it may be better for Israel to attack Hizballah pre-emptively, rather than wait for another surprise attack, this time from the north. Israel's war cabinet, which includes both Binyamin Netanyahu, the prime minister, and various political rivals, including former generals, seems inclined to wait while sending more troops to the border.

Israel may also be waiting for more American firepower to arrive in the region. A flotilla led by an aircraft-carrier is already in the eastern Mediterranean. Another is en route. These forces are intended to deter Iran, Hizballah and other Iran-aligned militias in Iraq, Syria and Yemen from entering the war, or attacking American interests in the Gulf. The American ships' air-defence systems may also be able to provide Israel with additional warning of missile strikes, if not a degree of protection.

Another potential disruption to Israel's preparations for war is the West Bank, the

other slice of Palestinian territory, with roughly 2.7m inhabitants. The 40% of it that Israel does not administer directly are in the hands of the PA. But Mr Abbas is weak and unpopular. After the tragedy at the Ahli Arab hospital widespread protests broke out against his government. The IDF's fear is not so much of a third front, in the form of a popular uprising against Israel, so much as chaos that requires the presence of more Israeli troops. There is also the constant threat of violence between Palestinians and the almost 700,000 Israeli settlers in the West Bank and the eastern part of Jerusalem.

A final reason for Israel to delay its offensive was an effort to free at least some of the Israeli hostages captured on October 7th. The IDF believes that Hamas, Islamic Jihad and other groups hold 203 of them. Israeli spies have been trying to gather intelligence about where they are being held.

Discussions disrupted

Quiet talks to secure the release of hostages had been under way. Qatar, which hosts Hamas's political leadership and has strong ties to the group, had been acting as a go-between. But those diplomatic efforts appeared to collapse on October 17th after the tragedy at the Ahli Arab hospital. Most Arab states, including those who had previously appeared somewhat sympathetic to Israel, such as the United Arab Emirates, blamed the IDF for the disaster, despite Israel's detailed disavowal of responsibility. That both makes it much harder for Israel to build diplomatic support for a ground war and gives it less reason to delay, now that Mr Biden has left the region.

Israeli commanders, at any rate, are getting itchy feet. The IDF began mustering within hours of the atrocities of October 7th. Its forces have been largely in place for almost a week. "We really should get going this weekend," says a colonel. "You can maintain this level of readiness for two weeks at the most."

The invasion, when it comes, will be hard-fought and bloody. Israel's leaders have loudly and repeatedly promised to destroy Hamas's military capabilities for good and end its 16-year rule. That means a campaign of a different order from previous incursions into Gaza, in 2009 and 2014, which aimed merely to diminish Hamas's military capacity and were followed by a gradual return to the status quo.

But the Gaza Strip is a difficult place to fight, for several reasons. First, it is full of dense cities, composed of tightly packed apartment blocks. Such places will limit the invaders' lines of sight and hamper their communications, with the tall buildings impeding radio signals. Civilians could be anywhere, and there will be endless places for Hamas's fighters to hide.

What is more, Hamas has built a 500km ►



There are 995 more



Forty years later, militias in Lebanon remain a threat

► network of tunnels under Gaza—a territory only 40km long and 10km wide. The intention was in part to undercut Israel's technological advantage in seeing and striking from the air. Even the most sophisticated drones cannot provide much information about what is happening underground. Troops entering the tunnels cannot navigate by GPS or communicate by radio.

In its invasion of Gaza in 2014 the IDF struggled to deal with such tunnels. It has since invested heavily in subterranean warfare, setting up special units for the task and constructing a simulacrum of Hamas tunnels for training. It has developed various technical means to hunt for them, including some modelled on the underground surveys conducted by the oil industry, as well as methods based on old-fashioned intelligence—looking for spots where militants' mobile-phone signals suddenly disappear, for instance. Even so, finding and demolishing the tunnel network will be the work of months, if not years, and certainly not a few days.

A second concern is the presence of so many Palestinian civilians. American-led assaults on cities during the Iraq war and the Iraqi-led, Western-backed capture of Mosul from Islamic State in 2016-17, were painstakingly planned and conducted with the benefit of copious intelligence. Large numbers of civilians died nonetheless—perhaps as many as 10,000 in the battle for Mosul alone.

In theory, international humanitarian law, which governs the conduct of armies once they are waging a war, demands that soldiers distinguish between combatants and military objects on the one hand and civilians and civilian objects on the other. Targeting those on purpose is always illegal. But an attack that kills civilians—even lots of them—can be legal if it is necessary

for some military purpose and proportionate “in relation to the concrete and direct military advantage anticipated”. In other words, Israel can legally justify the deaths of civilians as long as they are killed in the crossfire in operations that did not use disproportionate force.

Whatever international law might say, however, as civilian casualties mount, so will pressure on Israel to withdraw and accept a ceasefire. Its previous invasions of Gaza, in 2009 and 2014, were quite brief. In both cases, the IDF remained on the ground for about 18 days. That would not be nearly enough time to achieve Israel's stated goals this time around. It took Iraqi troops nine months of house-to-house combat to subdue Mosul.

That points to perhaps the biggest challenge for Israeli forces in Gaza: not getting bogged down. America's invasions of Afghanistan and Iraq after the terrorist attacks of 9/11 and Israel's war in Lebanon in 1982 (the last time all those tanks were deployed) provide cautionary tales.

America's “global war on terror” started triumphantly. Just two months after al-Qaeda's attacks on America in September 2001, American-led forces were in control of Kabul, the capital of Afghanistan. The Taliban government was gone. Al-Qaeda was hounded. Its leader, Osama bin Laden, was tracked to Pakistan and killed in 2011. But the Taliban fought a growing insurgency. Having lost more than 2,400 military personnel, America left in 2021. The Afghan government collapsed almost immediately and the Taliban returned to power.

Read more

For more coverage on Israel and Gaza visit economist.com/israel-hamas

The war in Iraq was inglorious, too, and far bloodier. Once again, American forces quickly took the capital, Baghdad, in April 2003. President George W. Bush strutted on the flight deck of the *USS Abraham Lincoln*, an aircraft-carrier, under the sign: “Mission Accomplished”. In fact, the country was about to slip into civil war. American forces captured Saddam Hussein, Iraq's dictator, but soon faced bloody insurrections by both Sunni and Shia militias. All told, America lost some 4,500 service members, not to mention some 300,000 Iraqis who died, most of them civilians.

History lessons

Israel's own history offers similar warnings. In 1982, amid a series of attacks by the Palestine Liberation Organisation (PLO), the nationalist umbrella group, gunmen shot and wounded Israel's ambassador in London. The Israeli government took the killing as a *casus belli* to invade Lebanon and dismantle the PLO, even though it was attributed to militants from a rival, the Abu Nidal group. Israeli forces besieged the PLO in west Beirut, forcing its leader, Yasser Arafat, and thousands of fighters, to sail into exile. Israel's Christian ally, Bachir Gemayel, was elected Lebanon's president.

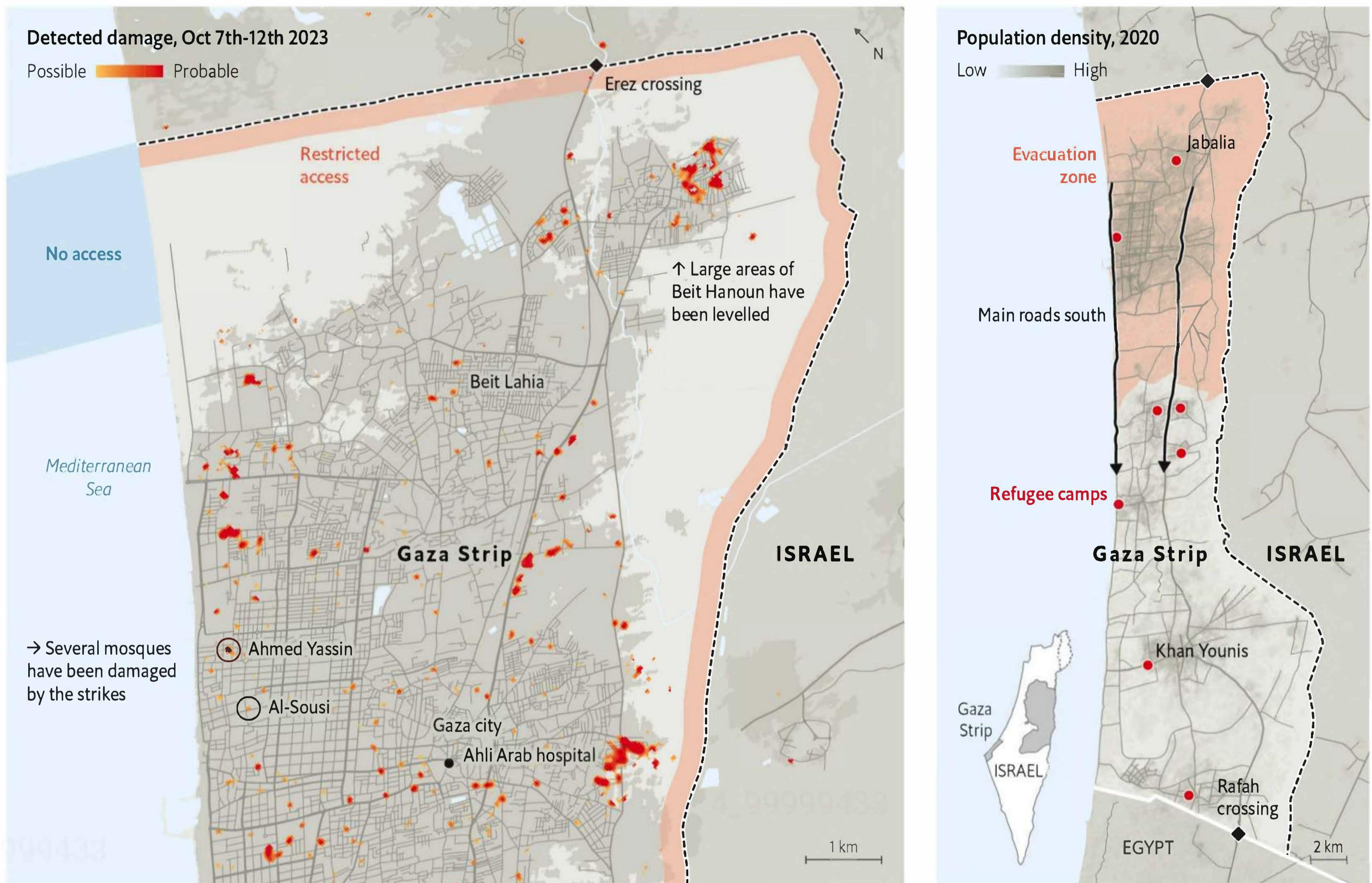
Then it all fell apart. Gemayel was blown up. In sight of Israeli forces, his Phalangist fighters exacted revenge by killing Palestinians in the Sabra and Chatila refugee camps. An Israeli commission of inquiry found Ariel Sharon, Israel's defence minister, indirectly responsible. Within a year, under pressure from anti-war protests, Menachem Begin, the prime minister, announced his resignation.

One effect of the Lebanese imbroglio was that the PLO was replaced by Hizbul-lah, a more formidable, Shia militia, which succeeded in pushing Israel out of Lebanon in 2000. Another impact was on Palestinians within the Israeli-occupied West Bank and Gaza Strip. Their first intifada, or “shaking off”, a stone-throwing uprising that started in 1987, set the stage for the Oslo accords between Israel and the PLO of 1993. Arafat made a triumphant return to Gaza the following year.

Hamas emerged as the main force of violent rejectionism and did much to destroy the Oslo accords. It forced Israel out of Gaza in 2005 and won the Palestinian legislative elections in 2006. The following year it pushed out the PA.

For Hussein Ibish of the Arab Gulf States Institute, an American think-tank, the lessons are clear. Terrorist and insurgent groups, he argues, resort to spectacular violence to provoke an irrational response. “They know that the harm that they can do to the dominant power is limited,” he says. “They understand that the harm that the dominant power can do to itself is infinitely greater.” ■

→ Mapping the scale of destruction and bloodshed in Gaza



Sources: European Commission; European Space Agency; OpenStreetMap; UN; *The Economist*

Graphic detail

Destruction in Gaza

At least 4.3% of the enclave's buildings appear to have been destroyed

FOR MOST Gazans the dull boom of an air strike is a familiar sound. The current barrage—which began after Hamas, a Palestinian militant group, murdered more than 1,400 Israelis on 7th October—is the beginning of the fifth war since Israeli troops withdrew from the area in 2005.

But nothing could have prepared the people of Gaza for the scale of destruction this time around. The Israeli Air Force claims to have dropped nearly 6,000 bombs on the narrow strip of land in the first week of the war—more than the yearly rate of American forces in their operation against Islamic State in 2014-17. Our analysis of satellite images suggests that in this short space of time at least 4.3% of the enclaves' buildings have been destroyed.

To assess the damage caused by the strikes we analysed freely available data from Sentinel-1, a European satellite. It

flies over Gaza at least three times every 12 days, and creates an image by bouncing microwaves off the Earth's surface and measuring the “echo” when they return.

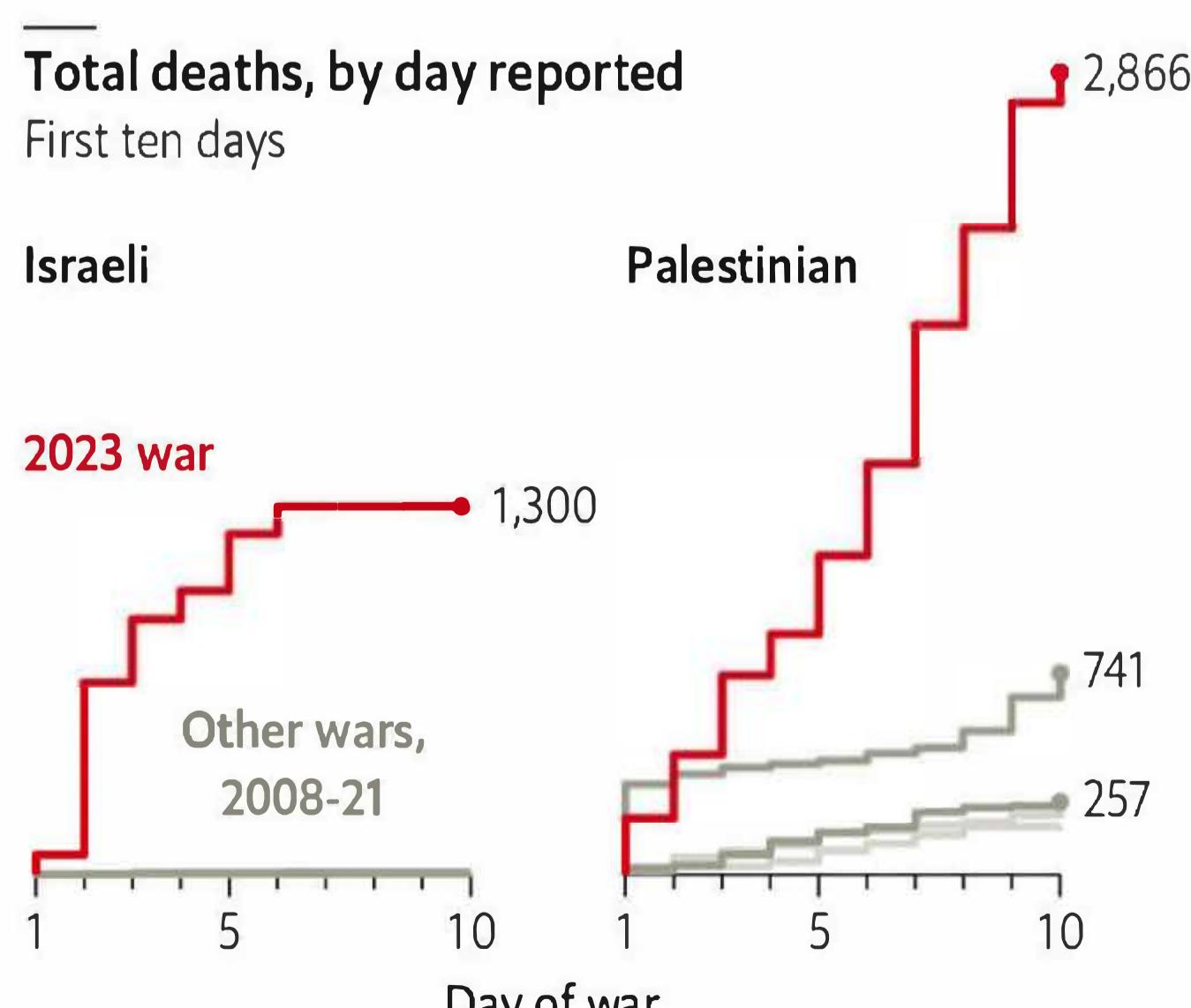
By comparing images taken before the war began with the latest image from October 12th, we identified areas with dramatic changes in signal, a hallmark of damage. We verified the method's accuracy by applying it to data from the Ukrainian city of Mariupol in the spring of 2022, and comparing it with human-coded assessments. Our method is not perfect. Not all damage can be detected from above. As a result, our numbers, if anything, may be too low.

Our analysis of Gaza revealed that sig-

nificant areas of its north may have been damaged or destroyed. The city of Beit Hanoun appears to be the worst hit. Sources on the ground confirm that the Al-Sousi and Ahmed Yassin mosques—which our analysis highlighted as damaged—have been levelled. Overall, our estimates suggest that 11,000 buildings in Gaza are already damaged or destroyed.

Gaza's population is particularly vulnerable to air strikes. Around 2.2m people live in the sliver of land—40km (25 miles) long and 10km wide—that makes up the strip. All border crossings are closed. In some refugee camps as many as 400 people live in each 100-metre square. Hundreds of thousands have already been displaced. By merging our damage map with fine-grained population data, our analysis suggests at least 92,000 will have no home to return to when the fighting stops. This is about three times our number for roughly the same point of the 2021 war.

Israel says the strikes have killed hundreds of terrorists and destroyed Hamas command centres. The Ministry of Health in Gaza reports around 3,500 Palestinian lives lost, more than in any other Israel-Gaza conflagration. With bombs still falling, and Israel expected to launch a ground attack, this number is sure to rise. ■



Israel and Palestine

When the shooting stops

RAMALLAH

Israel has only unpalatable options for Gaza's long-term future

THE PUBLIC statements Joe Biden made during his lightning visit to Israel on October 18th did not suggest many misgivings about Israel's impending invasion of the Gaza Strip. In private, however, the American president's advisers hoped to press Israel's leaders on an urgent question: what should happen after the war?

Israeli officials say they are focused on toppling Hamas from power, in retribution for the massacre it committed in southern Israel on October 7th. "Gaza will no longer be a threat for Israel," says Eli Cohen, the foreign minister. "We will not agree that Hamas will have any power in Gaza." Even after the risks of fighting in such a densely populated place were illustrated by a deadly blast on October 17th at Gaza's Ahli Arab hospital, which Israel blamed on an errant Palestinian rocket, Israel's stated war aims have not changed.

Four-way stop

But Israel's post-war plans remain uncertain. It has four main options, all bad ones. First is a prolonged occupation of Gaza, like the one it undertook from 1967 to 2005. Israeli troops would have to secure the enclave and, in the absence of a Palestinian government, might have to oversee basic services as well.

This might please a segment of Israel's religious right, which still fumes about the withdrawal in 2005 of all Israeli soldiers and settlers from Gaza as the abandonment of a sliver of the biblical homeland of the Jews. But no one else wants to see Gaza reoccupied, given the heavy financial burden and the likelihood of endless bad press and a steady trickle of casualties. Mr Biden warned on October 15th that a lasting occupation would be a "big mistake". Most Israeli strategists agree.

The second option is to wage a war that decapitates Hamas and then leave the territory. This is arguably the worst way forward. Some of Hamas's leaders and supporters would probably emerge to reconstitute the group. Even if they did not, some other undesirable force would take its place. The Middle East has a history of radical groups taking advantage of ungoverned spaces.

The best outcome, from Israel's perspective, would be the return of the Palestinian Authority (PA), which governs parts of the West Bank in co-ordination with Israel. But that path is littered with obstacles.

The first is that Mahmoud Abbas, the Palestinian president, is loth to do it. "I don't think anybody can be that stupid and think he can go back to Gaza on the back of an Israeli tank," says Ghassan al-Khatib, a former Palestinian minister.

Even if Mr Abbas were able to take power that way, he may not want to. Yasser Arafat, the previous president of the PA and longtime figurehead for Palestinian nationalism, had a fondness for Gaza; he lived there for a time after being allowed to return to Palestine in 1994. People close to Mr Abbas say that he, in contrast, views Gaza as a hostile place.

Gaza would almost certainly be hostile to Palestinian police sent to secure it. The PA employs around 60,000 people in its security services, which have authority in roughly a third of the West Bank (see map on next page). It cannot control even that limited area: parts of Jenin and Nablus, cities in the northern West Bank, are so resolute that the PA's forces dare not patrol them lest they be attacked. Morale is low. If Palestinian police returned to Gaza, they would be a target for the remnants of Hamas, Islamic Jihad and other militants. Hamas and the PA fought a bloody civil war in Gaza after Hamas won parliamentary elections in 2006. Hamas eventually prevailed and ejected the PA from the strip in 2007.

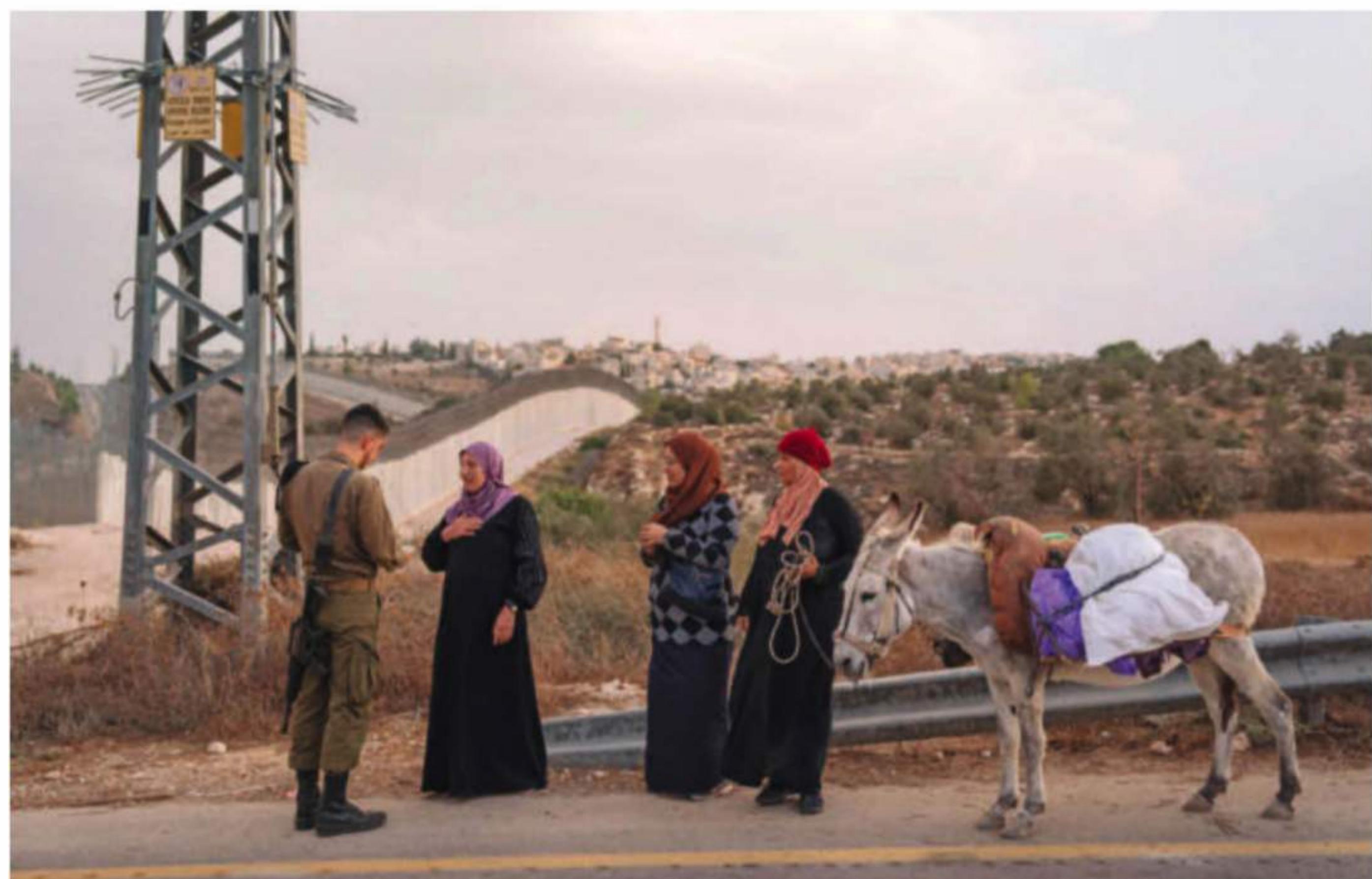
Nor is security the only question. After Hamas came to power, Mr Abbas told bu-

reaucrats in Gaza to stop working. Hamas hired tens of thousands of supporters to fill the civil service instead, while the PA continued to pay its workers to sit at home. Keeping that bureaucracy would mean working with around 40,000 people hired for their ideological loyalty to Hamas; dismissing it would repeat the mistake of America's "de-Baathification" programme in Iraq, which threw legions of angry, unemployed men on the streets.

A fourth option would be to cobble together some sort of alternate administration, composed of local notables working closely with Israel and Egypt. Israel relied on that sort of arrangement until the 1990s, before the PA began to take over civil functions in the occupied territories.

There has been talk of trying to enlist Muhammad Dahlan, a former PA security chief who grew up in Gaza, to take the reins after Hamas. But Mr Dahlan has spent the past decade in Abu Dhabi, the capital of the United Arab Emirates (UAE). He has fallen out with the PA; in 2016 a Palestinian court convicted him of corruption. There is also bad blood between him and families in Gaza: he led the fighting against Hamas in 2007. "I think that's an illusion," says Michael Milstein, a reserve colonel in the Israeli army and an analyst at the Moshe Dayan Centre, a think-tank in Tel Aviv. "I'm not even sure he'd want to come back. He'd be worried people would want him dead."

The case of Mr Dahlan points to a larger problem. The Palestinians have been divided for almost two decades. The split is largely their fault: though Hamas and PA leaders meet every couple of years to pay lip service to reconciliation, neither party wants to compromise. But the schism has also been exacerbated by the divide-and-rule policy of Binyamin Netanyahu, the Israeli prime minister, who thought it a use- ►



Not the set-up Israel is looking for

ful tool to stymie the Palestinian dream of an independent state. "Netanyahu had a flawed strategy of keeping Hamas alive and kicking," says Ehud Barak, a former Israeli prime minister.

Both Hamas and the PA rule their statelets as one-party authoritarian regimes. In 2021 Nizar Banat, a critic of Mr Abbas, was beaten to death by Palestinian police at his home in Hebron. Those who oppose Hamas in Gaza risk torture and execution. Most Palestinians choose to keep silent, shunning politics and focusing on their day-to-day struggles.

The most recent poll from the Palestinian Centre for Policy and Survey Research (PCPSR) found that 65% of Gazans would vote for Ismail Haniyeh, the leader of Hamas, in a head-to-head presidential race against Mr Abbas (who would lose the West Bank as well). Hamas would win 44% of the vote in Gaza in a parliamentary ballot, whereas Fatah, Mr Abbas's faction, would take just 28%.

Between a rock and a crock

At first glance this would suggest enduring support for Hamas. But such polls offer only a binary choice between militants and incompetents. Fully 80% of Palestinians want Mr Abbas to resign. Hours after the hospital explosion there were protests in cities across the West Bank, where demonstrators chanted: "The people demand the downfall of the president." He is 87 and has no clear successor. None of his would-be replacements inspires much enthusiasm.

In a hypothetical race between Mr Haniyeh and Muhammad Shtayyeh, the PA's colourless prime minister, the former would win by a 45-point margin in Gaza and 21 points in the West Bank. Again, this is less a testament to Mr Haniyeh's popularity than to Mr Shtayyeh's lack of it: a poll in 2019, after his first 100 days in office, found that 53% of Palestinians did not even know he was the prime minister.

Open-ended questions yield more telling results. When the PCPSR asked Palestinians to name their preferred successor to Mr Abbas, a plurality said they did not know. The second most popular answer, in both the West Bank and Gaza, was Marwan Barghouti, a member of Fatah serving multiple life sentences in an Israeli prison for orchestrating terrorist attacks in which Israeli civilians were killed. Several of the other top choices, such as Mr Dahlan and Khaled Meshal, a former Hamas leader, do not even live in the Palestinian territories.

Exiles, prisoners—or no one: Palestinian political life is moribund. Palestinians blame this sorry situation on Israel, arguing that the lack of meaningful peace talks has deprived the PA of its *raison d'être*. "I think Mr Abbas will be the last Palestinian president," says Mr Khatib. "The whole idea of the Palestinian Authority is that it's

a transition towards a Palestinian state. If there's no political horizon, then the whole PA becomes irrelevant."

Israelis contend that the PA has undermined itself through rampant graft. Billions of dollars in foreign aid have been siphoned off over the past three decades to buy plush villas in Jordan and to pad bank accounts in Europe. Asked to name the main problems in Palestinian society, more people cite their own government's corruption (25%) than Israel's continued occupation (19%).

There is blame enough to share. The result, though, is that Fatah is probably irredeemable in the eyes of most Palestinians, a liberation movement turned ossified and decadent. In recent years even some Israelis had begun to wonder if Hamas could become an interlocutor, following the same path Fatah did decades earlier, from violent militants to pliable bureaucrats.

Not only had Hamas appeared focused on trying to improve Gaza's economy, some of its leaders also seemed amenable to a two-state solution. That would have been a remarkable shift for a group whose charter used to call for Israel's destruction. Last year Bassem Naim, a member of the group's political leadership in Gaza, told your correspondent that it was willing to accept "a state on 1967 borders". Ghazi Hammam, another political official, said much the same a year earlier.

Such thoughts now seem naive. Mr Milstein was one of the few prominent Israelis who warned, well before the massacre, that Hamas's apparent pragmatism was just a ruse. His view, vindicated by awful events, is now a near-universal one in Israel. Even if Hamas were willing to take part in peace talks, an angry, grieving Israeli public would not be a willing partner: the vast



majority of Israelis want to obliterate Hamas, not reward it.

Two other questions will shape Gaza's future. One is what role Arab states will play. In private conversations over the past week, several Arab officials floated the idea of a foreign peacekeeping force for the enclave—but most quickly added that their country was not eager to participate.

Egypt is not popular in Gaza, both because it has joined Israel in blockading the territory and because of its prior history as Gaza's ruler from 1948 to 1967. The UAE would be hesitant to play a big role. "We don't act solo," says an Emirati diplomat. The same is probably true of Saudi Arabia.

Israel would probably veto any role for Qatar, one of the countries with the most influence in Gaza. For years the emirate has helped stabilise Gaza's economy with Israel's blessing, distributing up to \$30m a month in welfare payments, salaries for civil servants and free fuel. But its support for Hamas—some of the group's leaders live there—will now make it suspect. "The whole strategy of Israel during the last decade was to trust Qatar," says Mr Milstein. "One of the lessons we should learn from this war is that we should not give Qatar any more involvement."

Although Arab states do not want to secure Gaza, they may be willing to help rebuild it. After the last big war, in 2014, donors pledged \$3.5bn for reconstruction (though by the end of 2016 they had disbursed just 51% of that). The bill will be even bigger this time (see Finance section).

The other question is what happens to the PA. Half of Palestinians tell pollsters it should be dissolved. Doing so would deprive many of them of an income (the PA is the largest employer in the West Bank) and probably lead to more violence. But it would also raise the costs of Israel's occupation and, perhaps, force Palestine's long-term future back onto Israel's political agenda after two decades in which it was rarely discussed. "It's the only card he has left," says a former confidant of Mr Abbas.

There is no lasting solution for Gaza alone. Despite the long schism, Palestinians there still see themselves as part of a larger polity. Anyway, the strip is too small and bereft of natural resources to thrive by itself. Its economy depends on Israel's: everything from strawberry farms to furniture factories relies on exports to its wealthier neighbour. Whoever takes control, Gaza will be neither stable nor prosperous as an isolated statelet.

The only way to bring enduring quiet to Gaza is through a broader settlement of the Israeli-Palestinian conflict. If the prospect of a negotiated solution evaporates completely, warns Mr Khatib, "with it, moderate leadership will vanish." Israel can decapitate Hamas. But it is far less clear that anything better will take its place. ■



Mental health

From tents to hospitals

OAKLAND

American states are wrestling with how to treat severe mental illness. California wants to lead the way

WHEN AISLINN BIRD is not treating patients at her health clinic in downtown Oakland, she goes to see them where they live: in homeless encampments. Many of them sleep in tents under train tracks or highway overpasses. "If a big truck comes by or if the...train goes by, I have to stop the interview because then I can't hear my patients," she says. "It's hard to create a therapeutic environment out here." Dr Bird is part of a growing group of psychiatrists practising street medicine. Her teams frequent encampments around Oakland, offering homeless people everything from regular check-ups to treatment for mental illness and drug addiction.

More than a quarter of homeless Californians recently surveyed by the University of California in San Francisco said they had been hospitalised for mental illness. Two-thirds said they were currently struggling with a mental-health condition, ranging from anxiety to hallucinations. One third of respondents said they regularly use methamphetamine, which can cause psychosis akin to schizophrenia.

This hazardous combination of drug use, mental illness and the physical hardship of sleeping rough has increased homeless deaths in big cities across the country. Some 2,200 homeless people died in LA County in 2021, an increase of 70% from 2019. The daily tragedies playing out on America's streets are also changing the politics of homelessness in liberal states—and nowhere more than in California.

A slate of reforms signed into law last week in California is meant to tackle this problem. Standing at a podium that read "Treatment not tents", California's Demo-

cratic governor, Gavin Newsom, called the bills "a paradigm shift" and a message to voters that policymakers intend to clean up the streets. California's new laws also exemplify two broad shifts in mental health care in America: the building of more beds for patients suffering from mental illness and drug addiction, and an expansion of involuntary treatment.

First, consider the billions that American states are pouring into facilities to treat and house mentally ill people. One bill Mr Newsom signed into law will put a \$6.4bn bond measure to help build more than 10,000 treatment beds and housing units on the ballot for Californians to vote on in March. When asked what happens if Californians do not go for it, Mr Newsom told *The Economist* that he cannot imagine it failing. His message to voters is "Vote no if you believe in the status quo." Kathy Hochul, the governor of New York, set aside \$1bn in her 2024 budget for psychiatric hospital beds and longer-term housing. The Texas legislature allocated some \$2bn over the next two years to build and maintain mental-health hospitals.

It is rare that Texas and California agree. But three things have raised the profile of mental health among Americans of all stripes: the anxiety and isolation many felt during the covid-19 pandemic; the destruction opioids have wrought; and the visible suffering of unsheltered homeless people with mental illness. The need is also immense. The number of psychiatric beds per

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► person in America is low compared with much of the OECD, a club mostly of rich countries. America has less than half as many beds per person as France.

Mr Newsom describes his overhaul as fulfilling a promise made by then-governor Ronald Reagan in the 1960s to replace overcrowded, often abusive state-run institutions with smaller, local facilities. Yet after Reagan, rightly, closed the asylums and expanded patients' rights, he failed to fund community care. When Reagan became president, the country followed California down this road. But blaming Reagan ignores the nearly 50 years of inaction since he left Sacramento, the state capital. "The failure of successive state governments to uphold the community funding promise is one of the main reasons people are suffering so badly today," says Darrell Steinberg, the current mayor of Sacramento and an advocate for reform.

The other striking feature in California is the expansion of involuntary treatment. Mr Newsom signed a law on October 10th, SB 43, that loosens the criteria for people to be placed in a mental-health conservatorship, in which a person appointed by the state directs their care. Its passage follows the creation last year of CARE Court, a programme that allows health workers, police and family members to enroll people with psychosis in court-mandated treatment. Alex Barnard of New York University, who is tracking state laws that expand forced treatment, finds that reforms are clustered in coastal Democratic states such as California, Oregon and Washington that are reckoning with very visible displays of mental illness among homeless people.

Growing anger from voters helps explain why Democratic politicians in liberal states are grasping for policies usually associated with law-and-order Republicans. Civil liberties and disability rights groups are fighting the political tide. They argue that SB 43 and CARE Court infringe on patients' freedoms and bodily autonomy. Disability Rights California, a non-profit, worries that the laws will unfairly target black Californians, who are disproportionately represented among the state's homeless population, and will traumatise people. They have a point. The evidence for the efficacy of involuntary treatment is mixed.

"They're simply wrong," Mr Newsom says of the civil-rights groups. "Look what's happening on the streets. It's night of the living dead in the Tenderloin in San Francisco...and people are dying." He suggests that the extreme libertarianism displayed on the streets is an embarrassing abdication of state responsibility. To the governor and his allies, these new laws represent a move towards the centre and a recommitment to a social contract. To his opponents, they reek of state overreach.

Even while trumpeting the new laws,

policymakers stress that involuntary treatment should remain a last resort. Their hope is that the expansion of beds makes it more likely that people suffering from mental illness get the level of care they need, and avoid languishing in jail or hospital for want of a safe alternative.

The neglect that California showed its most vulnerable when the institutions were closed is a prime example of good intentions gone wrong. Decades later, Mr Newsom hopes California can provide America with a model for how to fix things. He refers to the rest of his term as "the great implementation". His focus on beds echoes those who spend the most time among homeless and mentally ill Californians. When asked what would make her job easier, Dr Bird laughs. Without any hesitation, she answers: "More housing." ■

House Republicans

Hail McHenry

WASHINGTON, DC

The House of Representatives still needs a speaker

JOHN MCCAIN, the late senator from Arizona, liked to joke that the approval rating for America's Congress had fallen so low that legislators could expect support only from "paid staffers and blood relatives". McCain's old line seemed closer to reality than hyperbole as the House began its third week without a speaker. Yet, unlikely as it seems, good legislation still has a chance to pass despite the House Republicans' dysfunction.

Jim Jordan, a hard-right Ohio congressman, became speaker-designate on October 13th after Steve Scalise, the number two



Pro the temporary speaker

House Republican, gave up. But Mr Jordan fell short during a full House vote on October 17th. He lost even more support in the second round of voting. The top job always seemed an odd fit for a conservative firebrand like Mr Jordan. A former Republican speaker once called him a "legislative terrorist", and after nearly 17 years on Capitol Hill the Ohioan had yet to be the primary sponsor of a bill that became law.

Perhaps Mr Jordan will find a way. He had not dropped out by the time this issue was published, though many House Republicans were already looking elsewhere. Some lawmakers even began weighing a more quixotic measure: empowering the interim speaker.

Patrick McHenry became speaker pro tempore on October 3rd after being hand-picked by the recently removed Kevin McCarthy. The ten-term congressman from North Carolina embraced a limited role in his unprecedented position and did little more than oversee the election of a new speaker. But with no end to the Republican impasse in sight and critical legislative deadlines approaching, talk of expanding Mr McHenry's power has grown louder.

To do so, the House would have to pass a simple resolution giving Mr McHenry more authority. "That would basically just empower McHenry to be able to do things like bring bills to the floor and conduct some basic business of the House," says Molly Reynolds of the Brookings Institution, a think-tank. This is not a permanent solution and his expanded powers would almost certainly come with an expiry date. But members in both parties could find something to like with this short-term fix.

Mr McCarthy lost his job after negotiating a temporary extension of government funding. Mr McHenry, not long for the job, could oversee the passage of a long-term funding bill—something the permanent speaker should then be grateful for, even if he votes against the legislation. Many Republicans, however, would balk at giving up what they consider one of their main points of leverage against the White House and Democrat-controlled Senate.

Strong bipartisan majorities in Congress also support more aid for Israel and Ukraine, but a growing anti-Ukraine bloc has held up support while remaining assistance dwindles to dangerously low levels. The White House reportedly plans to ask Congress for \$100bn to fund a mix of security priorities, including money for Israel and Ukraine, potentially to last until the 2024 presidential election.

"It's time to end the Republican civil war, and in order to do that all options are on the table," Hakeem Jeffries, leader of the House Democrats, told *Politico*. Other Democrats expressed an openness to elevating Mr McHenry for the purpose of avoiding a shutdown or passing bipartisan

▶ legislation. John Boehner and Newt Gingrich, former Republican speakers, have endorsed the idea, as have some moderates still in Congress. Dave Joyce, leader of a centrist faction, said that “by empowering Patrick McHenry as speaker pro tempore we can take care of our ally Israel until a new speaker is elected.”

Various procedural gimmicks could slow the process. Mr McHenry, perhaps fearing a potential primary challenge, might oppose the scheme himself. But, reckons Matt Glassman of Georgetown University, “if a majority is hellbent on empowering McHenry, they will be able to do it.” The past month has been one of surprises, generally unpleasant. Maybe the biggest of all would be all this chaos ending with some responsible governance, even if it proves short-lived. ■

End times

Michael Flynn's flying circus

TRUMP NATIONAL DORAL, MIAMI

Part of Donald Trump's base thinks he is fighting a spiritual war

IN A HOTEL ballroom owned by Donald Trump, barely an hour into a two-day conspiracist talkathon, your correspondent lost the plot. It happened amid calls for the audience to quit being “weak-kneed wussies” and “join Team Jesus”, and warnings about child traffickers and poisonous vaccines. What really did it, though, was an invitation to approach the stage to be healed by a self-styled prophet resembling Ozzy Osbourne.

Later one of Mr Trump's sons took to the podium. Worship music played; several hundred hands went up in prayer. Someone blew a shofar, a trumpet used in Jewish rituals that is popular among some charismatic Christians. Was this a Trump rally, a religious revival or a gabfest about how globalists had spread covid-19 to suspend civil liberties? Was it all of those things? The man selling tickets over the phone—at a recommended price of \$250, or pay what you wish—had offered just two instructions. No masks allowed and please leave guns in the car.

The event was part of the ReAwaken America tour, a roadshow helmed by Michael Flynn and born of protests over lockdowns and election “theft”. (Mr Flynn served as Mr Trump's first national security adviser, was prosecuted for lying to the FBI, then pardoned by his ex-boss.) This was the 21st incarnation of the event and the second at Mr Trump's hotel in Miami; previous stops around the country have largely been at megachurches. Dozens of

mostly obscure speakers get about 15 minutes each to stoke one menace or another, for 15 hours straight. The tour is a stew of apocalyptic sermonising, QAnon and election denialism.

The point, if there is one, is to overwhelm—or as Steve Bannon, a banker-turned-provocateur once described the way that disinformation operates, to “flood the zone with shit”. A former marketing manager for a hotel chain who bills herself as a “geopolitical expert” talked of Iranians posing as Venezuelan asylum-seekers to infiltrate and attack America (“We will be the next Israel”). Someone pitched precious metals as an alternative to central-bank digital currencies: the idea being that the government can turn off your money should you misbehave, so put it in gold or silver. “There are lots of threats out there—I could talk for three hours!” exclaimed another speaker as her 15 minutes of blame ran out.

Michael Barkun, a political scientist at Syracuse University, wrote of the principles underlying conspiracism: nothing happens by accident, nothing is as it seems, and everything is linked. Connect the dots and a hidden, malevolent scheme emerges. Such thinking is correlated with feelings of powerlessness and anxiety. Conspiracy theories are perversely reassuring, then: events become ordered rather than random. Educated, establishment types are the dupes. There may be evil at work, but it can be resisted. A woman on a cigarette break told your correspondent as much: “We know everything. Every lie known to man was revealed to us already...The government is a mafia.”

Talk of a spiritual war suffuses such events. That makes sense: those evangelical Christians who believe in the end-times—when Jesus will return to Earth, battle the Antichrist and save the faithful—often see the world through a Manichean

lens. Forces of good and demonic evil are constantly struggling. (A third of evangelicals hold this worldview strongly, according to surveys by Paul Djupé of Denison University in Ohio.)

The disposition dovetails with and propels lots of conspiracies. That is not new: in 1991 Pat Robertson, a Baptist televangelist, published “The New World Order”, a bestseller about how a cabal of elites was bent on creating a totalitarian government. Apocalyptic tropes figure heavily in QAnon, which is more popular among white evangelicals than just about any other religious group.

Politicians long ignored conspiracists. They tended to vote at lower rates: why participate if you think the game is rigged? In surveys after the 2012 election, Joseph Uscinski of the University of Miami found a self-reported turnout gap of 23 percentage points between people with low and high predispositions to conspiracy.

During his campaign Mr Trump legitimised the latter group by suggesting, among other nonsense, that Barack Obama had been born abroad and that Hillary Clinton had taken bribes from Russia. In surveys by Mr Uscinski after the 2016 election, the gap closed. It is not so much that Mr Trump persuaded lots of people to turn conspiratorial, reckons Adam Enders of the University of Louisville. Surveys of such thinking are pretty stable over time. Rather Mr Trump activated existing beliefs and connected them to politics.

Not that doom-mongering is exciting all the time, even among the most die-hard conspiracists at the ReAwaken tour. As a pastor read from the Book of Revelation and described how to identify the coming Antichrist, the crowd thinned and flagged. Phones came out. Some played Candy Crush, others shopped online. “Are you all awake?” came a call from the stage. Then more pleadingly: “Are we doing alright?” ■



Flynn's fancies

Abortion laws

Roe, your own way

COLUMBUS, OHIO

Ohio's ballot initiative is the latest test of how to talk about abortion

NESTLED BETWEEN decorative gourds and halloween ornaments on suburban Columbus lawns, signs encourage Ohioans to vote to "protect parents' rights". Leaflets declare that mums and dads have "too much to lose". Only the flyer's reverse reveals the threat: not a woke curriculum or ideas around gender, but abortion.

On November 7th Ohio will become the latest state to vote on adding a right to an abortion to its state constitution. Currently abortion is accessible up to around viability—but only while a six-week ban is litigated in the courts. Six other states have voted on abortion since the Supreme Court overturned *Roe v Wade* last year. In each, voters have opted to protect access, including in conservative states like Kansas and Kentucky. More states are expected to vote next year, possibly including Arizona, Florida and Missouri. This has given rise to a cottage industry of pollsters and politicos who travel from state to state with each ballot initiative. Ohio is the latest testing ground, as anti-abortion campaigners try to break their losing streak.

Rather than sepia-toned images of newborns, teenagers and parents' rights are the focus of the campaign. Anti-abortion advocates argue that language in the proposed amendment is so broad that it could invalidate Ohio's law requiring parents' permission for underage abortions. That seems a stretch, but the anti-abortion campaign is trying to activate fears around parental rights that have electrified school-board meetings across the country.

More familiar anti-abortion arguments get second billing. Adverts with local mums and unsettling music state that the proposed amendment, which would return the regime to something like the status quo under *Roe*, would be too "extreme for Ohio". They raise the spectre of late-term abortions, which are rare but unpopular. The campaign avoids mention of the six-week ban, which was in place for several weeks last year.

The campaign also claims to have learned lessons from losses in other states. Its strategists say it began preparing earlier and is trying to build a diverse coalition, which includes black pastors. "There's a misrepresentation of the pro-life community that it's an old white guy who is telling a woman what to do," says Brian Williams, a pastor at a predominantly black church in Columbus, who is campaigning against

Beer measures

The empire strikes back

CHICAGO
Americans are discovering the joy of a true pint of beer

AT THE BARS of the United Centre, a sports arena on the near west side of Chicago, the default drink available is Modelo, a Mexican lager that in May became America's best-selling beer. But a popular alternative is a craft beer sold in cans from a fridge behind the bar, called "Tropical Beer Hug". Adorned with a picture of a cartoon bear wearing sunglasses, the marketing is memorable. But to your British correspondent, the more striking part is the size of the cans. Each one contains 19.2 US customary fluid ounces of beer. That is 568ml in metric measures. But more importantly, it is 20 Imperial fluid ounces, known in Britain, Ireland and a few other former British territories as "one pint".

In the past five years or so, the 19.2oz can of beer has soared in popularity across America. According to data analysed by Molson Coors, a big brewing firm, pint cans now make up 92% of craft beers sold in individual cans in convenience stores, up from less than 10% six years ago. Though most beer sold in shops is still in 12oz six-packs, and in 16oz measures (an American "pint") in bars, the true British pint has crowded out other heftier-sized brews, at least when it comes to craft beers. Besides convenience stores, the format is becoming ubiquitous at America's music festivals, sports events and other places where customers have to pick up a drink and carry it around.

Why would Americans be turning to proper pints? T.J. Annerino of Goose Island, the Chicago-based craft brewery that sells the Tropical Beer Hug, says that the initial motivation came from convenience stores. But demand has been "phenomenal". He speculates that 19.2oz sells because it is large enough that drinkers do not need to return to the bar (or fridge) too soon, without being so large as to get warm and stale in one's hand. Hence the success at gigs and sports events. Andrew McGuire of Molson Coors argues that the size is ideal for people who want to try a new beer alongside a familiar six-pack. Many new canning machines tend to include the size as a default, which means it is easy for brewers to produce without extra cost.

Beer-industry types generally refuse to admit any direct inspiration from British measures. "19.2oz cans are widely popular within the United States, and have been for a while," sniffs Melody Gregson, at American Canning, which sells both tins and the machines to fill them. None calls the measure a pint; some insist on calling it a "stovepipe". But perhaps they just need to drink a few. As James Joyce, a novelist, once wrote, "the sacred pint alone can unbind the tongue." Chin chin.



19.2 customary fluid ounces

the amendment. "That's not actually true."

But perhaps the biggest difference is the strength of the Republican Party in Ohio. Many state offices are controlled by Republicans who have fought the abortion amendment. Dave Yost, the attorney-general, has released a legal analysis of the amendment that echoed many of the campaign talking points. The Ohio Ballot Board, which has a Republican majority, rewrote the summary on the ballot to replace the word "fetus" with "unborn child". Earlier this year, the state assembly proposed its own referendum which would

have made passing the abortion amendment harder. That vote failed, buoying abortion-rights advocates.

The popular governor, Mike DeWine, is campaigning against the amendment. But he has also joined a group of Republicans urging moderation on abortion. If the amendment fails, he wants to "find a place where a majority of Ohioans can, in fact, agree." Still, like Donald Trump, the former president, who said that a six-week ban "is a terrible thing", Mr DeWine has avoided saying what a compromise could look like, or how it could pass. ■

Shooting school

Algebra and pistols

SPANISH FORK, UTAH

Teachers are learning how to properly carry guns into their classrooms

NESTLED AMONG golden-coloured earth and desert scrub, the Thistle Gun Range, an hour's drive south of Salt Lake City, gives off "wild-west" vibes. Add the wind softly blowing through thigh-high weeds, the sound of gunshots ringing through the canyon and six-foot-tall deputies from the Utah County Sheriff's department wearing cowboy hats, and it is easy to see why your correspondent felt immersed in a western. Only this was no rodeo. It was a live range day for teachers and other school staff learning how to shoot.

Since 2019 Sheriff Mike Smith of Utah County and his colleagues have taught teachers how to defend themselves against active shooters. That includes learning how to safely carry and use a concealed weapon inside schools. In the state of Utah, school staff can carry a concealed weapon if they have a permit, but this licensing process is not enough, says Sheriff Smith. "You don't actually have to go shoot a gun and show that you can proficiently hit a target in a classroom setting." Teachers are also not trained how to respond to an active shooter or carry a weapon in a school. His class aims to do that.

Sheriff Smith realised he had a problem several years ago when he and more than 200 officers responded to an active-shooter situation at a school. It was a hoax, but he was still disturbed by what he saw. Because of Utah's law on carrying concealed weapons in school buildings, some of the teachers that day were armed. Sheriff

Smith says that officers found weapons stored in desk drawers and inside purses where pupils could easily find them. "They didn't have any training, any policies, any procedure in place to govern how they use that weapon, which I think is a recipe for disaster," he says. So when he became sheriff of Utah County a few years after the hoax, he created the teachers' academy.

The 20-hour-long course over six sessions provides instruction on much more than just shooting guns. It covers emergency medical techniques, self defence, tactical de-escalation, mindfulness and more. Then the shooting happens. One class is spent in a simulator where the teachers practise responding to an active-shooter situation. The last day of the course involves a live range day during which the teachers finally get to shoot their loaded guns.

Those in the most recent cohort spent the live range day rotating between four stations over five hours. Most of the time was devoted to perfecting shooting technique with live rounds on lifeless targets, but one heart-thumping station looked like a scene from a Jason Statham film. It took place in a multi-room training facility used to train SWAT teams in many scenarios, including those involving shooters in schools. The teachers, this time armed with paintball guns, were stationed inside the rooms. Armed aggressors, played by officers using blank rounds while dressed in dark protective gear from head to waist,

charged through the halls. With only seconds to respond, the teachers slammed doors, took cover behind whatever they could find and fired their paintball rounds at the intruders as they entered.

"If someone comes in your classroom, shoot 'em," said Sheriff Smith to the trainees minutes before the scenario began. "If someone else steps into your classroom, well, shoot them too." The scenario was over in a few seconds, but many of the teachers were breathless for minutes after. "I'm shaking," said Rachel Walker, a testing administrator. "You get a dose of adrenalin!"

It is unlikely that a teacher in a classroom will face an armed intruder, but every teacher carrying a concealed weapon must be prepared every day to keep their weapon out of sight and out of pupils' hands. For women, carrying a concealed weapon can be tricky. They are usually smaller and curvier than men, which makes concealing a weapon at the hip harder. They also tend to wear tighter clothing, sometimes without suitable pockets. Teachers of younger pupils must be particularly careful, as little children tend to give waist-level hugs.

Gun manufacturers have started catering to women, says Deputy Beth Gerber to her trainees, now at their final station for the day. Her friend carries her gun in a bra holster called the "flashbang". It nestles the weapon underneath her ample bosom, she says. To retrieve it, she lifts up her shirt (flash), then grabs the gun (bang).

With or without proper training, teachers across the country are carrying guns into schools. About 30 states allow teachers and administrative staff to carry firearms on school grounds. Sheriff Smith says that teachers leave his course thinking more critically about this, especially after going through the practice scenarios and accidentally putting a bullet where one should not have gone. "I think I would like to get my conceal-carry [permit], but I don't think I would take it to school," says Russell LeMon, a high-school history teacher and military veteran, on his final training day. "That scares me a little bit. Too much liability."

Protecting schoolchildren from gun violence is difficult. America is the only country where people are outnumbered by civilian guns. According to *EdWeek*, a news organisation that covers education, there have been 33 school shootings with injuries or fatalities so far this year.

"It's a sad reality that our teachers have to worry about somebody coming into their school to kill them," says Sheriff Smith. Some gun advocates say the only thing that stops a bad guy with a gun is a good guy with a gun. These teachers are living that slogan. "These are normal, everyday, average people. These aren't 'gun nuts,'" he says. "They want to do what they can to keep their kids safe." ■



What it has come to

Lexington | Why Biden abides

His approach to backing Israel is facing its most severe test



JOE BIDEN has a temper. He vents it sometimes on aides when he is unhappy with their work, and occasionally even on voters who have the nerve to criticise him. But when it comes to building relationships to achieve his goals over the long term, whether with a wayward legislator or an oppositional foreign leader, Mr Biden has long demonstrated unusual patience and forbearance.

So it was in 2010 when, as Barack Obama's vice-president, he landed in Israel only to be blindsided by an announcement from the government of Binyamin Netanyahu that, contrary to the wishes of the Americans, it intended to expand Jewish settlements in East Jerusalem. This seemed a deliberate humiliation, and some of President Obama's aides thought Mr Biden should turn around and head home in protest. But Mr Biden had begun developing a relationship with Mr Netanyahu in the 1980s, when he arrived in Washington to serve at the Israeli embassy, and the vice-president had his own ideas of how to manage matters.

Mr Biden issued a statement criticising the move, then put together a joint working group with Mr Netanyahu to contain the fallout. Then he and his wife Jill went to dinner with the Netanyahus. According to Mr Netanyahu's own grateful account, Mr Biden spoke that night about deeply personal matters, about how hard it had been to overcome the deaths of his first wife and their daughter in a car crash. Mr Biden later gave the prime minister a photograph, scrawling a message on it that might serve as an epigram for much of the US-Israel relationship: "Bibi, I don't agree with a damn thing you say, but I love ya."

Since Hamas attacked Israel on October 7th, Americans have got the steady leadership most of them voted for in 2020, and they have been reminded of the pettiness and volatility they rejected. Donald Trump, who has not forgiven Mr Netanyahu for congratulating Mr Biden on winning in 2020, lashed out at the prime minister, while Republicans in the House struggled to show they could govern themselves, let alone a country. As Republicans bickered over who would be speaker, their foreign-policy message became increasingly muddled, if not contradictory—critical of Mr Biden for endangering America by not helping Israel stand up to the menace of Iran, yet also critical of Mr Biden for endangering America by helping Europe stand up to the menace of Russia.

Mr Biden has followed his own playbook. In May 2021, when Hamas barraged Israel with rockets from Gaza, he did not call for restraint or a ceasefire, as past presidents probably would have. Rather than try to box in Mr Netanyahu publicly, a step that could backfire, he voiced support for Israeli air strikes, while in phone calls over eleven days he questioned the prime minister about his strategy, to show him he had no clear endgame, according to "The Last Politician", a new book on the Biden presidency by Franklin Foer. On the fourth call, as Mr Netanyahu continued insisting the Israeli operation was not done, the president told him time was up. "Hey man, we're out of runway here," Mr Biden said, according to Mr Foer. "It's over." Mr Netanyahu agreed to a ceasefire.

Michael Oren, who as Israel's ambassador in Washington during most of the Obama years relied on Vice-President Biden to be his point of contact, says Mr Biden's connection with Mr Netanyahu is less about chemistry than history—their own shared past, and Israel's. Mr Biden "remembers the six-day war, he remembers the '73 war," Mr Oren says. "There's a saying, 'He has Israel in his heart.' It's very personal with him."

That is less and less true generally of Democrats, who have their own divisions over foreign policy. Some on the party's benighted leftist fringe celebrated the massacre of Israeli civilians, and members of the growing anti-Israel faction of House Democrats began almost immediately calling for a ceasefire. Mr Biden recognised this would be not just a political impossibility for Israel, but a strategic and moral one.

Yet while Mr Biden has been forthright that Israel has not just a right but "a duty" to defend itself, he has also been deft in urging restraint. In a speech three days after the Hamas assault, he said he and Mr Netanyahu had discussed "how democracies like Israel and the United States are stronger and more secure when we act according to the rule of law." The American president had not demanded anything, in other words; the two leaders had instead re-committed themselves to a shared value.

Palestinians have politics, too

Now comes the hard part, of course. Gazans are already suffering and dying under Israeli siege and bombardment, and a ground invasion will cause far more agony, as Hamas hopes. (Gazan civilians may be prisoners of Israel, but they are also hostages of Hamas.) And an invasion will increase the chance of a wider war. Mr Biden's judgment and ability to influence Mr Netanyahu are in for a severe test.

And just as, once this crisis eases, Mr Netanyahu will face a reckoning for Israel's failures of intelligence and operations, Mr Biden's Middle East policy deserves scrutiny. His decision to ease pressure on Iran and his attempt at a benign neglect of the Israel-Palestine conflict have ended in violence, albeit violence that has been a long time coming.

One can draw a line to this war in Gaza from the moment in 2006 when Condoleezza Rice, then secretary of state, glanced up at the television news from her elliptical trainer and learned, to her shock, that Hamas had won elections in Gaza that she had been promoting as spreading democracy in the Middle East. "I thought, 'Well, that's not right,'" Ms Rice later told a biographer, Elisabeth Bumiller. Four successive American administrations have paid too little attention to the miseries of Palestinian life and the realities of Palestinian politics. They have failed to buttress Palestinian institutions and reform-minded Palestinian leaders. A true friend of Israel would not make that mistake again. ■



A momentous election

Can Argentina's next president fix the economy?

BUENOS AIRES

Javier Milei still leads the polls. But the country needs more than dollarisation

THERE ARE four types of countries in the world: developed, undeveloped, Japan and Argentina. Decades after the Nobel-prize-winning economist Simon Kuznets is said to have coined this phrase in the 1970s, Argentina still stands out for its exceptional record for high annual inflation, which currently stands at a massive 138%. Could that be about to change? On October 22nd Argentines will vote in a presidential election. For the first time in decades, two of the three leading candidates are offering free-market solutions to the country's many problems.

Those two candidates are Javier Milei, a libertarian who is leading the polls, and Patricia Bullrich, a centre-right former security minister who is the candidate for Together for Change, the main centre-right coalition (see chart 1 on next page). Mr Milei, who wields a chainsaw to symbolise his approach to the state, has promised to slash public spending by 15% of GDP (it is currently around 40% of GDP), scrap most taxes, privatisate state-owned companies

and swap the local currency, the peso, for the dollar. His coalition, Freedom Advances, was created only in 2021. Ms Bullrich also wants to balance the budget by cutting spending, beef up central-bank independence and have a dual-currency system in which both the dollar and the peso would be accepted.

The third candidate is Sergio Massa, the country's current economy minister, who, though part of a left-wing Peronist administration, is considered more centrist and has good relations with the IMF. If on October 22nd no candidate obtains either 45% of the vote or 40% with a ten-percentage-point lead over the runner-up, a run-off will ensue in November.

Argentina's decline has been gradual and mostly self-inflicted. A century ago it

had a GDP per person higher than that of Germany, Italy or France. Millions of European migrants flocked to work on its fertile lands. "*Riche comme un Argentin*" became a colloquialism to describe obscene wealth by a landowning aristocracy. Today the phrase is a joke. Germany's GDP per person is now quadruple Argentina's. Neighbouring Chile's is almost a third higher.

According to the World Bank between 1950 and 2016, the country experienced 14 recessions, defined as one or more consecutive years of negative growth (it has since had another two). Over this period, for every two years of growth, Argentina has had one year of recession, a record more typical of war-torn oil states (see chart 2). Recessions not only happen frequently, but are deep. In an average slump, Argentina's GDP contracts 3.5% per year. The result is that it is almost impossible to maintain economic growth. According to Martín Rapetti of Equilibria, a consultancy in Buenos Aires, Argentina's real GDP per person was roughly the same in 2020 as it was in 1974.

Argentina has defaulted nine times on its sovereign debt since it became independent in 1816, including three times since 2000. This has led it to be shut out of international capital markets. Administrations have either forced the central bank to print money to finance the deficit, or taken out debt with multilateral lenders to keep spending going. Since 1956, when it joined the IMF, Argentina has been involved in 22

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► bail-out programmes. It now owes the fund \$43bn.

The country's economic problems have mostly been caused by its politics. Since 1930 Argentina has had six military coups, which have impeded the regular functioning of the courts and the legislature. Even in democracy, institutions have been undermined. Populist presidents have fired central-bank chiefs at will and expropriated dozens of private companies. Between 2007 and 2014, when a particularly left-wing strand of Peronism was in power, the government published bogus inflation statistics and fined economists who divulged their own estimates, which were often more than double the official one.

The current Peronist government has created or increased at least 27 taxes, often by decree. At least seven new exchange rates have been invented under this administration. In the run-up to the election, Mr Massa abolished income taxes for 99% of registered workers, increased wages for public employees and handed out a bonus in pesos worth \$100 (converted at the official exchange rate) for pensioners.

Populism has contaminated trade, too. Successive Peronist administrations have cut the country off from international commerce in order to protect workers and keep domestic prices down. Trade as a percentage of GDP is just 33%, among the world's lowest (it is 84% in Mexico and 64% in Chile). Such governments have also bashed the country's main export sector, agriculture, as an oligarchy, and sought to hobble it by imposing export restrictions on farm produce. Exports of soya, the country's main product, are taxed at 33%.

All of this means that most Argentines prefer to do things off the books. Banks, which in the past have effectively confiscated savings under government orders, are avoided. Domestic credit to the private sector is only 11% of GDP, compared with 83% in Chile. Nobody trusts the local currency. Though the country has had five different currencies in as many decades, Argentines have long preferred to save in

Javier's to lose?



greenbacks. They are thought to hold at least \$250bn in offshore accounts or under the mattress, the equivalent of more than a third of GDP.

Unsurprisingly, confidence in government is at a 20-year low. Corruption is rampant. In December the powerful vice-president, Cristina Fernández de Kirchner, who was president between 2007 and 2015, was sentenced to six years in jail for defrauding the state of \$1bn (she denies wrongdoing and has appealed against the decision). In September, Martín Insaurralde, the chief of staff for the governor of Buenos Aires province, the country's most populous state, was tagged in photos taken by an escort of the two of them on a yacht. He and his ex-wife are being investigated on suspicion that they evaded taxes and laundered up to \$100m into property, which they deny.

More than half the population is estimated to get some form of government welfare. Many of these handouts are inefficient. A programme introduced in 2020 which aims to bring casual workers into the formal market reaches almost 1.3m people—yet only around 15,000, or 1.2% of recipients, have so far found formal jobs. According to the Inter-American Development Bank, administrative inefficiencies mean that Argentina's government loses an amount worth over 7% of GDP a year because of leaks in welfare transfers, wasteful public procurement and waste in employee remuneration. This is more than any other country in Latin America.

Though inefficient, these welfare payments continue because they are essential to the way politics functions. Middlemen known as *punteros*, who are in charge of distributing social handouts, also make sure their recipients vote for the right party. In September one *puntero* was arrested in Buenos Aires province while he was withdrawing money with 48 different debit cards that belonged to local legislators. Police suspect he was acting on behalf of politicians to buy votes. Argentina's federal structure also encourages clientelism, as presidents jockey for the support of the country's 23 powerful governors.

Such potential skulduggery has benefited Mr Milei, who gained fame by railing against politicians as a "caste" who steal from hard-working folk. His team is mostly made up of political novices, though some are well-regarded economists.

The rise of the libertarian has raised hopes among some analysts. Ramiro Blazquez of BancTrust, an investment bank which focuses on Latin American debt, thinks that the fact that two of the leading candidates are proposing free-market policies is a good sign. He points out that, last time Argentina went through a similar economic crisis in 1989, which included hyperinflation, it ushered in a liberal government that managed to turn the coun-

Two steps forward, one back

GDP growth, ratio of negative years to positive*
1950-2023



*Countries with full data records from 1950-2023
Source: The Conference Board

try's fortunes around for a decade. Today, talk of cutting public spending is not turning off voters but attracting new ones. "The political rhetoric has changed, people's expectations have changed," says Fernando Marull, a consultant in Buenos Aires.

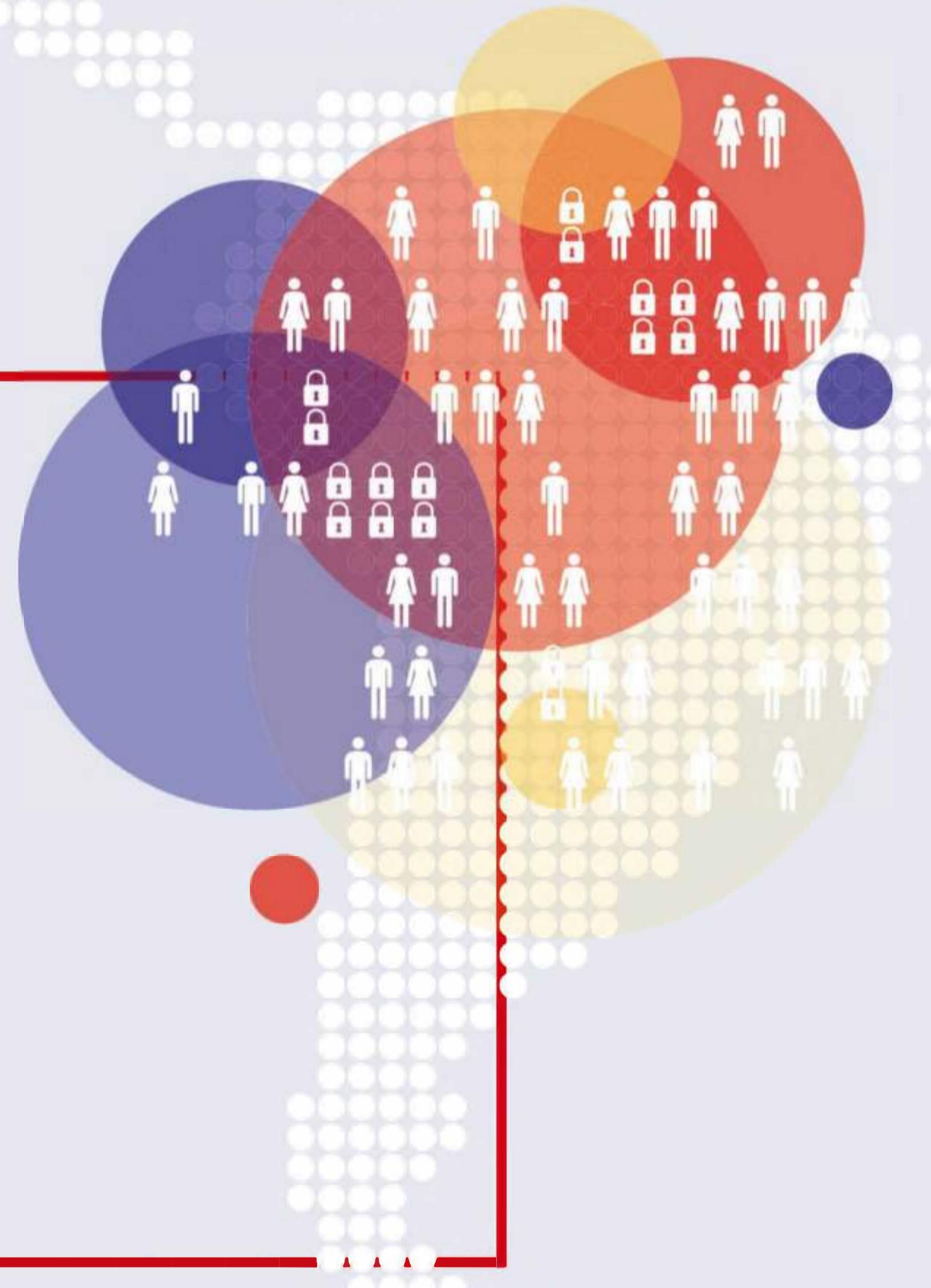
Mr Marull also notes that certain sectors—such as mining, oil and gas and tech—are booming. The country has one of the world's biggest reserves of lithium. Rystad Energy, a consultancy, estimates that oil output in Argentina will more than double to 1m barrels per day by 2030. Even in dollar terms the local stock market has risen by almost 75% over the last year.

Get the chainsaw!

Yet positive headwinds may not be enough to save Argentina. "Argentina's principal problem is political," says Mr Rapetti. An addiction to charismatic leaders who co-opt state institutions rather than build political consensus has made it impossible to implement good policies and maintain them over time. Other countries in Latin America have managed to stabilise their economies by creating independent central banks, targeting inflation and getting their fiscal accounts in order. All this led to stable currencies. It is unlikely that a similar combination of policies could be implemented quickly in Argentina, because of years of distortions and handouts. Painful economic policies are also likely to lead to massive protests.

In the presidential primaries for this election, candidates who advocated broad coalitions as the basis for macroeconomic stabilisation fared badly. Instead, voters plumped for Mr Milei, whose radical dollarisation proposal could be a quick fix for inflation, but will not solve the country's underlying decay. Mr Milei's party is not expected to get a majority in Congress. That could result in legislative gridlock. Optimists believe that if the economic crisis gets bad enough, politicians from other parties would eventually line up behind him. Given Argentina's track record, voters should not hold their breath. ■

How to improve the future of cancer care in Latin America



Supported by  **BeiGene**

Cancer is a leading cause of death globally, contributing to more than one in six deaths, and incidence is expected to rise by 50% by 2040 as populations age. The situation is even more acute in Latin America, where the share of the population aged 65 years and older will more than double in the next three decades. That will have the knock-on effect of increasing cancer incidence by an average of 64% across nine of the region's most populous countries—ranging from an increase of 42% in Argentina to 98% in Guatemala.

In Brazil alone, the projected 68% increase would mean about 1m newly diagnosed cancer patients needing care each year—which would significantly impact its health system. This huge influx of additional patients will force countries to reconsider how they prioritise resources in order to sustainably deliver high-quality cancer treatment, while maintaining care across their wider health systems.

How countries adapt to this challenge has implications not just for patients and their

families, but more broadly for societies and economies. Economist Impact's report "The Future of Cancer Care: Health-System Sustainability in Latin America", supported by BeiGene, explores the growing cancer burden in the region, the challenges this presents, and potential policy actions and interventions that could help countries improve access, system sustainability and patient outcomes.

The countries of Latin America are diverse, as are their health-care systems, so a one-size-fits-all solution is unlikely to deliver the best outcomes. However, some common approaches, such as bridging the equity gap in the private and public health sectors, and investing in health-workforce capacity-building, can help countries mitigate cancer incidence and increase access to sustainable cancer care.

Find out more about what countries in Latin America can do to reduce the impact of cancer on patients, health systems and society at: econ.st/LATAM



Guatemala

Democratic display

GUATEMALA CITY

Bernardo Arévalo battles on

MORE THAN two weeks after protests began outside a drab government building in the capital of Guatemala, hundreds of demonstrators are still in place. Amid flags and the noise of vuvuzelas, the crowd camped outside the public prosecutor's office in Guatemala City calls for the resignation of a list of officials, starting with María Consuelo Porras, the public prosecutor. They are not alone. Since October 2nd hundreds of Guatemalans have been blocking roads across the country, protesting against those who appear to be undermining democracy in the Central American country.

Ms Porras, who has been put under sanctions by the United States for corruption (which she denies), is at the forefront of a select group trying to stop the transfer of presidential power to Bernardo Arévalo. Since his landslide win in elections in August, on an anti-corruption platform, Mr Arévalo has become a symbol of hope in a country and region where democratic backsliding has become the norm.

Initially "the pact of the corrupt", as Guatemalans refer to a small elite drawn from the ranks of the political, military and judicial spheres, claimed, without evidence, that the elections were fraudulent and forced the ballot boxes to be reopened. The result stayed the same. Then they tried to suggest that Semilla (Seed), Mr Arévalo's party, was fraudulently formed and should be dissolved. That case is continuing.

Most reckon these attempts to stop Mr Arévalo from being sworn in on January 14th will fail. Although some Guatemalans are fed up with the roadblocks, the peaceful protests are putting pressure on the elite, as are many foreign governments. Keeping Mr Arévalo from power would risk a widespread uprising. "The most sacred thing in a democratic country is the vote," says Alida Vicente, a lawyer and elected member of an indigenous administration in Palín, in the south, who travelled to the capital to join the protest.

On October 16th Guatemala's interior minister resigned, after a group of 50 people wielding guns, wooden planks and stones killed a protester while trying to disperse a protest. Many businesspeople are supporting Mr Arévalo, either because they are keen to be close to those in power or for fear of American sanctions if they do otherwise. The courts are divided. While the case against Semilla continues, on Oc-

tober 14th an appeals court quashed the conviction of José Rubén Zamora, a prominent investigative journalist who was sentenced in June to six years on trumped-up charges of money-laundering. (But it also ordered a retrial.)

The continuous challenges are hurting Semilla. Formed by a group of urban academics, the party ran its first round on \$20,000. It did not even have money to do internal polling. The party has no experience of holding power. It will hold only 23 of 160 seats in Congress.

Still, Mr Arévalo should be able to make his mark. Alejandro Giammattei, the outgoing president, has strengthened the powers of the presidency. "Guatemala's public administration is so bad that even using a few executive powers he could drastically improve it," reckons Daniel Haering Keenan of the Universidad Francisco Marroquín in Guatemala City. And the battle for Mr Arévalo has sparked a desire to protect democracy more generally. As Esteban Toc Tzay, an indigenous leader who was at the protests, put it: "This is the feeling of the Guatemalan people." ■



Venezuela

Blowout

CARACAS

President Joe Biden lifts sanctions

NICOLÁS MADURO, Venezuela's autocrat, has managed to stay in power by undermining his country's democratic politics. So few held out much hope when, on October 17th, members of his government and the opposition jetted to Barbados to strike a deal in order to set out how free and fair presidential elections could be held in 2024.

Such cynicism seemed well founded.

The deal, which was overseen by Norway's government, was entitled a "partial agreement". It initially appeared to be overwhelming, albeit with some concessions. The document finally cleared the path for the opposition to hold its primary elections, scheduled for October 22nd. The opposition will be allowed to choose its candidate "according to its internal rules." An approximate date was agreed for presidential elections. These will be held in the second half of 2024.

Just getting Mr Maduro to agree to these small democratic steps had taken months of mostly secret negotiations. The day after the deal was signed it finally emerged just how he was cajoled. On October 18th, President Joe Biden's administration announced that, with immediate effect, it would lift most of the restrictions placed on Venezuela's energy, gold and financial sectors. The state oil company Petróleos de Venezuela SA (PDVSA), which has been under sanctions since 2019, will be able to sell oil to whoever it chooses, with the exception of Russia. Some Venezuelan bonds can be traded by American entities again.

The turnaround represents a significant financial boost for Mr Maduro's government, particularly the change of rules for PDVSA. For the last four years it has been bypassing sanctions by selling oil on the black market, for as much as a 40% discount. "I think this could almost double Maduro's revenues from oil: he will be receiving a much lower discount, and exporting more," says Francisco Monaldi, at Rice University in Houston, Texas. Mr Maduro was certainly jubilant when he appeared on state television. "It is a world consensus that sanctions against Venezuela be lifted," he gushed.

But the wily dictator has more to do if he really wants to come in from the cold. Antony Blinken, America's secretary of state, said that the Biden administration has given Mr Maduro only until the end of November to start releasing political prisoners and any "wrongfully detained" Americans. On October 19th five Venezuelans—journalists and politicians who had been imprisoned for years—were set free.

Another, more difficult, request for the regime to comply with involves the opposition primary election, on October 22nd. The clear favourite to win is María Corina Machado, a conservative. She has already been banned from holding office. Mr Blinken made clear that, also by the end of November, Mr Maduro's government must "define a specific timeline and process for the expedited reinstatement of all candidates". He warned that "failure to abide by the terms of this arrangement will lead the United States to reverse steps we have taken". Mr Maduro has a poor track record of keeping his part of a bargain. Now he is about to be tested. ■



Japanese geography

Islands of the Rising Sun

THE OGASAWARA, RISHIRI, SADO AND YONAGUNI

Remote outposts underpin Japan's maritime power, but face mounting pressures

FROM AFAR, the Japanese archipelago appears to consist of just a few islands. Zoom in and more come into view, dotting the map like the ink splatters of a calligraphy brush. Japan has around 14,000 islands, some 400 of which are inhabited. These often-remote abodes, known as *ritou*, define the country's borders. Though small, and sometimes tiny, together they shape Japan's identity as an ocean nation and underpin its maritime power.

The *ritou* are often overlooked. Fewer than 1% of Japan's 125m people live outside its five main islands, Honshu, Kyushu, Shikoku, Hokkaido and Okinawa. Remote islands make up about 2% of Japan's land mass. Yet they account for half of the exclusive economic zone (EEZ) which helps Japan punch above its weight at sea: it is the world's 62nd-largest country yet has the sixth-largest marine area (see map on next page). The combined coastlines of the *ritou*, 20% of Japan's total, are longer than the whole of Brazil's. They are also storehouses of cultural and biological diversity.

Yet these quietly consequential islands face mounting pressures. On islands like

Sado, off the northern coast of Honshu, or Rishiri, near Hokkaido, demographic change is hollowing out communities. Climate change threatens the already fragile supply chains of places like the Ogasawara, a group of islands halfway to Guam, which rely on ferries to connect them to the mainland. In the Nansei, the islands that stretch between Taiwan and Kyushu, residents are making flight plans in case of a war with China.

Remote islands closer to the mainland have been Japanese for centuries. Visitors to Sado can find dozens of thatched-roof Noh theatres, a testament to the influence

of Zeami Motokiyo, Noh's pre-eminent playwright, who was exiled to the island in the early 15th century. Those farther afield, including the Nansei, the Ogasawara and the islets around Hokkaido, are relatively recent additions. Incorporating them played a "crucial role in the Japanese nation-building process" of the mid-to-late 19th century, says Ishihara Shun of Meiji Gakuin University in Tokyo. Their strategic value came to the fore during the second world war, when Iwo To, a speck in the Ogasawara, became the site of a terrible, legendary battle. (Iwo Jima, its widely known anglicised name, resulted from a Japanese military mispronunciation.)

After the war, the *ritou* struggled to keep up as Japan boomed. (The Nansei and the Ogasawara remained under American occupation for decades.) Many in Tokyo considered them an encumbrance. But perceptions changed as international maritime law evolved. In 1982, the United Nations Convention on the Law of the Sea granted states exclusive rights over marine resources extending 200 nautical miles (370km) beyond their territorial waters. That "changed the shape of the nation" and helped Japan become a "maritime great power", says Iwashita Akihiro of Hokkaido University. The *ritou* conferred it with vast fishing waters and undersea resources.

Marine riches draw China's attention. Oil and gas reserves are one reason that it covets a group of uninhabited islands in the East China Sea that Japan controls and calls the Senkaku (China claims them and ►►

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calls them the Diaoyu). Deposits of rare-earth minerals, perhaps equivalent to hundreds of years' worth of global demand, have been discovered in hard-to-extract mud on the sea floor near Minamitorishima, which belongs to the Ogasawara; Chinese research ships have been spotted surveying the sea floor nearby. On distant Chichijima, the main island of the Ogasawara, locals recall with horror a night in 2014 when hundreds of large Chinese fishing boats descended on the island to harvest its coral. "The fact that China is interfering in these areas is a testament to their value," says Itokazu Kenichi, the mayor of Yonaguni. China's threats to nearby Taiwan have also spurred Japan to reinforce defences on some remote islands in the south-west.

Yet the biggest challenge for most ritou is a severe version of one that much of Japan faces: shrinking, ageing populations. "They cling to the memory of their golden age," says Saito Jun, an author who has visited hundreds of islands. The population of remote islands shrank by nearly 60% between 1955 and 2010 (excluding those occupied by America). By contrast, Japan's overall population began declining only in 2008. On the 300-odd inhabited ritou not linked to the mainland by bridge, 37% of the population was over 65 years old in 2020, compared with 29% nationally. If they were a prefecture, it would have been one of the most aged in the country. These trends worry security-conscious officials. "It's important that people live there—it serves to patrol the borders," says Tsukamoto Kuniyoshi of the remote-islands department at the infrastructure ministry.

Decades of state-backed investments have sought to make remote-island life more attractive. Yet health care remains far more precarious even than in rural areas on the mainland, acknowledges Kosaka Katsuya, a town-hall official on Rishiri. Locals there must trek to bigger islands to give birth; helicopters evacuate those who need emergency surgery. Many remote islands do not have high schools, and some are losing elementary and middle schools. Complex logistics mean higher prices for consumers. Businesses struggle with tiny

local markets—some 70% of the ritou have fewer than 500 inhabitants.

Many islands hope simply to arrest the slide. On Sado, the population of 49,000 is projected to drop to 19,000 by 2060; the local government's goal is to keep the decline to 30,000. Government subsidies aim to encourage migration to the island. But they are up against powerful social forces that are pushing young people away. "They hear from their parents and grandparents that there's no point in staying, that you should leave, go make it in Tokyo," laments Watanabe Kazuya, a local official.

Remoteness is not in and of itself a death sentence. Take the Ogasawara, the most remote of all the inhabited ritou, accessible only by a ferry that takes 24 hours to travel one way. The population has been stable for years; if anything, housing is in scarce supply. The internet keeps islanders connected to modern services; what cannot be found in the small handful of shops can be ordered from Amazon. Tropical weather, stunning vistas and an open-minded community attract many newcomers. For many of them, living so far off the map has its own wonderful appeal. ■

India and free love

Playing it safe during Navratri

MUMBAI

Social-media influencers are battling to educate young Indians about sex

THIS WEEK marks the start of Navratri, a Hindu festival spanning nine nights that honours the goddess Durga. In western India, men and women celebrants will re-enact the fight between good and evil by clanking wooden sticks and swaying in circles together to loud music. Some go further. Navratri's emphasis upon heady mingling between the sexes has long been associated with free love. The Hindu nationalist government of Gujarat once attributed a rise in abortions in the state to the festival. Condom sales are reported to soar ahead of it.

"We stock up a few weeks beforehand and sell 30-40% more than usual during Navratri", says Mahendra Kumavat of K&S Pharmacy in the Gujarati city of Ahmedabad. The growing scale of the festivities, as India gets richer, is creating opportunities for surreptitious coupling. Reduced family sizes have meanwhile made parents less able to rely on one of their offspring to police libidinous teens. Some go so far as to hire detectives instead. "On two occasions we do great business: one is Valentine's Day and another is Navratri", says Lalit Raval, a former air force officer, who runs a private detective agency in Gujarat.

Some condom sellers are seizing the opportunity. In 2021 Nykaa, an e-commerce outfit, slashed prices of condoms and lubes as part of a "Navratri sale". A few years earlier Manforce, an Indian condom maker, ran hoardings featuring a former porn star called Sunny Leone with the slogan, "This Navratri, play, but with love". The signs were castigated by Hindu activist groups and taken down.

India's rulers are generally averse to talking about sex. Condom advertisements deemed explicit by the government were subsequently banished from daytime television across the country.

Gujarat, Karnataka, Madhya Pradesh, Maharashtra and Rajasthan have all banned sex education in schools—with predictable results. According to a survey published in 2021, 78% of young men had had unprotected sex with their last partner. The incidence of venereal disease among adolescents is growing.

This is a chronic failing. Social-media influencers such as Tanaya Narendra, an embryologist with 1.1m followers on Instagram, are at least trying to fill the gap. "I am an ordinary girl from a small town in Uttar Pradesh. So people are not intimidated by me," she explains. A study among teenage girls in northern India last year found a higher understanding of sex, birth control and pregnancy among social-media users than non-users. If they want to play with love this Navratri, they are likelier to do so safely.



Let the festivities begin



Gay rights in India

Don't rely on the courts

DELHI

The Supreme Court refuses to legalise same-sex marriage

THE MOOD in India's gay community was hopeful on October 17th as the Supreme Court in Delhi began to deliver its verdict on a raft of petitions asking it to allow same-sex couples to marry. Yet it soon became clear that the five judges would not recognise gay unions. Instead they sided with the government's view that changing the institution of marriage was a job for Parliament rather than the court.

The verdict is a bitter setback for gay rights. It is a victory for India's Hindu-nationalist government, which considers same-sex marriage an "urban elitist" idea at odds with Indian culture. It also casts a shadow over the Supreme Court's record of advancing personal rights and social progress despite conservative opposition.

The petitioners argued that marriage was a fundamental right guaranteed by India's constitution, which should therefore be available to all. To make it so, they asked the court to tinker with the Special Marriage Act, which governs unions between people from different faiths or countries (Indian personal laws being largely religion-based, with different rules for people of different faiths). If the act referred to "spouses" rather than husband and wife, they said, it would cover same-sex couples.

There was reason to think the court would be sympathetic. D. Y. Chandrachud, the chief justice, is an outspoken advocate of liberal values. Many of the court's recent decisions have challenged prevailing conservative attitudes to sex and relationships in India and expanded rights against fierce government opposition. In 2014 the court recognised a third gender; in 2018 it decriminalised gay sex. A ruling in 2017 overturned the law that made adultery a criminal offence, emphasising the sexual autonomy of women within a marriage.

Mr Chandrachud rejected the government's censorious depiction of same-sex marriage and recommended some recognition for same-sex unions in his minority opinion. Even so, he and the other judges agreed with the government that it was up to the legislature to make appropriate changes to the laws that regulate marriage.

That was a cop-out. There will be no law to recognise same-sex marriage under the ruling Bharatiya Janata Party. Even if the opposition wins the election in 2024, which is unlikely, it will not be a priority. The court's decision precludes most future attempts at legal challenge. ■



Indigenous relations

No special measures

SYDNEY

Has Australasia lurched right on race?

INDIGENOUS PEOPLE in Australasia have had a tough month. In a referendum on October 14th Australian voters rejected their Labor government's proposal to establish an indigenous advisory body, or "Voice to Parliament". On the same day New Zealanders elected the most conservative governing coalition since the adoption of proportional representation in 1993. The new prime minister, Chris Luxon, pledges to scrap policies designed to boost Maori influence in politics. Have the two countries moved right on race?

Australians certainly moved against the "Voice", which was meant to give Aboriginal people more say in policymaking. Polls last year suggested two-thirds would approve the necessary constitutional amendments. Yet over 60% voted "no", rejecting the proposal in every state. Similarly, in dismissing their Labour government, New Zealanders rejected its schemes to promote the Maori language and hazy plans to "co-govern" with tribes. The country's right-wing minor parties, ACT New Zealand and New Zealand First, called these "divisive race-based policies". Both increased their vote. Results are still coming in, but Mr Luxon's centre-right National Party may need both minnows for a majority.

Critics on both sides of the Tasman had the same complaint, that "indigenous policies risk dividing the nation along racial lines", notes Dominic O'Sullivan of Charles Sturt University in New South Wales.

These naysayers (some of them indigenous) objected to special rules for any group. The opposition campaigns also saw "an awful lot of race-baiting", notes Mr O'Sullivan. Maori leaders complained in September of "dog whistling and outright public displays of racism from political candidates". Australians displayed "contempt for us", said an Aboriginal academic, Marcia Langton, after the referendum. Decades-long reconciliation efforts are in ruins, she and other activists say.

Yet many Australians see the verdict differently. It "doesn't indicate that Australians are unsympathetic" to Aboriginal people, argues Greg Melleuish of the University of Wollongong, but that "they did not think this was the way to solve their problems." Aussies are always reluctant to change their constitution; only eight of 45 referendums on doing so have succeeded. And no-campaigners could cite particular reasons for caution in this case. Important details of the Voice were unclear, they noted, including the issue of how its members would be elected and held accountable. Had the government of Anthony Albanese been more willing to negotiate on such issues, the centre-right parties might have been persuaded to back it.

The debate is in a sense starker in New Zealand, because it has made far more progress on relations with indigenous people. It had been almost two decades since race was a big electoral issue there. In contrast to Australia, New Zealand's 19th-century colonists signed a treaty with Maori leaders, recognising Maori rights. Though they were flouted, this provided a legal basis, way back in 1970, for New Zealand to investigate and provide redress. It has reached settlements with almost 90 Maori tribes, or *iwi*, offering apologies and compensation of NZ\$2.6bn (\$1.6bn). The process has had bipartisan support for decades—yet now faces scrutiny. ACT New Zealand's leader, David Seymour, wants a referendum on the extent of its powers. "No one should be treated differently based on who their ancestors were," he says.

The final make-up of New Zealand's coalition will not emerge until November. But Mr Luxon is already expected to axe a new Maori Health Authority, intended to give tribes more power over health policy and close a seven-year life-expectancy gap. He will also scrap unpopular plans to share management of water infrastructure with *iwi*. Whether he might end some of his predecessor's more cosmetic measures, such as pushing civil servants to speak Maori, is unclear—but many Labour supporters would not mind if he did. "Labour brought the race issue to the forefront because they moved at a pace that is not in line with the public," says Sir John Key, a former conservative prime minister. Much the same happened in Australia. ■

Australian energy

Lucky but sooty

SYDNEY

Australia's energy transition is in trouble

HUGE OPEN-CUT coal mines carve up the Hunter Valley in New South Wales. For decades the fuel extracted from them has been hauled by train to nearby power stations, keeping lights on across south-eastern Australia. But their turbines are winding down. One ageing coal plant shut in April. Three others in New South Wales are due to close within a decade. The state is jettisoning coal so fast it is attempting an “industrial revolution in 15 years”, said its energy minister, Penny Sharpe.

Australia, the world’s second biggest coal exporter, is finally trying to clean up its power sector, its biggest source of greenhouse-gas emissions. It still relies on coal for 57% of electricity generation and emits more from burning it, per person, than any other G20 country. But its states and centre-left federal government have set targets to slash emissions to net zero by 2050 or earlier. The Labor prime minister, Anthony Albanese, aims to get 82% of electricity from renewables by 2030. That is ambitious—and the transition is already running into problems.

The most pressing is that Australia has deployed enough cheap renewables to undercut its ageing coal plants, but not to replace them. Clean power generation, mostly from wind and solar, has more than doubled in a decade, to 37% of the total. One in three Aussie households has installed PV panels on its roof—more, per person, than any other nation. By comparison, Australia’s coal plants are old, expensive to maintain and power firms are hastening their closure. Over half the 15 stations on the eastern seaboard are due to shut by 2035.

That could leave a big generation gap. State governments which share responsibility for energy with the commonwealth, are stepping in to prop up ailing coal plants to avert blackouts. On September 5th the Labor government of New South Wales said it would negotiate to keep its biggest coal power station, Eraring, open beyond 2025, which is when its owner, Origin Energy, wants to close it. Victoria, another Labor-held state, is paying two power companies not to close their stations early.

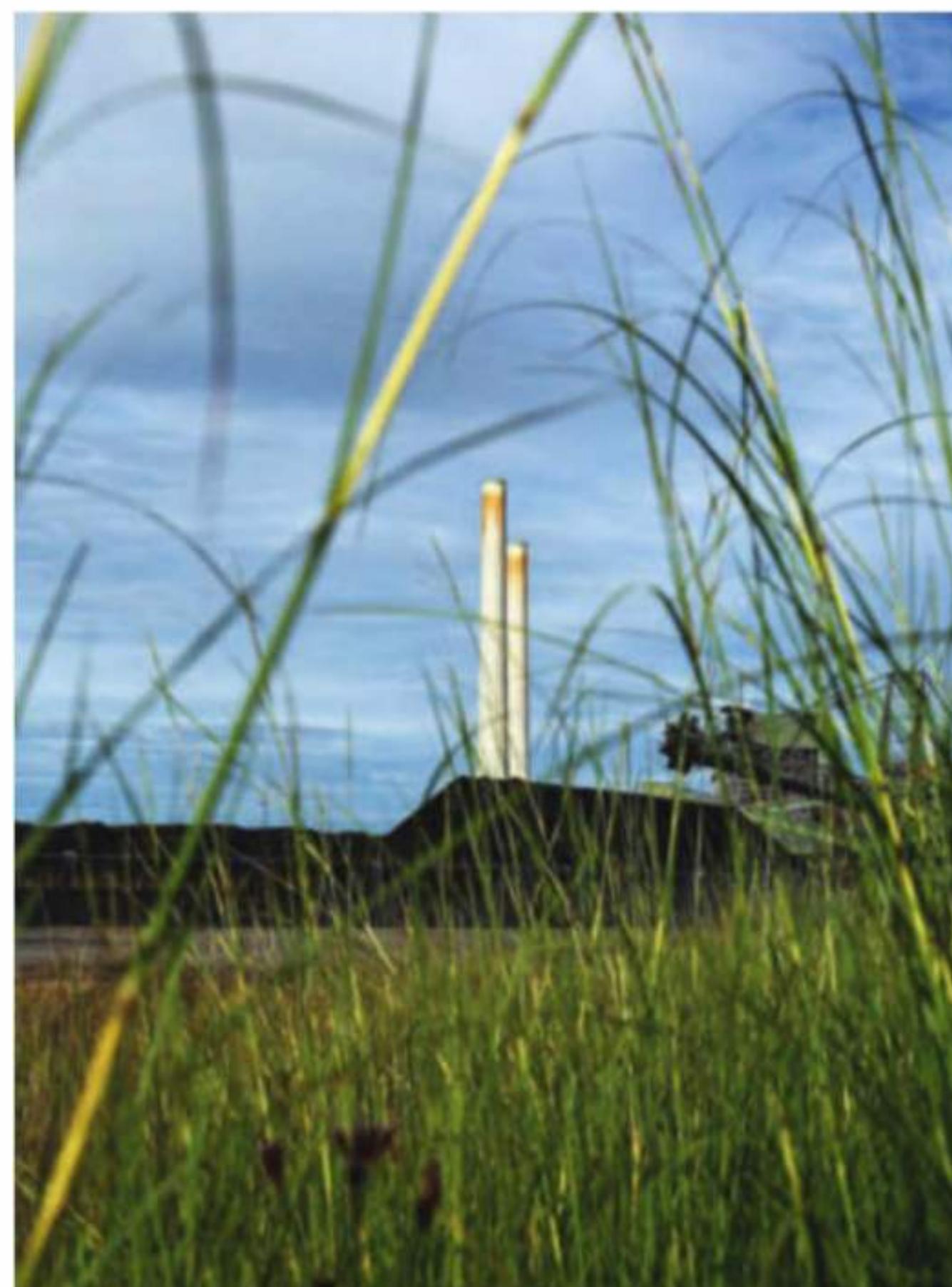
Australia’s bounteous renewables resources should help it adjust. It is as rich in sun and wind as fossil fuels. Yet the task is daunting. The federal government estimates that to meet its targets, Australia must install around 44GW of renewables, plus batteries and reliable sources of pow-

er such as hydro. Meanwhile, investment in green energy is flagging.

That is partly due to years of stop-start climate policy, which tied up parliament and toppled three Australian prime ministers. Between 2013 and 2022, conservative governments tore up a carbon price scheme created by Labor and resisted emissions cuts. “The problems we face now are a legacy of that dysfunction,” argues Kane Thornton of the Clean Energy Council, a renewables association. Australia still lacks an overarching policy to support its renewable targets, relying instead on a tangle of state and federal incentives.

Power lines are another problem. The national grid may need 10,000km of new cables to link up solar and wind farms. The federal government has allocated A\$20bn (\$13bn) in low-cost debt to draw investment. But Australia’s size makes the project hard and NIMBY-ist farmers are fighting it. Some protested in tractors at Victoria’s parliament in August, waving signs saying “don’t fight the hand that feeds you”. Landowners are a “human toll” in a “reckless race to renewables”, said David Littleproud of the rural National Party.

The hold-ups leave state governments little choice but to prop up coal plants. “I don’t think anyone appreciated how difficult this would be,” says Tony Wood of the Grattan Institute, a think-tank. He argues for a policy to boost renewables investments, for example by putting a price on carbon emitted from coal plants, or making retailers buy more clean power. “We need levels of co-ordination between the states, industry and government that we haven’t seen since wartime”, he says. Indeed it is hard to match Australia’s ambitions on the energy transition with its progress. It will not become a renewables superpower if it cannot keep the lights on. ■



Kicking coal into the long grass

South Korea's chip industry

Chipping away

SEOUL

Some good news for South Korea's besieged chipmakers

IT HAS BEEN an anxious year for Samsung Electronics and SK Hynix, South Korea’s leading chipmakers. Last October America restricted exports of advanced chipmaking equipment to China in an attempt to cripple its ability to procure or produce chips for weapons systems. The South Korean firms, which rely on China as both a manufacturing base and market, received a year-long exemption, but fretted about what might happen after it expires.

On October 9th their minds were put somewhat at ease. South Korea’s government announced that, thanks to “close cooperation” with America, the waivers would become indefinite. Yet the unpredictability of the Sino-American tech war (see Business section) and China’s attempts to bolster domestic manufacturers mean South Korea’s most important industry may still have to look beyond China.

Chips made up some 19% of South Korea’s total exports in 2022, more than any other product. Memory chips, which store information, make up almost 60% of that total, and South Korean companies control about the same percentage of the global market. Factories in China are key to this dominance. Samsung manufactures 40% of its NAND chips in the country, while SK makes 20% of its NAND chips and 40% of its DRAM chips there. China is a big market for both, accounting for 16% and 44% of their respective sales in 2021. So the exemption is hugely valuable; it allows the firms to keep sending spare parts to their factories in China.

Chey Tae-won, the head of SK Group, has said it is “not possible to give up the Chinese market”. Yet even with the exemption it may be harder to make chips there. The details of the extended regime are not public, but if they constrain the use of specific types of equipment it might be difficult for South Korean companies to upgrade their factories beyond a certain point. Japanese and Dutch export restrictions on semiconductor technology used by Samsung and SK Hynix remain in place. And if companies want to receive tax incentives offered by America’s CHIPS Act, a law designed to encourage semiconductor manufacturers to set up shop in America, they may be constrained by limits it puts on the expansion of production in China.

Chinese demand for South Korean chips is also uncertain. China’s sluggish economic recovery from the pandemic, ➤

► and the stockpiles of chips that semiconductor firms have built up as a result, mean South Korean exports of semiconductors to China are down this year. And China has been pumping money into its own semiconductor industry. As a result YMTC, China's memory-making champion, has survived being cut off from global chipmaking tool supply chains by American export controls. It is due to complete a new factory this year, relying on Chinese machine tools instead of foreign ones. Almost 56% of South Korean semiconductor firms surveyed by the Bank of Korea in June said un-

helpful market conditions, China's industrial policy and its advancing chip industry mean export levels are unlikely to recover.

The unpredictability of the Sino-American tech war creates further risk. South Korean officials like to say the row highlights the relative closeness of America and South Korea. It also reveals America's tendency to design industrial policy without consulting allies. Its roll-out last August of the Inflation Reduction Act, which incentivises EV and battery manufacturers to re-route supply chains away from China and towards America, was a particular shock to

South Korea. If America makes another such move to hamstring China's semiconductor development, Samsung and SK could again face being collateral damage.

For these reasons, both firms will probably try to reduce their dependence on China as a manufacturing location. Both are already looking to open more facilities in America and South Korea. Manufacturing costs are higher there than in China, despite the inducements both countries are offering chipmakers. That is the new reality chipmakers, and ultimately their customers, will increasingly face. ■

Banyan Cricket and geopolitics

In cricket and otherwise, India is leaving its rivalry with Pakistan behind

IN THE BUILD-UP to India's World Cup clash with Pakistan in Ahmedabad on October 14th, Indian news anchors spoke of "the greatest rivalry". For once they were not exaggerating. Cricket contests between the South Asian giants have been their main interaction off the battlefield for three-quarters of a century. Into them each has poured subcontinental volumes of love and hate, nationalist chest-beating, aching for peace, addiction to the fray—and the wholehearted commitment of two great and fascinatingly contrasting cricket cultures. Even for cricket ignoramuses, India-Pakistan bouts are an essential window onto South Asian politics and culture. What, then, to make of the Ahmedabad match, which was attended by Banyan and ended in an easy Indian victory?

Mostly that the rivalry has become extremely lopsided, in cricket as otherwise. India's win was its eighth on the trot over Pakistan in World Cups. And it was significantly crushing. The contest was held in the recently opened Narendra Modi Cricket Stadium, the cricket world's biggest, and attended by over 100,000 raucously partisan Indian fans. It was an illustration of the demographic and economic heft powering India's rise in cricket and beyond. Pakistan's players, only a couple of whom had visited India before, visibly wilted in the arena.

This denotes a big change. In the decades after British India's bloody partition, Pakistan outperformed India off and on the field. Its GDP per head was 50% more than India's in 1970. Its cricketers, led by dashing fast-bowlers such as Imran Khan, beat India's much more often than they lost to them. But Indians are now much richer than Pakistanis, and their cricketers among the world's wealthiest and best, while Pakistan's are

struggling. Three decades of jihadist violence have made foreign sports teams afraid to visit Pakistan, giving it near-pariah status. By banning Pakistanis from its lucrative domestic tournaments, India has compounded the problem. The team trounced in Ahmedabad had no star approaching the stature of Mr Khan (a great cricket captain, though an awful prime minister, who is now in prison).

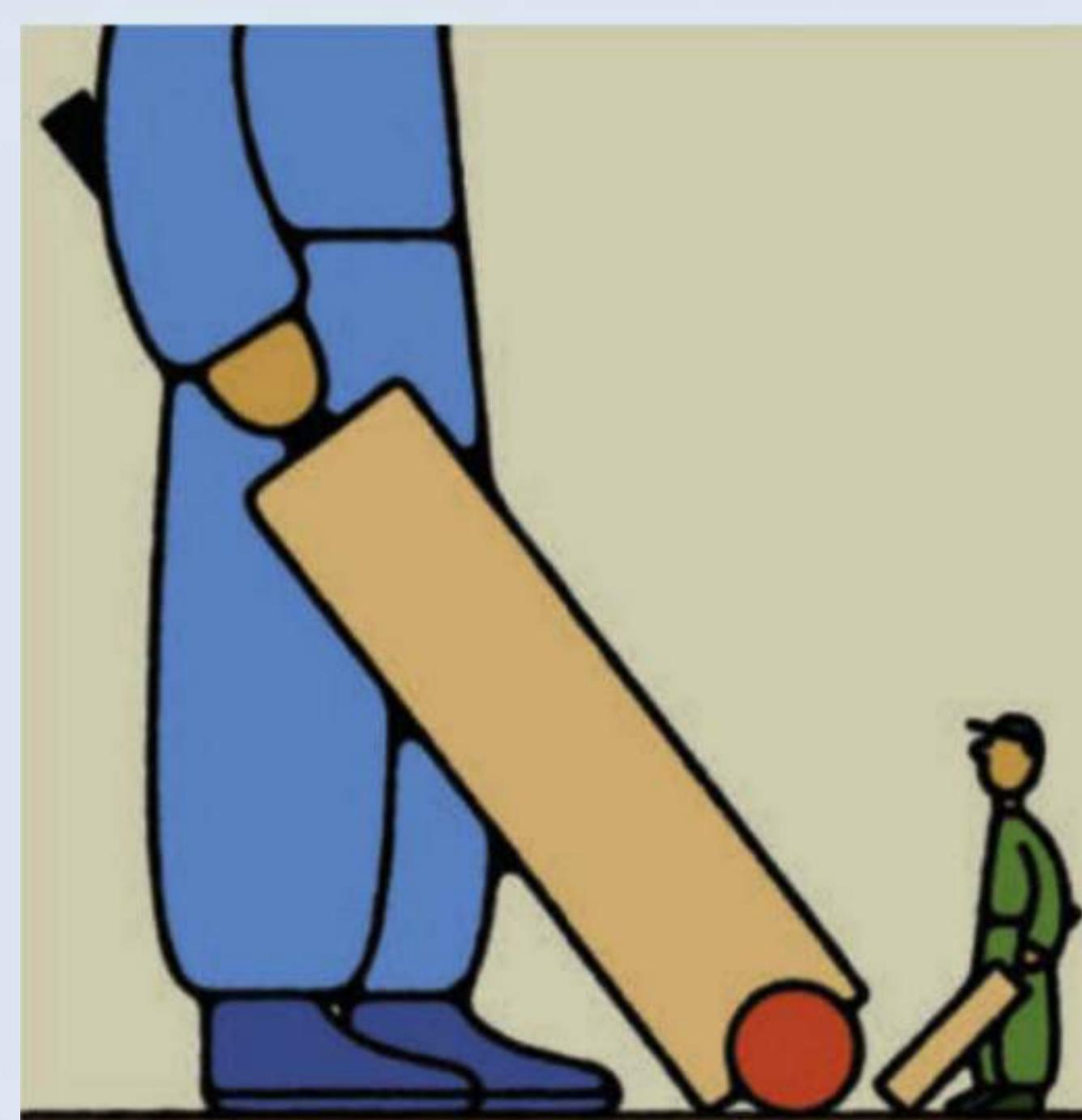
Pakistan's relative decline has changed the bilateral relationship. Contemptuous of its neighbour, and now globally minded, India has downgraded it. The days of expanded transport links and people-to-people exchanges, generally for cricket games, are over. Indian diplomats spend more time on Bangladesh than Pakistan—never mind China and America, the great powers India increasingly counts itself among. "No one is thinking about Pakistan," says an official in Delhi. Save in one regard: India's fear of Pakistani terrorism.

That most divisive facet of the relationship has become more dominant as others, including economic ties and cultural affinity, have fallen away. This helps

explain why polls show Indian public sentiment towards Pakistan growing more hostile, even as the country fades from view. India's ruling Bharatiya Janata Party, which has risen by peddling fear of Muslims, has encouraged this. Its supporters are the most hostile of all.

All these changes were evident at the match in Ahmedabad—the sixth India-Pakistan clash your columnist has witnessed on the subcontinent and by far the most depressing. The first encounters were during an uplifting Indian tour of Pakistan in 2004, part of a promising peace process. India's cricketers and thousands of Indian fans were embraced by Pakistani crowds as long-lost cousins. By contrast, there were no Pakistani fans in Ahmedabad, because India had refused to give them visas. And the Indian fans Banyan spoke with expressed only disdain for their neighbours. Asked what they knew of Pakistanis, three students from Mumbai said only "terrorism". "Everyone hates them," a middle-aged man, listening in from the row in front, volunteered. Meanwhile, the crowd screamed abuse at the visiting players. After one, Mohammad Rizwan, was dismissed, jubilant Indians chanted a Hindu victory cry, "Jai Shri Ram", at him.

India-Pakistan cricket has been charged in the past. But never has the hostility seemed so unidirectional and detached from geopolitical reality. The security threat to India from Pakistan, though real, is diminished. The potential benefits of co-operation between the world's most populous country and, soon enough, its third-most populous are growing as environmental and population pressures bite. Yet the prospects of realising them, in cricket and otherwise, have never looked more remote. Pakistan is unable and India unwilling.





Chinese feminism

Standing up

NEW YORK

As China cracks down on feminists, its women build a movement abroad

TWO CHINESE women sit on the stage of a basement comedy club in Manhattan. They wear matching blazers and speak highly formal Mandarin, just like presenters on Chinese state television. But their “news commentary” is acid. Chinese youths who have recently been making nuisance phone calls to Japan—in protest at the release of waste water from the wrecked Fukushima nuclear plant—have shown “commendable spirit” insists one of the newsreaders, to a guffawing crowd. Despite having “no jobs or incomes” these nationalistic youngsters have “spent their own money on long-distance calls”.

The pair are performers at a Chinese feminist stand-up show called “Nvzizhuyi” (a play on words that can be read either as “Women’s Ideas” or “Good Ideas”). It is part of a new, irreverent form of diaspora activism led by young Chinese women. Each month “Nvzizhuyi” invites Chinese citizens, mostly women, onto the stage in New York to say things that they could never utter in public back home. Their routines incorporate stories about coming out to their conservative parents; complaints

about sexual harassment or immigrant hardships; and even accounts of detention and abuse by Chinese police. Most of their stories are funny. Many are bittersweet.

These are not good times for Chinese who consider themselves feminists. In the early 2010s women’s rights activists were able to mount frequent public protests in China. They occupied men’s toilets and marched through the streets in red-stained wedding dresses to protest gender inequality and domestic violence. Activity of this sort ended abruptly in 2015. That year five prominent feminists were detained just before International Women’s Day, for planning a campaign against sexual harassment on public transport.

In the aftermath of those arrests, Chinese feminism largely moved online. It

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was from the internet that China’s #MeToo movement emerged in 2018. Women accused prominent professors, businessmen and television personalities of sexual assault, and in some cases launched lawsuits. But most of these failed, and accusers were sometimes sued for defamation.

One of the most high-profile #MeToo cases was brought by a woman named Zhou Xiaoxuan who had accused Zhu Jun, a television presenter, of forcibly kissing her when she was an intern. Mr Zhu denies the accusation; Chinese courts dismissed the case in 2021. Ms Zhou and her supporters were censored online, while nationalists were permitted to spread videos calling #MeToo a plot to destabilise China. That same year Huang Xueqin, one of the first Chinese journalists to report on #MeToo cases, was arrested and charged with “inciting subversion of state power”.

As it cracks down on feminists the Communist Party has also ramped up promotion of traditional gender roles. Xi Jinping, China’s leader, has called for a revival of Confucian ideas that encourage women to be good wives and mothers, and to teach their families to love the country. Since he came to power, China has restricted access to divorce by implementing a 30-day mandatory “cooling-off period”, banned effeminate men from appearing on television, and encouraged regional governments to experiment with schemes that might prompt people to procreate.

All this has silenced many feminist activists or forced them to flee overseas. Sev-

►eral of the people who are involved in the New York comedy nights have seen the sharp end of the party's paranoia. One of the event's organisers, Liang Xiaowen, left China in 2016 but remained active in feminist groups until 2021, when her WeChat and Weibo accounts were shut down. A state-run tabloid accused Ms Liang of receiving payments from abroad to help America foment unrest in China. (China's propagandists have been doubling down on their claim that feminism is a tool of "hostile foreign forces"; the Communist Youth League has called radical feminism a "poisonous online tumour" that provokes "gender antagonism".)

Li Maizi, one of the "Feminist Five" detained in the crackdown in 2015, decided to leave China last year, not long after police came into her apartment and arrested her flatmate for putting up posters protesting against draconian covid lockdowns. Ms Li had been under heavy surveillance and had also lost her social media accounts; she felt voiceless and powerless. "This was my bottom line: if I cannot do any useful activities in mainland China, it's time to leave."

For the feminists who have found their way to New York, comedy is one way to rebuild their movement. The stage at the "Nvzizhuyi" open-mic night in early October was decorated with slogans, including one calling Mr Xi a "dictator" and "#notmypresident". The event serves two purposes, says Ms Liang. She argues that years of choosing to censor oneself online and in public—as many Chinese are forced to—eventually leads to self-censored thinking. Participating in stand-up is an antidote, of sorts. And it is important to hold the events in Chinese, says Ms Liang, because it is the language they were censored in. It is very easy to be funny when talking about politics, she adds, because China's version of it has become so absurd.

The show also aims to encourage more people to get involved in feminist activism. Momo, in her twenties, says she sought out independent reporting about the crackdowns on Xinjiang and Hong Kong when she was still living in China, and also followed many online feminist groups before they were censored. But only after coming to America as a graduate student in 2021 did she finally meet like-minded Chinese women in person. Momo was shocked when she attended her first open mic last year and heard someone on the stage say, "I love to have sex." She felt a twinge of concern when the speakers started joking about politics, but also a thrill. Within a few months she was on stage making her own jokes.

Women's rights in China have made some progress despite the shrinking space for organising. In 2022 the government amended a women's protection law to add stronger language against sexual harass-

ment and discrimination at work. A carefully managed consultation on the amendment drew more than 700,000 comments online, making it one of the most widely-discussed legal changes in recent years. Reproductive rights have also grabbed the public's attention. A woman who sued a hospital for the right to freeze her eggs—illegal for unmarried women in China—recently sparked a debate about widening access to in vitro fertilisation.

Women in China will continue to demand better treatment, says Ms Li, even if they cannot band together in action. The feminist movement will just become increasingly "decentralised and individualised", she thinks. "The government feels very helpless about this: they think there must be an organiser. But in this era,

there is no organiser. There are just individuals who disagree with you." Chinese women who object to Mr Xi's big push for family values have been showing their displeasure by simply opting out. Many are delaying or rejecting marriage and childbirth. China had 6.8m marriages in 2022, roughly half the number in 2013. China's population shrank last year for the first time in six decades.

The people who run "Nvzizhuyi" have no delusions that they can transform Chinese politics from afar. "If you fantasise about some kind of overnight, earth-shaking change, it's not really possible," says Ms Liang. Their goal, instead, is to "quietly keep some seeds alive" within the space they have created abroad, she says. One day they may bring those seeds back home. ■

Global influence

Training days

China is educating engineers around the world

CHINESE OFFICIALS often talk of the Belt and Road Initiative, a global infrastructure building spree, in hyperbolic terms. On October 17th and 18th Xi Jinping, China's leader, hosted a big summit in Beijing to celebrate the tenth anniversary of what the government likes to call the "project of the century" (see Chaguan). Lately this hype has masked an awkward reality. Since 2020 China has scaled back the scheme as governments have found it harder to repay Chinese infrastructure loans.

Yet in recent years one part of the project has stood out as a quiet success. Since

2016 China has set up some 27 vocational colleges in two dozen countries, mostly poorer ones. These "Luban Workshops" (named after a fabled carpenter from the fifth century BC) have trained thousands of students in fields including artificial intelligence, electric vehicles, railway operations and robotics. One of the newest workshops opened on September 4th at Meru University of Science and Technology in Kenya.

The purpose is not charity. Luban workshops promote technology and standards that China wants to export to developing countries. Gear for the new workshop in Kenya will come from Huawei, a Chinese telecoms giant America would like to see excluded from its allies' mobile networks, for fear its kit could assist Chinese spying. Huawei (which denies America's allegations) helped build Kenya's mobile network and is now working with its biggest telecoms provider to roll out 5G services.

The workshops also help assuage worries about the Belt and Road. Participating governments sometimes complain that the companies which win its infrastructure projects rely too much on labour and supplies from China. Several Luban workshops now provide training directly related to Belt and Road projects. One in Djibouti has trained employees of a new rail line to Ethiopia. That \$4bn railway was built and financed by China but struggled to make a profit after opening in 2018.

The Luban programme has echoes of China's earlier drive to expand its influ- ►



It all fits together

ence by opening more than 500 "Confucius Institutes" to teach Mandarin in universities around the world. Yet so far it has avoided the controversies that have dogged those institutes, many of which closed after being accused of promoting propaganda and stifling dissent. This is in part because the Luban workshops focus on technical skills and in part because China has spent more time consulting host governments before setting them up. "Unlike Confucius Institutes, Luban workshops are actually different in each country, because of the different skills that are demanded by host countries," says Niva Yau of the Atlantic Council, an American think-tank. She sees them as evidence that China is responding to criticism of Belt and Road without abandoning core goals, such as exporting its technology.

The workshops compete with training that America, Japan and other rich countries offer countries in the global south. Germany, for example, has given more than 100 countries guidance on how to copy its famed system of vocational education. The Luban workshops are unusual, though, in providing equipment as well as teaching, and in having their own brand.

When the Luban programme began it was led by the local government in Tianjin, a big city near Beijing that was known for technical training (local authorities have been encouraged to support and profit from Belt and Road). The first workshop (pictured on previous page) opened in Thailand in 2016; it used equipment sent by a Tianjin chemical company. For a time Luban workshops cropped up in rich countries as well as poor ones. Between 2018 and 2020 a workshop at Crawley College, near London, taught Chinese cuisine; one in Portugal still offers training in electrical automation and industrial robots. The programme was not always restricted to Belt and Road participants: India (a sceptic) has a Luban workshop in Chennai.

More recently, however, the programme appears to have been co-opted by China's central government. It has grown to involve training providers and companies from outside Tianjin, and been linked more explicitly to Mr Xi's foreign policy. In 2018 Mr Xi pledged to open ten workshops in Africa; a dozen have since opened there. In May he promised leaders of Central Asian countries that China would set up more workshops in their region (the first opened in Tajikistan last December).

It remains to be seen how long China will subsidise Luban workshops, and how far they will live up to their promise. Some are questionable, such as one in war-torn Mali that teaches traditional Chinese medicine. But for the moment they represent a refreshing example of China's government listening to critics—and learning from its mistakes. ■

Property

There goes the neighbourhood

HONG KONG

A landslip in Hong Kong fuels resentment of the rich

THE MILLIONAIRES of Redhill Peninsula, a posh coastal community in Hong Kong, are a little poorer than they were. Last month a supertyphoon named Saola brought the city rainfalls heavier than any this century. At Redhill, a big chunk of sodden earth slipped into the sea. Though the landslip mostly spared surrounding houses, it exposed basements that had been dug without permission and that may have contributed to the collapse. Prompted by journalists, the government began an investigation, which is still going on. By October 6th it had found a dozen houses in the area that broke rules in some way.

Hong Kong's systems of planning often look dysfunctional. One guess is that as many as one in four properties in the territory have been altered or extended without the right permissions. Canopies on flat roofs create room for recreation. External balconies are walled in. And landlords have been chopping their buildings into ever-smaller, "subdivided" apartments. Ten years ago a government report said that widespread disregard for planning rules and building regulations could "cause injuries and fatalities".

The liberties taken by Hong Kong's richest residents are often the largest—and, given the cramped quarters most Hong Kongers put up with, the ones that most often cause a stir. Gardens and swimming pools sometimes sprawl beyond a property's registered boundaries. Three-story ex-

tensions go up without the proper permits. Liber Research Community, an NGO, identifies some 170 homes in eight rich neighbourhoods that it believes have spread into more space than they are entitled to. In some cases, it says, the overspill covers a larger area than the official plot.

The landslip in Redhill has bolstered old complaints about lax and partial policing of rules. In theory rigging up unauthorised structures or encroaching on public spaces can land homeowners in jail. But on some occasions authorities permit them to start paying the government rent for the additional land, reckons Liber. When property owners are forced to reverse alterations or retreat from government-owned land, appeals can hold things up for years.

Hong Kong's government says it handles things as well as possible, given its resources. Last year it sent out more than 16,000 orders to rectify "illegal structures" and brought 3,600-plus prosecutions. Critics say it is meek when taking on the rich. Activists say the government enforces the laws selectively and sometimes uses them to hassle people it links with the pro-democracy movement. Mount Zero, an independent bookshop, was recently told by government inspectors that its front step was illegally occupying public land.

Things may be coming to a head. China's leaders worry about Hong Kong's cramped housing. They think property prices helped stir up big protests in 2019. Local media, though much cowed since the introduction in 2020 of a noxious national-security law, increasingly report on violations of planning. Climate change is increasing the severity of wet and wild weather; this raises the risk that shoddy extensions or overloaded hillsides will collapse. Right now Redhill is "under the spotlight", says Brian Wong of Liber. But he thinks there are similar risks elsewhere. ■



What lies beneath

Chaguan | Xi Jinping's China wants to be loved

It presented the Belt and Road Forum as an oasis of peace in a dangerous world



“**V**ERY FEW CHINESE” know about the ruthless side of Zheng He, the Ming-dynasty explorer and eunuch admiral, a scholar once observed to Chaguan, unexpectedly, over tea in a Beijing courtyard house. Pouring fresh cups, the scholar—a member of China’s national-security establishment—warmed to his theme. In China, he explained, Zheng He is seen as a 15th-century “Santa Claus”, leading his fleet to Africa, Arabia and Asia to hand out porcelain and silks on behalf of his mighty, far-off emperor. But in such places as Sri Lanka, Zheng He is remembered as a terror, who punished local rulers for defying his imperial writ and shipped some of them back to China as captives. The Chinese public is “blissfully ignorant” about that history, sighed the scholar, blaming his country’s desire “to be loved”.

Much the same desire suffused the Third Belt and Road Forum, held in Beijing on October 17th and 18th. The forum commemorated the first ten years of the Belt and Road Initiative (BRI), a lending and infrastructure scheme that has seen China build dams, bridges, ports and more on four continents. In part, the opening speech by Xi Jinping, the Communist Party chief, was a guide to how the BRI is changing. With China’s growth slowing, and many existing BRI projects mired in debt, there is less emphasis now on billion-dollar loans and on pouring concrete, and more on promoting Chinese standards and technologies, notably in green and digital infrastructure, and on “small yet smart” grassroots projects. In larger part, though, Mr Xi’s speech was a call for China to be loved.

Addressing foreign dignitaries in the Great Hall of the People, Mr Xi made a case for Chinese exceptionalism. He presented his country as a peace-loving giant, guided by the centuries-old spirit of the Silk Road. In this telling, China’s Silk Road spirit is not a charitable impulse, but something more dependable: namely, a pragmatic pursuit of prosperity via mutually profitable trade. Though Mr Xi did not mention Zheng He by name, his government’s white paper on the BRI, published on the forum’s eve, cites the navigator as an inspiration, hailing his seven maritime expeditions that “boosted trade along the maritime silk routes”.

The admiral’s ghost hung over the speech as Mr Xi repeated one of his favourite claims about China’s past. “The pioneers of the ancient silk routes won their place in history not as conquerors with

warships, guns, horses or swords,” he declared. “Rather, they are remembered as friendly emissaries leading camel caravans and sailing ships loaded with goods.” Without mentioning the conflicts raging in the Middle East and Ukraine, Mr Xi contrasted this Chinese focus on trade and development with the selfishness of world powers that are bent on “ideological confrontation”. He announced a Global Initiative for Artificial Intelligence Governance. Though global in name, this promotes a very Chinese worldview. It would defer to the laws (and censors) of sovereign states, and prohibit America’s current export controls on chips that enable AI. In a volatile world, Mr Xi said, the BRI is “on the right side of history”. He added a rebuke for countries that practise “economic coercion”. Foreign leaders in the hall were polite enough not to snigger or gasp, though China routinely uses trade as a weapon.

As ever in China, much of this propaganda is aimed at domestic audiences. Chinese state media offered blanket coverage of the forum, asserting that over 140 countries sent representatives. They did not mention that just 21 heads of state and government turned up, fewer than attended the first and second forums, held in 2017 and 2019—not least because few Western governments wished to share a stage with President Vladimir Putin of Russia, Mr Xi’s guest of honour. Only one leader from the European Union attended, the Kremlin-friendly Viktor Orban of Hungary.

Mr Putin gave a speech directly after Mr Xi’s. To a striking extent it reflected his growing dependence on China. As a result of Western sanctions imposed after his invasion of Ukraine, China is now the largest buyer of Russian energy, and Chinese exports to Russia have soared. Thanking his “dear friend” Mr Xi for the invitation to Beijing, Mr Putin played dutiful cheerleader for the BRI. Sounding at times like his own transport minister, Mr Putin reeled off lists of BRI-compatible railway lines and logistics corridors that Russia plans to build. He praised the opening last year of a bridge across the Amur river between China and Russia, not mentioning that Russian officials dragged their feet on that project for years before rushing to finish it once the Ukraine war broke out. Forgetting Russia’s long-standing wariness of Chinese investment in the Arctic, he invited “interested states” to take part in the development of a Northern Sea Route opening up as sea ice retreats.

Putin as a character witness

In interviews with Chinese state media, Mr Putin offered still more praise. When offering economic opportunities to other countries, Mr Xi’s China never imposes or enforces its will, he said. This, he averred, makes the BRI different from policies pushed by countries with a heavy colonial legacy. Once more, that language echoes Chinese talking points. China’s white paper casts the BRI’s model of development as a challenge to “the exploitative colonialism of the past”. It is the spirit of the Belt and Road to advocate equality, it argues, in contrast to those who push “the superiority of Western civilisation”.

Attacks on Western arrogance resonate with many developing countries. If the BRI offers useful technologies, skills or investments, many governments will take that deal. Some countries support China’s proposals for global governance, especially if that means fewer questions about their political systems, or human rights. But those leaders in the Great Hall of the People are not dupes. For one thing, many remember their history, and how Chinese naval fleets and armies brought their countries much more than trade over the centuries. Mr Xi’s China is taken seriously, especially by its neighbours. Love has nothing to do with it. ■



Liberia and Sierra Leone

Escaping the conflict trap

DAKAR

Liberia and Sierra Leone show the possibilities—and limits—of recovery

THE ELECTION on October 10th in Liberia (pictured) may have seemed a sleepy affair. But it was far more remarkable than it appears. Just 20 years ago the west African country was emerging from two devastating bouts of civil war in which drug-addled commanders forced child soldiers to kill their parents, among other atrocities. The war killed perhaps 250,000 people—roughly a twelfth of the population.

As with every poll since the war, this election took place amid some fears of violence and a few deadly clashes. Yet on the day the voting was calm, helped by a pledge by all political parties to ensure a peaceful election. After a tight race there will be a run-off between the incumbent, George Weah, once a famous footballer, and Joseph Boakai, a former vice-president. Though some worry that violence may yet erupt if the result in the next round is close, it has so far been the fourth generally peaceful and broadly fair presidential election since the civil war, and the first since UN peacekeepers left in 2018.

Liberia and neighbouring Sierra Leone, where another bloody civil war ended in 2002, are poor, troubled countries with rosy democracies. Yet both are in much better shape than 20 years ago. The level of extreme poverty has plummeted. Both countries were resilient enough to remain stable through an Ebola crisis in 2014-16. Since the wars, power has changed hands peacefully between rival parties once in Liberia and twice in Sierra Leone.

No post-war president in either country has sought to flout constitutional term limits, as has happened in several other countries in west Africa. Unusually, neither country has fallen back into war, whereas many other poor ones—from Cameroon and Congo to Somalia and Sudan—have been stuck in a “conflict trap” of

recurring violence. What can Africa and the world learn from these two countries?

First, long conflicts rarely end in decisive military victories, so diplomacy and negotiations are needed. The wars in Liberia and Sierra Leone both ended in agreements, signed under heavy diplomatic pressure, that tried to tackle the root causes of the violence. In Sierra Leone, some fighting resumed after the agreement until a small British military intervention pushed the rebels towards a version of the deal they had already signed.

Another lesson for peacebuilders is how to disarm combatants. Some 180,000 fighters handed in their guns across the two countries, but unlike in other conflicts, they were not integrated wholesale into the regular army. This was sensible, argues a forthcoming book by two experts: Alan Doss, who was the UN’s top person in post-war Liberia and before that its number two in Sierra Leone, and David Harris of Bradford University. In Liberia the army was disbanded. Sierra Leone’s was restructured and downsized. The senior ranks were depoliticised. Liberia even had a foreigner in charge of its new armed forces. Now 61% of Liberians say that they trust the army, up from 46% in 2012, according to Afrobarometer, a pollster.

Much of this was possible thanks to robust support from outsiders. Nigeria, the regional hegemon, was “hellbent on ending the war”, recalls Gyude Moore, a former

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► post-war cabinet minister in Liberia. "Even long after the war ended, Nigeria still remained really, really involved." America and Britain also played an important part, ensuring that UN peacekeeping missions were sent, and pushing through sweeping debt relief and a fourfold increase in aid per person.

Liberia and Sierra Leone also had internationally respected leaders after the conflict. President Ellen Johnson Sirleaf in Liberia and President Ahmed Tejan Kabbah in Sierra Leone won broadly credible elections. Ms Johnson Sirleaf had worked for the UN and the World Bank, from which her finance minister was directly seconded. Mr Kabbah was a former UN official. Because both presidents abided by term limits, they gave their rivals a strong incentive to stay in politics rather than resume fighting, note the two authors.

Sierra Leone and Liberia also faced up to the atrocities of the wars, at least to some degree. Both held Truth and Reconciliation Commissions (TRCs), which heard from both victims and perpetrators. "The TRC is critical," says David Sengeh, the chief minister (prime minister) of Sierra Leone. Its recommendations are a guide "to make sure you don't go there [back to conflict]."

Balancing truth, reconciliation and justice is tough. Sierra Leone established a special court and successfully prosecuted some perpetrators. But some criticised the cost of \$300m. In Liberia Ms Johnson Sirleaf controversially ignored the TRC's recommendation to establish a court, partly out of fears it could rekindle conflict. Yet demands from victims and activists to do so have since grown louder.

Alas, not all the lessons can be applied elsewhere. Conflict is easier to end for good when it is not about imposing a particular vision on society, say Messrs Doss and Harris. In Sierra Leone and Liberia the fight was primarily about power and resources, though this was often refracted through ethnic divisions, rather than ideology, religion or secession. This made it easier to get leaders to do deals. Jihadism in the Sahel and secessionist fighting in Cameroon do not lend themselves so easily to compromise.

Law and order may simply be easier to sustain in small countries. The Economic Community of West African States (ECOWAS), a regional club, could do a lot in Liberia. "It can't do the same in Mali," says Mr Moore. And peace has lasted because people had suffered so grievously that they said "never again", argues Mohamed Ibn Chambas, a Ghanaian who was the head of the executive arm of ECOWAS at the time.

The path from war to an enduring peace is long. In Liberia the last UN peacekeepers left only after a deployment of 15 years. And obstacles still abound. Sierra Leone's election in June sparked controversy after dis-

crepancies were found between the official count and a parallel sample-based one conducted by civil-society groups. The opposition has since boycotted parliament. "They could have gone to court: they didn't," retorts Mr Sengeh. The opposition says the courts are not impartial.

Still, optimism is growing that the crisis will be resolved. Mediators from ECOWAS, the African Union and the Commonwealth have once again returned to Sierra Leone. On October 16th they began talks between the rival parties.

Thus the final lesson is that good things take time and unrelenting effort to come to fruition. For hungry, hopeful people in countries trying to emerge from conflict in Africa—and for their foreign helpers who may be distracted by other crises in places such as Ukraine and the Middle East—that is perhaps the hardest lesson of all. ■

Sudan and its capital

Africa's Aleppo

After six months of civil war, little remains of Khartoum

MOHAMMED HUSSAIN, a merchant, is a refugee in his own city. A few months after civil war broke out in Khartoum's streets in April, he tried to take his sick father to hospital. But the roads were blocked by soldiers from the Rapid Support Forces (RSF), a rebellious paramilitary group that is trying to seize control of the country. Unable to get medical help, his father died. Last month, fighters from the RSF seized Mr Hussain's home, robbing him and threatening to kill him. He fled to relatives in another part of the city. Khartoum, he



King of the rubble

says, echoes to the sound of gunfire and shelling "every day and every night".

The first shots of Sudan's civil war were fired in Khartoum, where the two rival warlords had their headquarters. On one side is Sudan's de facto president, General Abdel Fattah al-Burhan, who leads the Sudanese Armed Forces (SAF). On the other is the leader of the RSF, Muhammad Hamdan Dagalo, better known as Hemeti. Since then the fighting has spread far beyond the capital's barracks. In West Darfur, the RSF and allied Arab militias are waging a genocidal campaign against the Masalit, a black African ethnic group. Nationwide, some 9,000 civilians have reportedly been killed, though this is probably a massive underestimate. More than 5.6m have been driven from their homes.

Though the fighting has spread, Sudan is unusual in the degree to which the centre of its war is the country's capital. Ever since British imperialists founded the modern city on the banks of the Nile, power and wealth in Sudan have been concentrated in Khartoum. The RSF, whose rank-and-file are mostly drawn from far-flung and downtrodden regions, are now exacting their revenge. "The RSF believe they cannot create a state in their own image unless they violently destroy the old one," argues Kholood Khair of Confluence Advisory, a Sudanese think-tank. In recent weeks, RSF fighters are alleged to have burnt land-registration records and taken over whole residential neighbourhoods. "Every house is occupied," says another Sudanese analyst. "The city is theirs."

Though the RSF controls most of downtown Khartoum, including districts that host the presidential palace and other government ministries, the SAF remains holed up in several well-fortified bases in the city centre. It also controls the air base at Wadi Saidna, to the north. For months the RSF has been trying to overrun these redoubts of the army. The SAF has responded with a combination of air strikes, including by armed drones, and the occasional raid on residential districts and warehouses used by the RSF, says Nathaniel Raymond, a conflict monitor at Yale University. Mr Burhan, who fled from the army headquarters in August, now runs what is becoming a de facto capital in Port Sudan, on the Red Sea.

Since the civil war began six months ago, more than half the capital's population has fled. "Everyone I know has left now," says Waleed Adam, who escaped in July after RSF troops raided his apartment. Most of those who have remained are too old or too infirm to leave. Many are also too poor. Civilians who try to get out risk being robbed or forced to pay bribes to go through armed checkpoints. "If you forget your ID card for any reason the RSF arrest you," says another recent escapee.

Many parts of the city are, in effect, un- ►

der siege. Aid agencies can barely operate and medical care hardly exists. In August an airstrike hit one of the city's largest hospitals. "Nowhere is safe," says Mustafa Moduay, a teacher who has stayed put.

Many of the capital's historic landmarks as well its factories have been ground to dust. "Old Khartoum has been effectively demolished," says Magdi el-Gizouli of the Rift Valley Institute, a think-tank. The presidential palace was hit by an airstrike in May. The iconic Greater Nile Petroleum Operating Company Tower, one of the capital's tallest buildings and a symbol of the regime of the former dictator, Omar al-Bashir, was set alight last month. Khartoum, says Mr Raymond, faces the fate of Dresden, a historic German city destroyed by Allied air raids in the second world war. Whichever side conquers the capital will be left ruling over little more than ruins. ■

Health

No miracles required

KENEMA

How to save the lives of 200,000 mothers a year

PREVENTING MATERNAL deaths is not difficult, says Hannah Saidu, who manages a maternity unit in Sierra Leone, so long as "you have skilled midwives, and you know what to do". If that is obvious, it still bears repeating. About 200,000 women in sub-Saharan Africa die in childbirth every year, largely from bleeding, hypertensive disorders and infection. The World Health Organisation estimates that there are 545 deaths in the region for every 100,000 live births, a rate four times higher than in south Asia and 90 times higher than in western Europe.

The rate in Africa has fallen by a third since 2000, but still has a way to go. There has been barely any progress in Nigeria, the continent's most populous country, where a woman has a 1 in 19 chance of dying in childbirth over her lifetime. By contrast, mortality has fallen by three-quarters in Angola, Ethiopia, Mozambique, Rwanda and Sierra Leone (see chart). Those numbers point to an encouraging truth: countries do not have to wait until they are rich to start saving women's lives.

Consider Sierra Leone, which was once, alongside South Sudan, the worst place in the world to give birth. Health clinics still regularly run short of drugs. Blood supplies are so limited that patients muster their own donations from relatives; one doctor describes giving his own blood before operating on a patient. A woman's lifetime risk of maternal death is the same as

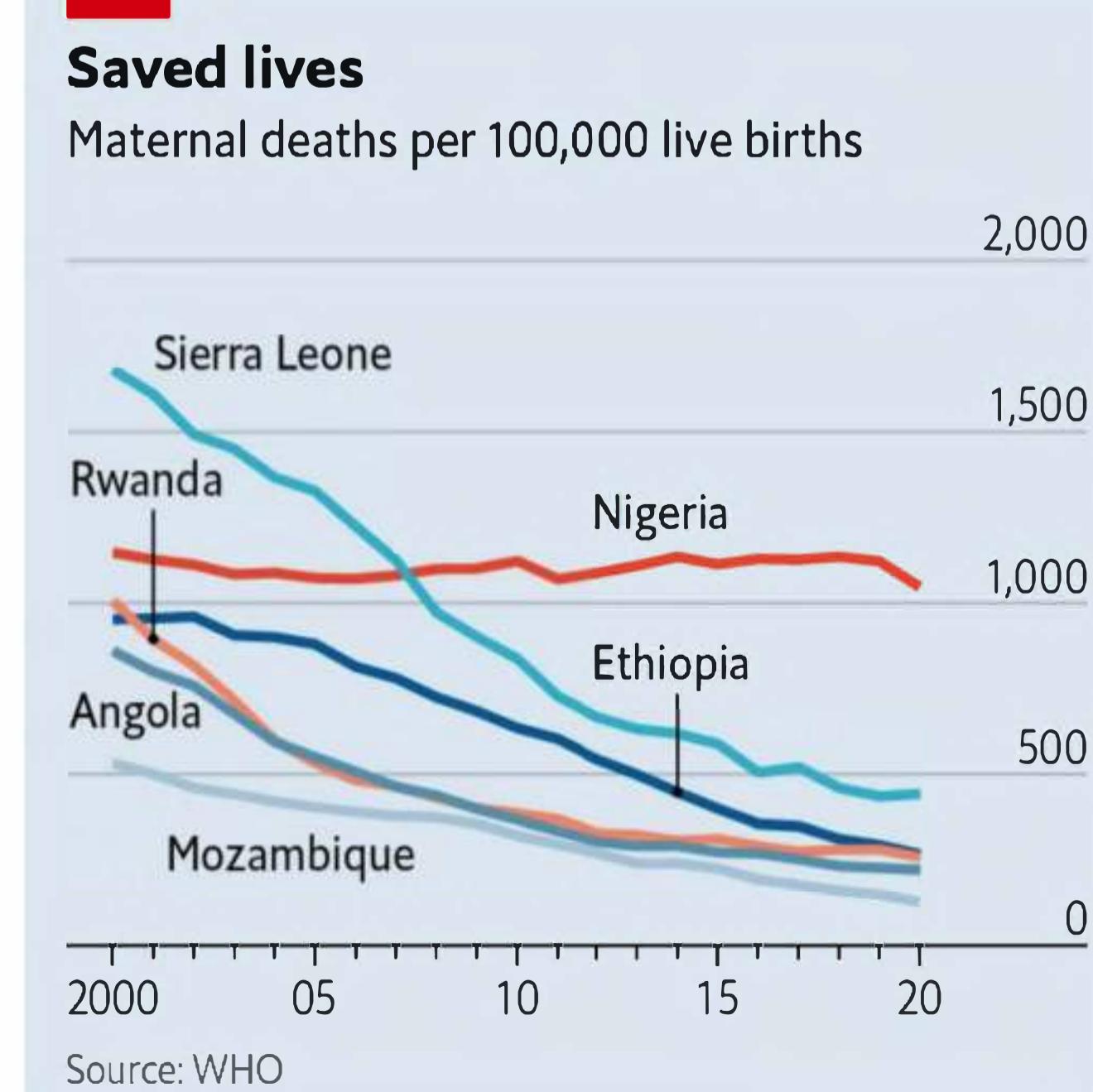
drawing the joker from a pack of cards.

Even here, there is cause for hope. Successive governments have made maternal health a priority, training more midwives and monitoring deaths closely. Since 2010 a donor-backed initiative has made health care free for pregnant and breast-feeding women. It works imperfectly, and underpaid staff still ask for a contribution from patients. But the scheme helps explain why 83% of births now happen in clinics, compared with 50% before fees were abolished. Mortality, though still high, has dropped below the African average.

Women in poor countries die because they are slow to seek care, slow to reach hospital, and slow to be treated. Lives can be saved by spotting warning signs early. Sierra Leone is having trials for a blood-pressure monitor, known as CRADLE, which uses a simple traffic-light system. If the device flashes red, a patient should be referred for emergency treatment. Maria-ma Momoh, a midwife and public-health specialist, says it lets workers with even basic training make fast decisions.

Another innovation, used in several other African countries, is a plastic drape that is placed beneath the woman during delivery. By noting how much blood has collected, health workers can quickly assess danger. A recent trial in Kenya, Nigeria, Tanzania and South Africa combined the use of a calibrated drape with a bundle of treatments, such as oxytocic drugs and uterine massage. Severe bleeding was 60% lower in trial hospitals.

Innovation only works when there are robust health systems to support it. One reason that Nigeria fares so badly is that only half of births there are attended by skilled staff. In Rwanda, which has a system of community-based health insurance, almost every birth is. Ethiopia has mobilised a "health development army" of volunteers to encourage women to attend health centres. In many countries, the growth of cities is bringing women closer to hospitals, where they get better care than in rudimentary rural clinics.



More joy, less sorrow

Another way to reduce maternal deaths is to empower women. When they have control over their fertility, they have fewer babies and at wider intervals, which reduces the risk of complications. Governments can help by boosting access to contraceptives. In Senegal improved supply chains led to fewer shortages of pills and implants in public health centres, notes Gloria Ikilezi of Exemplars in Global Health, which studies good practice. When women's health is a priority they are also more likely to receive treatments like iron supplements, which reduce the risk of severe bleeding in childbirth.

One recent study estimates that when countries introduce quotas for women in parliament, maternal mortality falls by 7-12% as reproductive-health services improve. As important are the conversations that happen around the cooking stove or the water pump. In Sierra Leone, unwed pregnant teenagers are often thrown out by their families and are afraid to visit clinics, says Mangenda Kamara of Lifeline Nehemiah Projects, a grassroots organisation. She is pioneering a scheme that pairs girls with an older mentor, who encourages them to go for antenatal check-ups and goes with them to hospital during labour. More than 250 girls have been mentored; none (in that small sample) has died.

Cheap innovation, stronger health systems and women's empowerment are achievable anywhere. But globally, progress is slowing. There has not been quite the same focus on maternal mortality as there has been on diseases like AIDS and malaria, says Rasa Izadnegahdar of the Bill & Melinda Gates Foundation, a philanthropic outfit. Innovation has therefore spread more slowly than need be. The UN has a goal of reducing maternal mortality worldwide to 70 deaths per 100,000 live births by 2030. On current trends that target will be missed. ■



Poland

Tusk's triumph

WARSAW

A pro-European liberal unseats the hard right

THE POLLS closed at 9pm on October 15th, but those still queueing were allowed to cast their votes, so at one polling station near Wroclaw balloting continued until almost 3am. A pizzeria delivered 300 free pies to those standing outside. "Better to wait four hours than four years," a voter there told *Gazeta Wyborcza*, a newspaper. Many had worried that the vicious campaign would discourage voters from showing up. Instead turnout reached 74%, Poland's highest rate ever—higher even than in the election in 1989 that brought an end to communism.

Indeed, this election may have been Poland's most important since 1989. Rule-of-law advocates said it was the last chance to stop the country's right-wing populist government from seizing control of the courts, filling the state with apparatchiks and wrecking Poland's standing in the EU. The voters gave the opposition a surprisingly decisive victory. That augurs a change of direction for Poland and a big setback for Europe's hard right.

The Law and Justice (PiS) party, in pow-

er since 2015, came first. But it took just 35.4% of the vote, down from 43.6% in 2019. The main opposition alliance, the centrist Civic Coalition (KO), got 30.7%. Another centrist outfit, Third Way, drew 14.4%, well above expectations. Lewica (The Left), an alliance of leftists and social democrats, managed 8.6%. The hard-right Confederation party won 7.2%. That gave KO, Third Way and Lewica, which promised

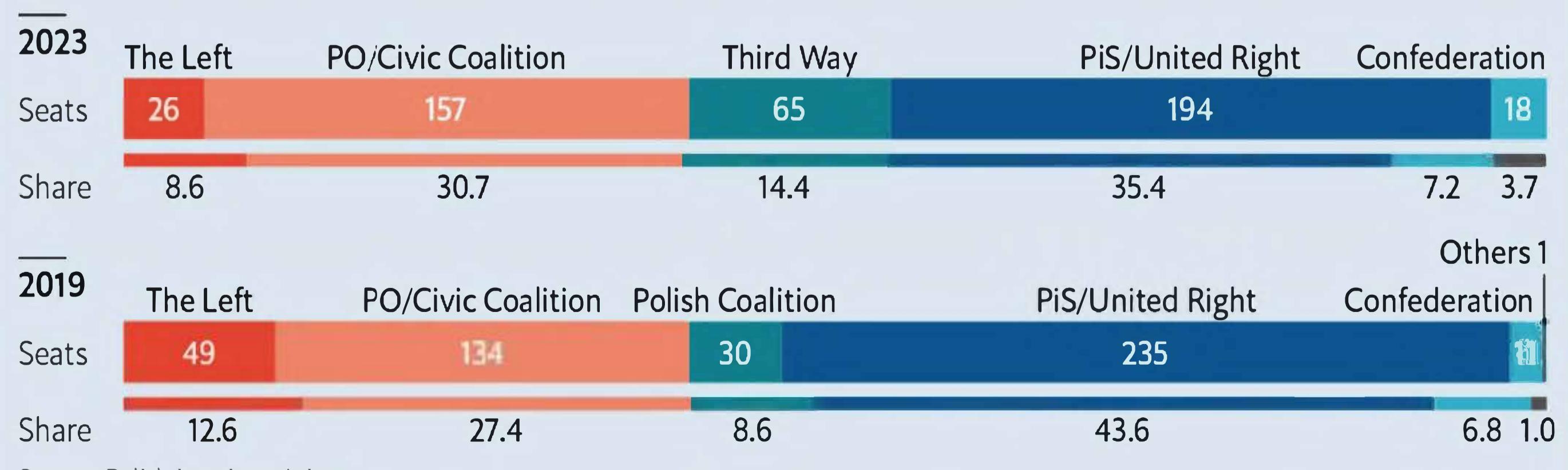
to govern together, a majority of 248 out of the 460 seats in the Sejm, the lower house of parliament. PiS has just 194, and no other party so far wants to join them.

The opposition was jubilant. For eight years it had been shut out, not just from government but by PiS's takeover of state institutions. "Poland won, democracy won," declared Donald Tusk, the former prime minister and ex-president of the European Council who leads KO. He will almost certainly return to office.

PiS deployed the state media and state-owned companies, both stuffed with cronies, to blitz the country with propaganda. That gave it a "clear advantage", according to a report by the Organisation for Security and Co-operation in Europe, a watchdog. But it was not enough. The post-election rally at PiS's headquarters in Warsaw was a ➤

The return of the Donald

Poland, parliamentary election results, number of seats and % share of vote



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► shadow of those in earlier years. Its leader, Jaroslaw Kaczynski, grimly acknowledged it might not be able to form a coalition. Days later the party still seemed to be in denial. "Evil has temporarily won," said Marek Suski, a PiS MP. Another, Ryszard Terlecki, warned that his fraction would not be "an easy, gentle and pliant opposition".

When PiS swept to power in 2015, it was Mr Tusk's party that was seen as corrupt and out of touch. By contrast, PiS had its ear to the ground. It wooed Poles with generous child benefits and infrastructure investments, especially in the country's poorer east. But the party's obsession with control of state institutions and its constant infighting gradually left it sealed inside its own media bubble. Its vicious electoral campaign, which blasted Mr Tusk for his partly German ancestry and Brussels connections, appealed only to its core voters. PiS also attacked Confederation, its only potential coalition partner. Many Confederation supporters switched to Third Way, according to Marcin Palade, a pollster—thus aiding the opposition.

By contrast, the opposition's broad spread of parties drew in new voters. So did clever tactics. Lukasz Litewka, a new MP for the Left, was given the lowest position on his party's regional list, but won nearly twice as many votes as the party leader after he used his electoral posters to advertise dogs up for adoption at a local shelter. Social-media campaigns helped raise turnout among those aged 18-29 to a remarkable 69%, according to an exit poll by Ipsos, up from 46% in 2019. PiS came last among these voters. The opposition's upbeat campaign in the final weeks went down well with voters tired of polarisation.

It may be some time before Mr Tusk gets to form a coalition. The president, Andrzej Duda, comes from PiS, and may give that party a (futile) first shot. That could delay the transition until mid-December. Negotiations will not be easy: the opposition's three groupings are made up of nine sharply different parties. After the election Wladyslaw Kosiniak-Kamysz, who leads an agrarian party within Third Way, said he opposes including "ideological issues" (such as liberalising abortion) in the coalition agreement. Anna Maria Zukowska, a Left MP, said that in that case "farmer issues" would be treated similarly.

Once it forms a government, the opposition has pledged to undo PiS's efforts to turn Poland into a copy of Viktor Orban's Hungary. This will be hard. Returning independence to the state media and state-owned companies will require removing the cronies whom PiS has installed, which could degenerate into its own form of cronyism. Re-establishing an independent judiciary will mean undoing PiS's politicisation of the body that nominates judges. That will need legislation, which could be

vetoed by Mr Duda or blocked by the PiS-controlled constitutional tribunal.

Mr Tusk has promised to unlock €35bn (\$37bn) in post-covid aid that the European Union has withheld over PiS's meddling with the courts. Poles who expect Mr Tusk's years in Brussels to smooth the way may be disappointed. Meeting some EU conditions will be easy, but one crucial reform has been blocked by the constitutional court. The European Commission will try to stick to its requirements, to refute the charge PiS always made: that its cut-off of Poland is about politics, not the rule of law. "It's not that just because they have a different prime minister, we will say all the problems are gone," says a commission official. Still, the promise of a firmly pro-EU prime minister in Warsaw is a sea change for Poland—and for Europe. ■

Ukraine's arms industry

From corruption to production

KYIV

How a 31-year-old hopes to fix Ukraine's state-owned defence giant

IN MARCH UKRAINE abruptly rebooted its defence-industry team. Oleksandr Kamyshev, a hyperactive manager with a reformist pedigree, was appointed to head a beefed-up strategic-industries ministry. He has previously turned around the railways and has the confidence of the president's inner circle. Still more surprising is the recent appointment of Herman Smetanin, a little-known 31-year-old, to run the state defence consortium popularly known as Ukroboronprom. He is to sort out the sprawling, inefficient and notori-

ously corrupt company—in wartime.

Mr Smetanin, a design engineer who rose from the shop floor to the director's office, is on one level uniquely qualified for the unenviable job. At the start of the war in February 2022 he was to be found in his native Kharkiv, 35km from the Russian border, as the director of its famed but faded tank factory. He lived in the factory through the terrifying first weeks, as bombs fell through its roofs, while a group of key workers continued production in breaks between the shelling. Every defence contract was eventually fulfilled. "If the mortars or artillery were landing near, you'd wait half an hour before starting again," he recalls.

But there are questions about the possibility, and even the desirability, of turning around an umbrella organisation built on corruption and favour from its very early days. When the Soviet Union broke up in 1991, Ukraine inherited one of the world's largest military complexes: shipbuilding, tanks, aviation, missiles. Over the next two years Ukraine created three agencies that, with the help of poor and corrupt officers, siphoned off whatever they could on the black markets. Ukraine stopped making ammunition. Factories stood idle. The most advanced products were refashioned for the export market.

In 1996, with the government close to bankruptcy, the three agencies were taken over by a new enterprise with close connections to Russia's security services. (The two countries' defence industries were then closely integrated.) A successor structure came into existence in 2010. The new company, Ukroboronprom, was supposed to be about synergy, but in reality it was about personal enrichment. "Ukroboronprom was dead at birth," says a source who worked in the company at the time.

When war came in 2014, and full-scale invasion in 2022, Ukroboronprom mobilised but struggled. There were notable successes, though. Perhaps half a dozen of what were over a hundred operating units were still able to produce competitive products. The Pavlohrad chemical plant, for instance, delivered gunpowder, a commodity most in demand in any war. The Luch Design Bureau in Kyiv produced Stugna anti-tank guided missiles that helped stop Russia's march on Kyiv, and the Neptune cruise missiles that famously sank Russia's Black Sea flagship, the *Moskva*.

But it has been private enterprise, independent of state-owned Ukroboronprom, that has set the pace in this war. Strike drones, the new addition to a conflict that otherwise often resembles the first world war, are almost all produced privately. The new drone entrepreneurs believe it is they who now represent the new face of Ukrainian defence innovation. "I see it as my mission to resurrect previous glories," says ►



Can Smetanin turn it around?

► Vitaliy Kolesnichenko, the director of AirLogix, a Kyiv-based drone developer.

Making Ukrboronprom exciting, well paid but less loss-making is one of the conundrums facing Mr Smetanin. He says his focus is on keeping things simple: increasing production, restructuring the business and tackling corruption. There is already progress on the first, he reports. Shell production is up by anything between 100% to 1,000% in the few months he has been in charge, depending on the precise type. Weapon production in every category is increasing, despite constant Russian attacks. Reform of the governing structure will introduce new subholding clusters of companies, which will be organised around specialisation: armoured vehicles, aviation, shipbuilding and so on. The 34 of 66 units still organised as state companies will soon be turned into limited-liability companies or joint-stock companies with supervisory boards. Appointments of factory directors, a major source of corruption in the past, will henceforth be done by an independent commission.

A candid ministerial insider suggests that public-private partnership may be the only hope for Ukrboronprom and its team of young reformers. "Can you turn around 60-odd underfunded, corrupt factories? I don't think so. But can you use them as platforms for private development? Maybe." A high-level government source agrees that Mr Smetanin will find the job of rescuing Ukraine's slumbering defence giant hard going. "Logically, he has no hope. But we do live in a country called Ukraine, so he does have a chance." ■

Russia

Alexei Navalny loses his lawyers

Vladimir Putin's latest attack on his enemy

ALEXEI NAVALNY, Russia's best-known opposition leader, has been in captivity for more than 1,000 days, and in solitary confinement for 224 of them. He was denied medical treatment when ill, has been refused visits by his family for more than a year and is not allowed to make telephone calls. Yet Mr Navalny, ever stoical, has described his imprisonment not as martyrdom, but as a nuisance and a challenge that needs to be overcome.

The challenges continue to mount. In August Mr Navalny was sentenced to an additional 19 years in prison for "extremism" on top of the eleven-and-a-half years he was already serving for "fraud". But even then he continued to communicate with

his supporters and to haunt Vladimir Putin, whose thugs tried to poison him in 2020 and then subjected him to torturous conditions in jail when he returned to Russia the following year after being treated in Germany. Mr Navalny's rare appearances in courts (mostly via video link) have turned into political speeches, and visits by his lawyers have kept him in touch with the outside world. "His voice from behind bars sounded unbearably loud for Putin," Leonid Volkov, Mr Navalny's chief of staff, wrote on X (formerly Twitter) from Vilnius, Lithuania's capital.

So Mr Putin decided to turn down the volume, and to deprive Mr Navalny of his last channel of communication. On October 13th three of Mr Navalny's lawyers—Vadim Kobzev, Alexei Liptser and Igor Sergunin—were arrested and accused of "participation in an extremist community"; that is, of passing Mr Navalny's words to the outside world. Olga Mikhailova, another of his lawyers, had left the country by the time her offices were raided.

Mr Navalny learned the news from a journalist during one of his appeal hearings. "I don't understand what's going on. My lawyer is not here. All the other lawyers are not here. Nobody is allowed to visit me. I am isolated and cut off from any information," he told the judge. Even the radio in his cell has been turned off, he said, to plunge him into complete silence. Shortly after that, news came that Mr Navalny's fifth lawyer, who was supposed to attend the appeal hearing, had fled the country.

The practice of jailing not only dissidents but also their lawyers has been tried and tested in Belarus, but is relatively new in Russia. Some 200 Russian defence lawyers have signed a petition denouncing the climate of fear in which they operate, and calling for a strike. Two volunteers have now come forward to help Mr Navalny.

Having no legal representation and no contact with the outside world makes Mr Navalny especially vulnerable, as he has been awaiting a transfer to one of Russia's toughest prisons for a year. ("I feel like a tired rock star on the verge of depression. I've reached the top of the charts and there's nothing more to strive for," he joked when he heard of his transfer order.)

All this is part of the Kremlin's preparation for next March's presidential election, which is sure to be farcical. Mr Putin will aim to demonstrate total political control and to keep his opponents demoralised. A few hours after losing his lawyers, Mr Navalny somehow managed to convey that by January 15th he will produce his strategy for how best to tackle Mr Putin's election, though it is not clear how he will now be able to communicate it. "Prison exists only in your mind," Mr Navalny wrote in one of his early posts. If so, he remains the freest man in Russia. ■



Europe's populists

Greater danger

PARIS

Marine Le Pen poses a greater threat to Europe than Giorgia Meloni

WHEN GIORGIA MELONI took over as Italy's prime minister in October 2022, Europe's liberals trembled. Her party, the Brothers of Italy, has roots in post-war neofascism, and her electoral pitch, promising a clampdown on illegal immigration, promised uncompromisingly hard-right politics. A year on, the pragmatic Ms Meloni has not turned out to be the disruptive force some feared. Which makes centrists in neighbouring France worry that this could help Marine Le Pen.

France is not due to hold a presidential vote until 2027. But Ms Le Pen has twice made it to the run-off, each time to be beaten by Emmanuel Macron. The constitution forbids him from standing for a third consecutive term. Already, between 2017 and 2022, Ms Le Pen increased her run-off vote from 34% to 41%. Under France's centralised presidency, the possibility of a Le Pen victory raises particular concern.

Ms Meloni and Ms Le Pen share more than hard-right rhetoric. Like Ms Meloni, Ms Le Pen has tried to distance her party, now called National Rally (RN), from the thuggish discourse of its former self: in her case, the National Front. Unsavoury characters still move in her circle. But Ms Le Pen has promoted the more respectable-looking among them, notably Jordan Bardella, a 28-year-old Euro-deputy who now runs her party. She has also ditched some of the party's most Eurosceptic positions, including a past promise to take France out of the euro, which proved unpopular. ►

► Ms Le Pen has worked hard to normalise the party too. Her suit-wearing deputies heckle far less than do members of the other main parliamentary opposition bloc, NUPES, a left-wing alliance. The party wants to show that it is not there just to rant and block, but is ready—like Ms Meloni in Rome—to govern.

The chief reason to think that Ms Le Pen poses a far greater threat is geopolitical. Ms Meloni is no friend of Russia's Vladimir Putin. Ms Le Pen's party, by contrast, took a €9m loan from a Kremlin-linked bank (which it has just paid back). During her presidential campaign in 2022 Ms Le Pen briefly used a photo of her next to Mr Putin in a flyer, published before he sent the tanks into Ukraine. Although she denounced the invasion, at a parliamentary hearing in May this year Ms Le Pen continued to defend the referendum held in Crimea after Russia annexed the Ukrainian territory in 2014.

Moreover, in office Ms Meloni has been a firm backer of NATO, and of arming Ukraine. Ms Le Pen, on the other hand, not only wants to pull France out of NATO's integrated military command. She has also argued against the alliance's expansion even to Sweden and Finland, let alone Ukraine. She thinks "Russian paranoia" about NATO on its borders should be "taken into account", lifting an argument straight from the Moscow script, and has criticised France for sending heavy weaponry to Ukraine. Ms Meloni, says an RN official disapprovingly, is "very Atlanticist".

Ms Meloni has so far played by EU rules, but Ms Le Pen still vows to overturn them. Her scheme is to lean on like-minded governments—in Hungary and Slovakia, though not for much longer in Poland—to transform the EU from within into an "alliance of nations". She wants to hold a referendum to amend the French constitution in order to entrench its "superiority" over EU law. And she vows to reduce France's contribution to the EU budget. If others do not co-operate, insists Jean-Philippe Tangy, an RN deputy who helped run Ms Le Pen's presidential campaign, "we would force their hand", for instance by refusing to pay. Anything of the sort would begin to pull the EU apart.

Such is the talk. Whether a French president could enact such changes is another matter. Even were Ms Le Pen to win the presidency, her party would not by itself secure a parliamentary majority. Any constitutional change has to be approved either by referendum or by a three-fifths majority in a joint sitting of both houses. Parliament also has to approve any nomination to the Constitutional Council.

A good measure of Ms Le Pen's distance from Ms Meloni is the fact that her real ally in Italy is not the prime minister but Matteo Salvini, a more populist member of the

ruling coalition. On September 17th Ms Le Pen was guest of honour at his party's annual jamboree in Lombardy, a stronghold. Launching her party's campaign for next June's elections to the European Parliament there, she vowed to "put Europe back in its place". Polls suggest the RN will beat Mr Macron's centrists into second place.

It could be that, as Ms Meloni runs into domestic difficulty, particularly over economic management, this will rub off on Ms Le Pen too. On immigration, argues Dominique Reynié, head of Fondapol, a think-tank, "Meloni demonstrates the impotence of populists." The number of migrants arriving in Italy has surged on her watch. For now, though, Ms Meloni is also showing that the populist right can run a big European country. That is enough to make French centrists shudder. ■

EU energy market

High tension

BERLIN

Paris and Berlin compromise on reform of the electricity market

WHEN EMMANUEL MACRON and Olaf Scholz met for a couple of days of talks along with their top ministers in Hamburg earlier this month, the French president and the German chancellor tried to present a united front. They munched *Fischbrötchen* (fish sandwiches) with their wives and took a tour of Hamburg harbour. The two-day meeting was meant to reset the most important bilateral relationship within the EU, one that had become increasingly troubled owing to a host of acrimonious disagreements on defence, EU



The electron wars

budget rules and energy policies.

The visit seemed to go well. The tandem even made progress on perhaps the most tricky dossier, a reform of the EU electricity market that is meant to ease the burden of price spikes for European households and businesses and to bolster Europe's competitiveness against America and China. Yet behind the scenes France and Germany continued to argue. That went on until the very day of a meeting of EU energy ministers on October 17th. And even though they managed to strike a compromise, there is plenty of bad blood. Paris sees the deal as a French victory; the Germans insist that their views largely prevailed.

The core of the row is over how EU members can subsidise their industries in the face of the hefty increases in energy prices that followed Russia's invasion of Ukraine. France wants to extend to all its 56 nuclear power plants instruments called "contracts for difference" (cfds). These are guarantees issued by the government that oblige it to stump up for the difference if market prices turn out lower than an agreed "strike price", but let it pocket the extra if the market price is higher. Berlin wants cfds to be an incentive for investment in renewable energy that should be applied only to new plants. It worries that their use for France's nuclear fleet will deter investment in renewables.

The compromise struck in the small hours of October 18th says that governments can apply cfds to investments aimed at "substantially" upgrading existing plants to increase their capacity or to prolong their lifetime. But any revenue gleaned must not distort competition and trade in the internal market. It should therefore go to consumers, and to industry only under tight restrictions.

"This was absolutely not a German crusade against nuclear energy," says Sven Giegold, a state secretary at Germany's economy ministry. Germany's opposition to the French proposal was simply to ensure a level playing field. By extending cfds to its entire nuclear fleet, France hoped that a low strike price fixed with EDF, the state-owned electricity firm, would allow the government to pocket the extra revenue from high market prices that it could then pass back to industry. This would give French industry an unfair advantage.

The compromise will still need to go through the EU parliament. Moreover, lots of the detail is unresolved. The mutual irritation is unlikely to subside in the coming months. "Both countries are increasingly committed to an energy strategy that is viewed by the other as doomed to fail," writes Shahin Vallée of the German Council on Foreign Relations. France will continue to double down on nuclear energy; Germany instead is betting the country's energy future on its renewables. ■

Charlemagne | Back to cacophony

The EU's incoherent response to the crisis in Israel has exposed the limits of its geopolitical heft



NOTHING SCREAMS “great power” like an aircraft-carrier. And so on October 10th Thierry Breton, the European commissioner hailing from France, raised the idea of the EU availing itself of such a seafaring airbase. Alas, even before the merits of a floating jet-launcher for a bloc with neither navy nor air force could be considered, the EU’s geopolitical ambitions fared as poorly as a plane lurching off the deck and into the drink. In the days around Mr Breton’s flight of fancy, a fumbled response to the terrorist attacks in Israel on October 7th left Europe looking muddled. A union that had found its foreign-policy voice over Ukraine has rediscovered its penchant for cacophony. A bout of chaotic diplomacy and internal squabbling has set back the cause of a “geopolitical EU” to match China and America.

Europe’s response to the crisis started off badly and got steadily worse. Beyond the usual lighting-up of buildings in the colours of whichever country is mourning its dead, the first reaction of note to come out of Europe was the announcement that the EU would suspend all development aid to Palestinians—a serious move, considering the bloc is their largest donor. The policy was reversed the very same day amid rising concerns in national capitals about the living conditions of innocent Gazans caught up in the fighting. Later in the week, on October 13th, the commission’s boss, Ursula von der Leyen, travelled to Israel. The message she delivered there was dutifully sympathetic. But national capitals fumed that she had failed to emphasise their concern that any response from the Israeli side needs to keep within the boundaries of international law. Government after government briefed that she was speaking not for the EU, merely for herself. As the furore mounted, Mrs von der Leyen’s team speedily announced that the EU’s humanitarian aid to Gaza was to be tripled.

The war in Ukraine had given the EU a measure of geopolitical swagger. In the face of war, the club had found new means to be relevant, for example by paying for arms to be sent to hit back at Russian invaders. That kind of unified resolve now looks like a one-off. Attempts at forging a coherent response to a crisis just beyond its shores have been caught up in bickering between national capitals and even between different EU institutions in Brussels. Far from projecting power to the outside world, European politi-

cians have instead looked within: a virtual meeting of 27 national leaders was arranged on October 17th to get everyone on the same page, which was not Mrs von der Leyen’s. A fraught personal relationship between her and Charles Michel, who as European Council president chairs meetings of EU leaders, used to be the stuff of the Brussels cocktail circuit. Now it looks as if it made the bloc even more impotent than it might otherwise have been.

The episode is damaging for Mrs von der Leyen, who since the war in Ukraine had been the face of a more forceful, geopolitical Europe. Her influence—and that of the EU—seemed to extend beyond Ukraine. A speech she gave in March calling for a “de-risking” rather than a “decoupling” of economic relations with China had set a new tone in the relationship there; she has worked closely with America, too. New buzz phrases like “strategic autonomy” and “Team Europe” had hinted at the bloc playing its full part in geopolitics, a third power in a bipolar world.

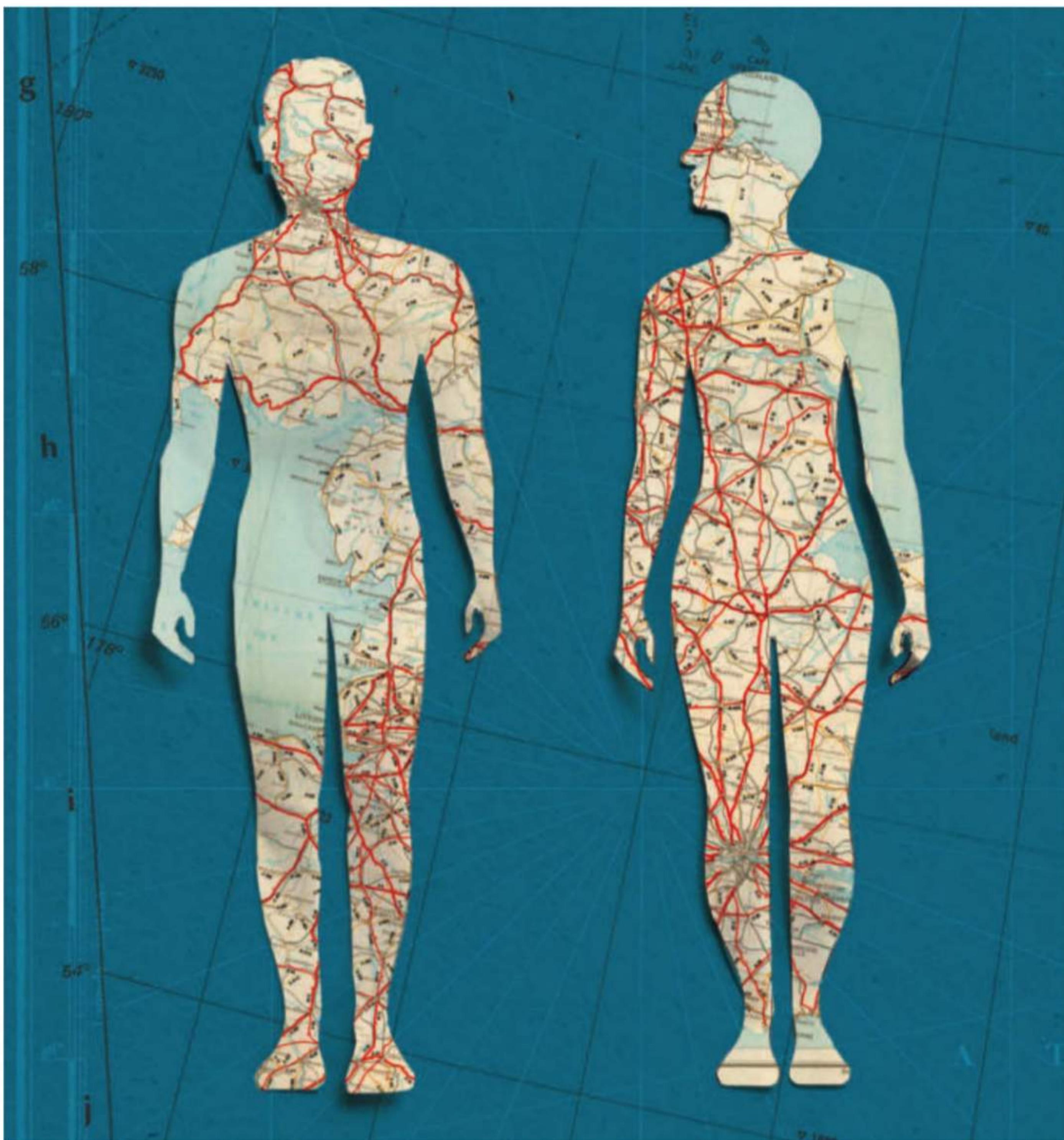
But in trying to project a similarly forceful EU in the Middle East, the unity that underpinned Europe’s previous efforts was lacking. Some countries in Europe, notably Mrs von der Leyen’s native Germany, align instinctively with Israel, and emphasise its right to defend itself. But others, such as Spain and Ireland, are more closely attuned to the plight of Palestinians, and warn of an impending humanitarian disaster. Many simply felt the dispute was beyond the paygrade of the EU’s central institutions. Ukraine united the continent: European leaders jointly visited Kyiv after the city beat back Russian attackers last year. This latest crisis divides it. This week the German chancellor, Olaf Scholz, travelled to Israel alone. France’s Emmanuel Macron is considering a later trip.

Mrs von der Leyen might have sensed that conflict in the Middle East was always going to be uniquely polarising. Israel is both close enough for Europe to care about—its scientists benefit from EU funding schemes, Israeli football teams play in European competitions and its crooners participate in the Eurovision Song Contest—yet too remote for a conflagration there to feel directly threatening. Every EU country has its own relationship with the region, coloured by their Muslim and Jewish populations. Most fear a spillover of the violence onto their own streets. Anti-Semitic incidents in Europe have flared since the Hamas strike; France and Belgium have both endured terrorist attacks. Others fret that a regional conflagration could result in a new wave of migration to Europe, as happened after wars in Syria and Afghanistan.

Eyeless in Gaza

Divided or otherwise, it is unlikely Europe would have had much sway on Israel’s response to being attacked. But its impotence is starting to look serial. The EU for years painted itself as a mediator in a territorial dispute pitting Azerbaijan against Armenia, yet could do little but meekly protest when Azerbaijan turfed tens of thousands of Armenians out of a disputed enclave last month. A deal with Tunisia to help cut migration across the Mediterranean has floundered: Tunisia returned €60m (\$63m) the EU had paid it to seal the agreement. Even closer to home, disorder reigns as Kosovo and Serbia keep tussling despite entreaties from Brussels.

The EU’s fans hoped that its impressive response to Russia’s invasion of Ukraine had exorcised a set of demons which have long haunted it: that it is a construct perfectly adept at standardising phone chargers and making farmers rich, but one that scarcely matters when it comes to high politics. A fortnight of disunion has made the EU look as plodding as ever: a club that does not shape geopolitics so much as endure its effects. ■



The NHS

From sickness service to health service

WATFORD

The world's largest health-research study wants to save lives—and the NHS

VOLUNTEER NUMBER ONE rolled up his sleeve on July 12th last year. Volunteer two put out an arm to give blood the same day. Volunteer 100 stepped onto the scales on August 3rd. A tape measure was slipped around the waist of volunteer 1,000 on September 30th. Then things sped up: volunteer 100,000 gave blood this March. The roll is now growing so fast—by thousands every day—that putting a precise number in print is pointless: by the time you read this it will be out of date. By the end of this year this research study—called Our Future Health—will be Britain's largest of its kind. By the end of next year, the world's.

Across Britain, the study is unfurling. In Liverpool and in London, in Manchester and Grimsby and Oxford, in dreary supermarket car parks, mobile vans are drawing up, cubicle curtains being drawn back and

queues forming. The plan is to recruit 5m people—almost as many as there are in Norway—and get them weighed, measured, quizzed, genotyped, phenotyped. Then to put the data to work to see who gets sick, with what, and when, and why—and if intervening early can help. The aim is simple. To save them—and the NHS. Because as Sir John Bell, regius professor of medicine at Oxford University and the study's chair, says, the NHS is "not sustainable in its current form".

The NHS has two main problems. The first is that it works badly. The second is that it works well. Its failings—waiting lists, queuing ambulances, costs invariably labelled "spiralling"—are well known. Its successes are harder to see—but are there in those same lists, queues and costs. For all exist, in part, because the NHS is

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keeping many alive who would, without it, be dead. But not being dead is not the same as being healthily alive: an average Briton may reach only 60 or so in good fettle (see chart on next page). As Raghib Ali, the chief medical officer of Our Future Health (and its volunteer number one), says: "What we have...is not really a National Health Service but a national sickness service."

It was never meant to be like this. When in 1943 Winston Churchill promised Britain a health service "from the cradle to the grave" no one dreamt that Britons would spend so long with one foot in that grave, or cost so much as they stood there. On the contrary: it was thought that the NHS would get cheaper over time as Britons—laid in their cradles by NHS midwives, fortified by NHS vaccinations—would gaze through their newly issued NHS spectacles to a bright, healthy future. The NHS's very existence, wrote William Beveridge, its architect, would lead to "a reduction in the number of cases requiring it". It was, one politician later said, "a miscalculation of sublime dimensions".

In its first year the NHS promptly ran twice over budget, not helped by those NHS specs, of which twice as many pairs (8m) were handed out as had been expected. ►►

► Aneurin Bevan, the father of the NHS, grumbled that “cascades of medicine [are] pouring down British throats—and they’re not even bringing the bottles back.” It has not got cheaper: the budget for NHS England is £169bn (\$205bn) this year. Its prognosis is “hopeless, actually”, says Sir John. People tend to use the verb “collapse” to describe the end of the NHS. It will not. It will do something worse: it will ebb. Those who can afford to leave, will. Those who can’t will stay and queue and suffer. “Our NHS” will, almost imperceptibly, become “Their NHS”. And Bevan’s dream will be lost.

To save it Britain must do no less than “pivot the way we deliver health care”, says Sir John. The NHS must stop mainly treating people who are manifestly very sick and get them when they still, ostensibly, seem well. Which is why, on a rainy Friday afternoon, Dr Ali, slight, clever, softly spoken, is standing in an unprepossessing Tesco car park in Watford outside a yellow van. On it is the Our Future Health logo—and the NHS one. (The study is a public-private partnership: one-third of its £239m budget is funded by government, two-thirds by life-sciences companies.) Inside, people wait as a fine drizzle falls.

The unprepossessing air of this study—all those car parks—is not accidental. The life-expectancy gap between Britain’s richest and poorest local authorities is ten years. Yet the gap in expectancy of life without ill health is 20. And those at the bottom of such ranges tend not to volunteer for medical studies. Dr Ali is obsessed by ensuring that they do. Which is why those yellow vans are drawing up in the car parks of Tesco, Asda, Lidl and Morrisons. “Not Waitrose.” Medical trials don’t need more Waitrose shoppers.

As the rain falls, Dr Ali welcomes volunteers in. The NHS’s size is its great weakness—it is unwieldy and all but impossible to reform—but also its strength. The RECOVERY trial, which found that a cheap steroid cut covid deaths by a third, yielded a result within 100 days. Sir Martin Landray, a professor of epidemiology at Oxford who ran RECOVERY and now runs Protas, a not-for-profit founded to improve clinical trials tackling common conditions, says that in its breadth (almost 70m people) and length of coverage (from cradle to grave) the NHS is “almost unique...The opportunities are really enormous.”

Our Future Health is trying to make the most of them. Each volunteer will generate hundreds of data points for researchers immediately; billions when their genomes are sequenced. That data will be married to their NHS data; AI will be used to crunch the lot. Then the work will begin: volunteers will (if they wish) be told what conditions they are at risk of and, for certain conditions (some cancers, diabetes, heart disease) be put on NHS pathways, for more



tests and, if necessary, treatment.

It will not be perfect: inevitably there will be false positives and consequent anxiety. It remains to be seen whether the NHS—a cantankerous, intransigent 75-year-old patient—will accept its medicine. Dr Ali is optimistic: “It’s quite hard to see how the study could fail.” And in Watford and in Grimsby and in Manchester, volunteers queue, and roll up their sleeves. Some to help the NHS. Some to help themselves. Some to help both. Because we are all in this together. For now. ■

Health data

Joining up the bots

An imperfect but necessary attempt to bring together patients’ data

BING IN HOSPITAL is rarely fun. But some things in the National Health Service (NHS) contrive to add to patients’ pains. When IT systems cannot talk to each other, the sick must drive themselves dizzy repeating their medical histories in every new interaction. Without good systems to manage data, operating rooms often lie empty despite endless demand. Such snafus are not only maddening, but harmful. Each delay to treatment compounds backlogs exacerbated by strikes and the covid-19 pandemic, pushing the NHS waiting list in England to a record 7.75m cases.

Such inefficiencies are not inevitable. Many can be reduced by stitching together disparate datasets across the NHS, as an upcoming project, the Federated Data Platform, or FDP, should do. Its boring name belies big ambitions. In pilots using simi-

lar software doctors have diagnosed cancer patients quicker when their scans, prescriptions and appointments are collated in one place. When one hospital trust combined data to monitor barriers to discharges, the number of long stays fell by over a third. Opportunities go far beyond helping doctors see more patients. Artificial intelligence trained on large datasets spots patterns human eyes never could.

The covid-19 response proved the benefits of joining up data. With the help of Palantir Technologies, an American firm, real-time insights gleaned from combined datasets enabled officials to dispatch ventilators and personal protective equipment to where they were most needed, and to design vaccination campaigns targeting the most vulnerable. Because software engineers were linking data rather than building a central repository, data stores could be built and refined more quickly. This marked a departure from previous clunky, costly, failed NHS data projects.

The FDP was intended to be the latest iteration of covid-era ingenuity. Instead it appears to be running on the same old scripts. Poor communication meant that until recently some NHS trusts’ own data chiefs were unsure of what the FDP was meant to do. As pressures have mounted on front-line services, “digital transformation” has again been deprioritised. Hospitals still spend £234m (\$285m) a year on storing paper records, according to the Times Health Commission.

The procurement process has also raised the antennae of privacy activists. They would always have twitched at the front-runner for the £480m contract: Palantir, which has combined data for the CIA. (Comments by the firm’s co-founder, Peter Thiel, likening Britons’ affection for the NHS to Stockholm syndrome, only add to activists’ misgivings.) To the suspicious, the fact that the firm initially handled the NHS’s covid analytics for a mere £1 has the feel of a stitch-up. Since data will be used for direct patient care in the FDP, people cannot opt out of sharing it. Though it will be anonymised, this risks eroding trust in what the NHS does with data.

No surprise then that the winner of the contract, due to be revealed in September, is yet to be announced. But even if the FDP does go ahead, after myriad delays, some wonder if it will ultimately prove obsolete. The contract lasts seven years, which risks locking the NHS into the software. The FDP is likely to be outpaced by projects that share data beyond the NHS, and can adapt more nimbly to innovation.

That doesn’t mean it shouldn’t go ahead. Trusts will still be free to pursue their own plans. But for the NHS’s laggards the project should be the start, not the end, of joining up data. In these difficult times, the NHS needs all the help it can get. ■

Bagehot | Caught short

How rationing became the fashion under the Tories



WHEN WANDSWORTH PRISON opened in south-west London in 1851, its Victorian architects thought it was fit for 1,000 inmates. Today it hosts 1,600. The conditions are worse than Dickensian: cells designed for one in the 19th century now house two, or more. Vermin are rife. A recent report labelled the prison "overcrowded" and "squalid".

Wandsworth is the norm rather than the exception. A prison estate with a capacity of 88,782—even allowing for Wandsworth-style overcrowding—holds 88,225. Judges, realising they had nowhere to send rogues, delayed sentencing. On October 16th the Conservative government reversed-engineered a solution: letting criminals out early and sending fewer of them to jail.

For a party elected to hang 'em and flog 'em, or at least lock 'em up, this is a remarkable shift. Prisons are overcrowded in part because Conservative politicians have demanded longer sentences. At the same time, the government refused to build enough new prisons. The 20,000 extra places promised by the mid-2020s will not arrive until 2030 at the earliest. And so the government finds itself rationing prison places instead.

Such rationing is in vogue. Prisons are simply the most absurd example of a tactic increasingly deployed by the government. From health care to welfare via heat-pump subsidies and planning, erratic rationing has become the norm. Politicians are not willing to increase taxes enough to cover the real costs of the services voters demand. Nor are voters willing to pay them. And neither side is willing to forgo the dream of comprehensive services on the cheap. The results are shortages, which can be managed only by queues, unpredictable rationing and ministerial diktat.

It is a familiar problem. Janos Kornai, a Hungarian economist, examined how Soviet economies failed to supply enough of the things people wanted. When things running out was the "normal state for the system, not an unusual event" it was a "shortage economy". In Britain, mercifully, capitalism thrives in the private sector. Supermarket shelves are full and a brand new BMW is yours, if you can afford it. When it comes to government services it is another story. Shortages reign. Where the Russians built a shortage economy, the Tories have created a shortage state.

When Rishi Sunak cancelled the Manchester leg of HS2, a

£100bn (\$120bn) high-speed railway, the prime minister painted it as redistribution. In fact it was rationing. Money saved could be spent on other schemes, he argued. Given Britain's record in building infrastructure, it is fair to assume few will materialise. The result will be that trains remain congested and further pressure is heaped on roads. Since politicians fear pricing roads properly to manage demand, expect more traffic jams. Ultimately, government policy is for people to travel less.

Sometimes rationing makes for subtle savings. Cutting benefits for, say, children with special needs would be cruel and unpopular. Making them hard to get attracts less attention. Professional email-slingers may not be daunted by a 39-page application to unlock four figures' worth of benefits; others may struggle without help. Often, what looks like government generosity is in fact more rationing. Amid a glut of green measures, Mr Sunak increased the subsidy for installing a heat pump to £7,500 from £5,000. At the same time, the government did not increase funding for the programme. Fewer people will benefit.

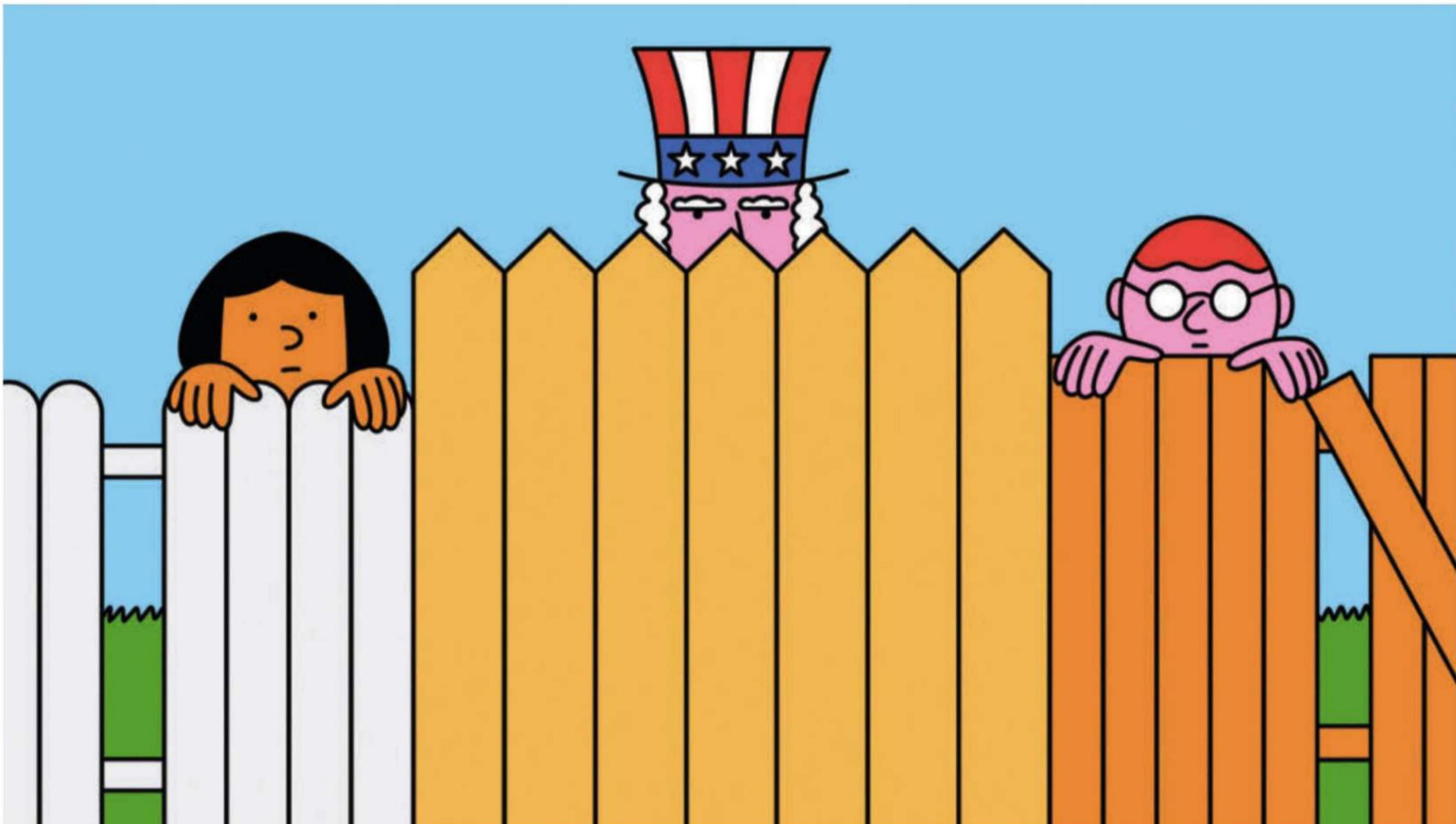
The effects of rationing are most pernicious in housing. A discretionary planning system, with building approved or denied by planners and politicians, inevitably leads to shortages of homes in the manner Kornai would recognise, argues Anthony Breach of Centre for Cities, a think-tank. In 2020, the Conservatives promised to loosen the system. Backbench MPs scuppered it; the minister responsible was ejected. Strict rationing remains even where the government has tried to remove it.

Where some rationing is supposed to happen, such as in health care, shortages have reached new highs. In the National Health Service in England, waiting lists stand at nearly 8m cases, in a country of 56m people. Those in the queue are the lucky ones. Each morning across Britain, patients are forced to call a GP at 8am on the dot if they want an appointment. In 2005, Sir Tony Blair was berated on the BBC's "Question Time" by angry guests annoyed because GPs only offered appointments inconveniently soon. Now, only inconsistent rationing—and grumpy receptionists—keep acute care from being overwhelmed.

Completely irrational

When Kornai explained his theory to an audience of Maoists in Kolkata in 1975, they reacted with horror. Better to suffer shortage than iniquity, ran their logic. Voters in Kenilworth have similar instincts. Allowing the market to police access to services makes Britons feel icky. Charging to see a GP is politically forbidden: eight in ten voters oppose the idea. Whenever road-pricing is mentioned, critics are quick to label it a "poll tax on wheels". The Tories are allergic to the high taxes required for a European-sized state but no longer have the *cojones* to support market-based solutions. Rationing is the miserable compromise.

Forcing Britons to queue, cajole receptionists or go without the services they are owed is no way to run a country. The fix for Britain is the same as it was for the eastern bloc. "The lasting solution to misery lies in reforming production, not distribution," wrote Kornai. "Rationing systems that spread misery equally may assuage feelings of injustice for a while, but they will not solve anything." Britain's public services must become more efficient. Making them so will not be cheap, but it beats the alternatives. Britons must either pay more for those services, expect less or face up to a future of erratic provision, in which stamina, persistence and luck trump need—and people who would otherwise be in HMP Wandsworth are wandering in the streets. ■



Business and geopolitics

Control shift

SINGAPORE AND TAIPEI

America's allies are the holes in its export-control fence

AMERICA MAKES no bones about wanting to stop China, its autocratic rival for geopolitical supremacy, from getting hold of advanced technology. On October 17th American officials extended restrictions on sales to the country of advanced microchips used in training artificial-intelligence (AI) models. This is the latest set of export controls designed to prevent cutting-edge tech that America helped create, meaning most of it these days, from making its way to the Chinese mainland. It also seeks to close a loophole, which allowed Chinese firms' foreign subsidiaries to procure chips that their parents were barred from purchasing.

The loophole is almost certainly not the last one that will need closing. Just this month America itself created room for a few more. Last year it imposed sweeping restrictions that cut off people and firms in China from many advanced technologies of American origin, including types of cutting-edge chips, the software to design them and the tools to manufacture them. On October 9th it granted two South Korean chipmakers, Samsung and SK Hynix, in-

definite waivers to install equipment that falls under these restrictions in their factories in China. Four days later TSMC, Taiwan's chipmaking champion, also received a dispensation. The carve-outs were secured (and announced) by governments in Seoul and Taipei, which are keen to protect their domestic firms' vast commercial interests in China. They also shine a light on the knotty nature of the American-led global export-control regime.

American sanctions' global pretensions depend on the co-operation of allies. In principle, democratic governments in Asia and Europe are similarly wary of China, and are devising their own export controls.

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In practice, their policies are not always aligned with Uncle Sam's. The result could be a mesh of rules that, once in place, would impose costs on technology companies without doing much to bolster national security in the way that the regimes' architects envisioned.

This is not the first time that the democratic world has attempted to stem the flow of technology to undemocratic adversaries. After the second world war 17 countries, led by America, established the Co-ordinating Committee for Multilateral Export Controls to limit exports of strategic resources and technologies to the Communist bloc. The body was disbanded in 1994, once the Soviet threat was no more.

America's efforts to co-ordinate some of its anti-Chinese restrictions have so far been much more piecemeal. The closest President Joe Biden's administration has come to co-ordination is an opaque agreement sealed in January with Japan and the Netherlands. This was important to America because Dutch and Japanese companies, such as ASML and Tokyo Electron, respectively, are the sole manufacturers of sophisticated chipmaking tools without which it is almost impossible to produce the most advanced semiconductors. In July Japan's government introduced rules limiting the exports of advanced chip technology. Its Dutch counterpart followed suit in September.

Look closer, though, and the nuts and bolts of the three countries' export controls vary considerably. The Bureau of In- ►

Industry and Security (BIS), America's export-control agency, publishes an "entity list" of thousands of companies, including plenty of Chinese ones, that are barred from being sold certain types of technology. Japan has no such public entity list. Instead, it has announced a list of 23 specific types of product which require an export licence. The Japanese government has assiduously avoided mentioning China specifically, for fear of sparking the ire of a big trading partner. The Netherlands' controls, too, are "country-neutral" and applied to a handful of products.

Various national regimes diverge in other meaningful ways. American allies in Europe and Asia have not sought to copy the extensive, extraterritorial reach of American sanctions. As a result, Asian and European companies that wish to continue selling technology to Chinese customers can in theory establish subsidiaries in places without strict export controls (at least as long as these firms do not rely on American inputs).

The situation in Europe is complicated further by the division of responsibilities between national governments and the

European Union. For now individual EU members retain discretion over export controls related to their national security. But given the bloc's single market in goods, which lets technology flow across borders unimpeded, Eurocrats in Brussels want a greater say.

On October 3rd the European Commission presented a list of areas deemed critical to the bloc's economic security. It would like the ability to impose EU-wide export controls in these areas, which include advanced chips, quantum computing and artificial intelligence. It is unclear ►►

Bartleby Fortune tells

The role of luck in careers, companies and compensation

LUCK PLAYS a big and often unacknowledged part in career success, starting in the womb. Warren Buffett has talked of winning the "ovarian lottery" by being born in America when he was, and being wired in a way that pays off in a market economy. Good looks are associated with higher pay and a greater chance of being called to interview in hiring processes. Your experience of discrimination will reflect your circumstances of birth.

The early way-stations in a career are often marked by chance: a particularly encouraging boss, say, or an assignment that leads you off in an unexpected but defining direction. Luck can affect the pathways of the most rational-minded professions. A paper published in 2022 by Qi Ge of Vassar College and Stephen Wu of Hamilton College found that economists with harder-to-pronounce names, including within ethnic groups, were less likely to be placed into academic jobs or get tenure-track positions.

Names can work against economists in other ways. Another study, by Liran Einav of Stanford University and Leeat Yariv, now of Princeton University, found that faculty with earlier surname initials were more likely to receive tenure at top departments, an effect they put down to the fact that authors of economics papers tend to be listed alphabetically.

Performing well can be due to luck, not talent. In financial markets, asset managers who shine in one period often lose their lustre in the next. The rise of passive investing reflects the fact that few stockpickers are able persistently to outperform the overall market. The history of the oil industry is shot through with stories of unexpected discoveries. A recent paper by Alexei Milkov and William Navidi of the Colorado School of Mines found that 90% of industry practi-

tioners believe that luck affects the outcome of exploration projects. The authors' analysis of 50 years of drilling on the Norwegian Continental Shelf concluded that the differences in success rates between individual firms were random.

There is a long-running debate about whether luck affects executives' pay. A recent paper by Martina Andreani and Lakshmanan Shivakumar of London Business School and Atif Ellahie of the University of Utah suggests that it does. The academics looked at the impact of a big corporate-tax cut in America in 2017, an event which resulted in large one-off tax gains and losses for firms that were based on past transactions and that could not be attributed to managers' skills. They found that larger windfall gains led to higher pay for CEOs of less scrutinised firms; tax losses did not seem to affect their earnings. Lucky things.

Just as some people blindly believe that merit determines success, so it is possible to get too hung up on the role of chance. CEOs may well be rewarded for luck but slogging to the top of companies involves

talent and hard work. Although some have argued that entrepreneurs are simply people fortunate enough to have a large appetite for risk, skill does matter. A paper from 2006 by Paul Gompers of Harvard University and his co-authors showed that founders of one successful company have a higher chance of succeeding in their next venture than entrepreneurs who previously failed. Better technology and greater expertise reduce the role of chance; the average success rates in oil exploration, for example, have gone up over time.

But if luck does play a more important role in outcomes than is often acknowledged, what does that mean? For individuals, it suggests you should increase the chances that chance will work in your favour. Partners at Y Combinator, a start-up accelerator, encourage founders to apply to their programmes by talking about increasing the "surface area of luck": putting yourself in situations where you may be rejected is a way of giving luck more opportunity to strike.

An awareness of the role that luck plays ought to affect the behaviour of managers, too. Portfolio thinking reduces the role of luck: Messrs Milkov and Navidi make the point that the probability of striking it lucky in oil exploration goes up if firms complete numerous independent wells. If luck can mean a bad decision has a good result, or vice versa, managers should learn to assess the success of an initiative on the basis of process as well as outcome.

And if the difference between skill and luck becomes discernible over time, then reward people on consistency of performance, not one-off highs. Mr Buffett might have had a slice of luck at the outset, but a lifetime of investing success suggests he has maximised it.



▶ how long it will take the 27 EU members to reach the consensus required to grant the commission such powers—if it can be reached at all.

Things get blurrier still when it comes to enforcing the rules. In most countries the bureaucratic capacity to police export-control regimes is limited. America's BIS, widely considered to be better endowed than similar agencies in other countries, has fewer than 600 employees and an annual budget of just over \$200m—a modest figure given the outfit's global remit. Its Asian and European counterparts must make do with far less.

The relevant agencies often lack the expertise to assess exporters' requests for a licence to sell products abroad. That requires an understanding of how a particular piece of equipment could be used. It is almost impossible to tell how such equipment will actually be employed once it arrives in China. This year the BIS set aside a relatively piddling sum of \$6m for inspections to be conducted abroad—and little if any of this is likely to be spent on the Chinese mainland, where American inspectors are not exactly welcomed with open arms. Many of the BIS's poorer cousins in other countries depend wholly on the exporting businesses themselves to determine the actual end-use of their products, something the companies cannot know for sure either.

The result is a mishmash of opaque rules and fitful enforcement actions. Manufacturers of sensitive technologies are left guessing about what business they can and cannot do with Chinese firms. Four Taiwanese firms—Cica-Huntek Chemical Technology Taiwan, L&K Engineering, Topco Scientific and United Integrated Services—recently found themselves under investigation by Taiwan's government after reports surfaced that they were involved in building a new network of chip factories in China. The four companies all deny that they have broken any sanctions.

Lack of co-ordination may also explain why the system is not keeping high tech out of China as intended. In South Korea, SK Hynix is looking into how some of its older memory chips ended up in the latest smartphone made by Huawei. SK Hynix denies doing business with the Chinese telecoms giant. The Huawei smartphone in question, the Mate 60 Pro, also sported advanced microprocessors furnished by SMIC, China's biggest chip manufacturer. Both Huawei and SMIC feature on the BIS's entity list and were thought incapable of such chipmaking feats. Export controllers in America and its allies are still trying to work out how exactly the two companies pulled them off. This is unlikely to be the last China-related surprise they have to contend with. ■

Indian plutocracy

Wealth distribution

MUMBAI

A new survey of the ultra-rich provides a window into a changing economy

INDIAN PLUTOOCRACY can seem set in stone. The top two spots in the annual rich list compiled by Hurun, which tracks such things, invariably go to the Ambani and Adani clans. This year is no different. Mukesh Ambani came in first, with a fortune of \$98bn. He displaced Gautam Adani, a rival industrialist and last year's winner, whose riches clocked in at \$58bn. Peer lower down the ranking, though, and the story is one of change.

First, the ranks of India's ultra-wealthy are growing. Hurun's latest list identifies 1,319 fortunes of \$120m or more (its benchmark for inclusion). That is 216 more than last year. The main sources of affluence are not what you might consider the traditional routes to riches, such as industry, finance and information technology. Instead they are consumer goods, materials

and health care. Alkem Laboratories, a maker of generic drugs, helped elevate 11 people onto the list, the most of any company. Asian Paints lifted ten, Tube Investments of India, which expanded from producing bicycle parts to various other components, eight, and Pidilite Industries, a maker of adhesives, seven.

The demography and geography of Indian wealth is broadening, too. The 20-year-old founder of Zepto, a delivery firm, makes an appearance, as does, for the first time, the 94-year-old founder of Precision Wires India, a maker of electrical cabling. Most of India's rich still hail from Mumbai (328), Delhi (199) and Bangalore (100), India's commercial, political and tech capitals, respectively. But 21 other cities made the cut this year, bringing the total number of places plutocrats call home to 95.

And although plenty of rich Indians are still based abroad, most of the new money is at home. Most of it is also the product of the real economy rather than of financial engineering. Only one private-equity baron made the list—Manish Kejriwal, founder of Kedaara Capital, and his family is worth \$360m. The biggest rewards in India still accrue to the builders rather than to the moneymen. ■

Crore principals

India, Hurun rich list*, August 30th 2023

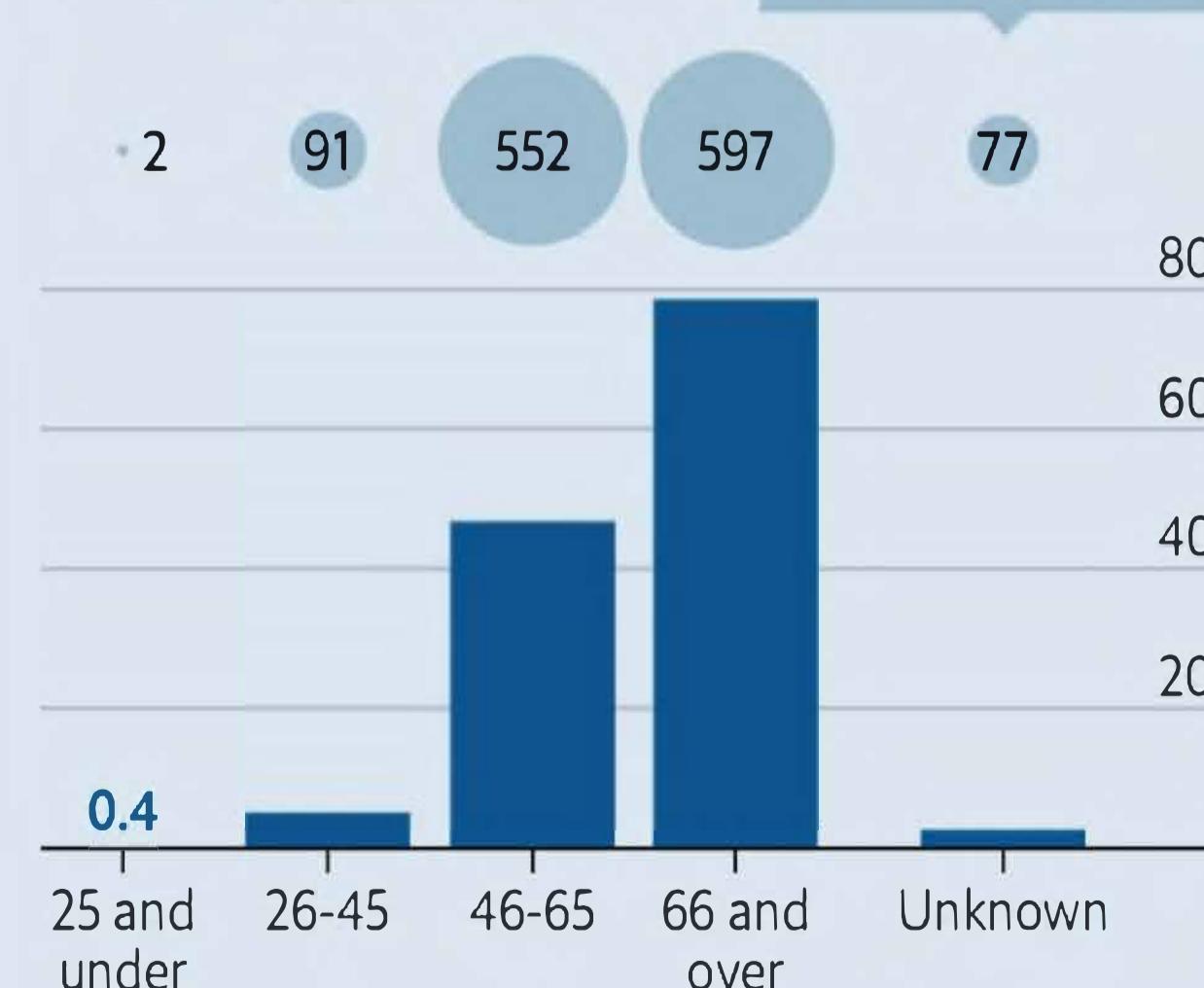
Top ten members

Rank, name	Wealth†, \$bn
(1) Mukesh Ambani	98.0
(2) Gautam Adani	57.5
(3) Cyrus Poonawalla	33.8
(4) Shiv Nadar	27.7
(5) Gopichand Hinduja	21.4
(6) Dilip Shanghvi	19.9
(7) LN Mittal	19.7
(8) Radhakishan Damani	17.4
(9) Kumar Mangalam Birla	15.2
(10) Niraj Bajaj	14.6

Wealth by sector, \$bn

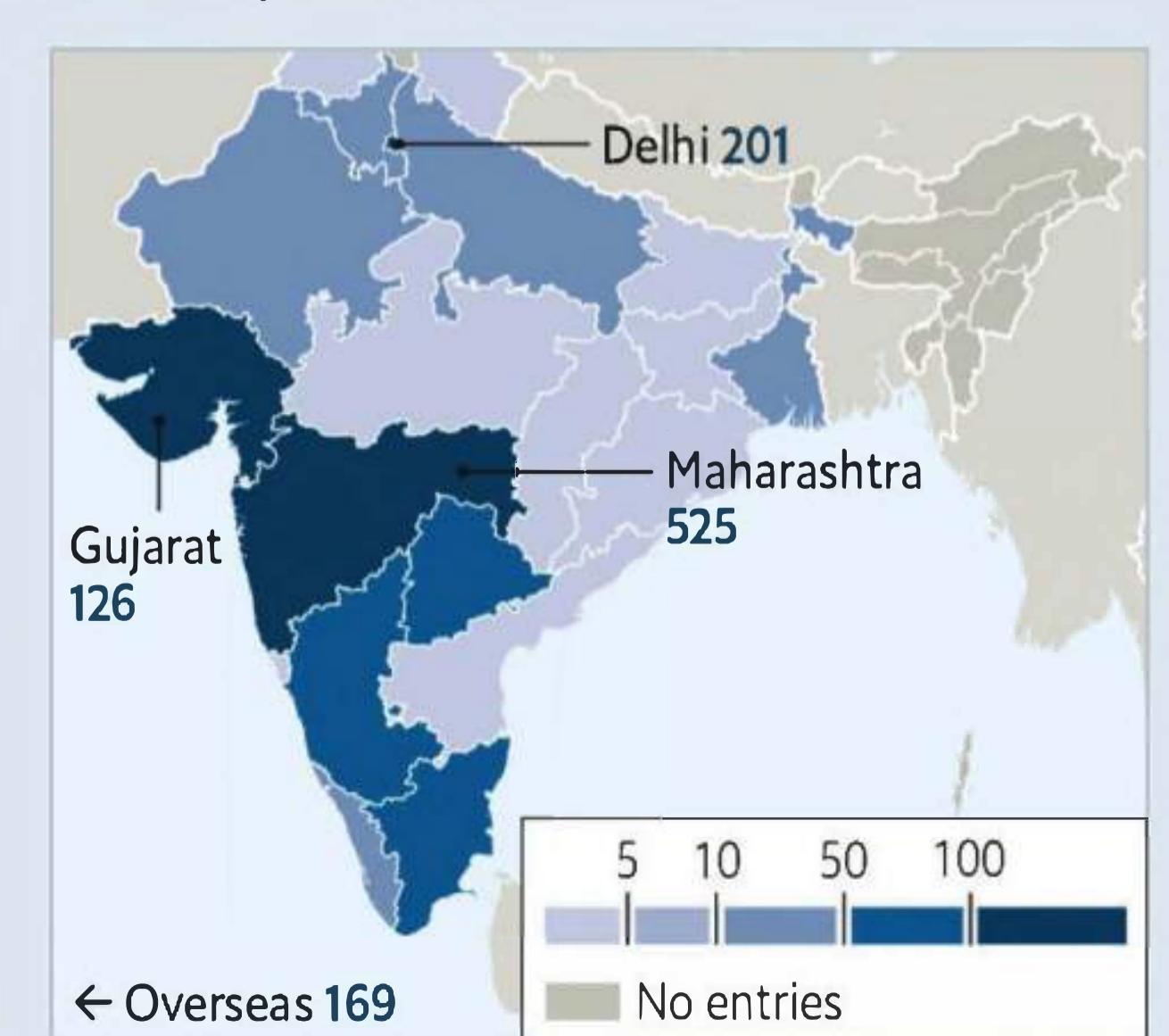


Wealth by age group, \$bn



Number on rich list

Wealth by state, \$bn



*Wealth above 1,000 crore rupees (\$120m) †Shared with family
Sources: Hurun India; *The Economist*

Chipmaking

Lithography lessons

Canon tries to crack ASML's dominance of circuit-etching tools

PURVEYORS OF CHIPMAKING tools seldom attract attention. Yet many investors' heads turned on October 13th, when Canon unveiled a new piece of kit. It is easy to see why. The Japanese company, which makes optical equipment, claims that its "nanoimprint" lithography machine can etch the very smallest transistors used in the most advanced microchips. Such feats have hitherto been the preserve of ASML, a Dutch manufacturer of lithographic tools. Canon hopes to eat further into ASML's business by eventually cranking out two-nanometre chips.

The possibility of breaking ASML's stranglehold on the supply chain for cutting-edge chips is intriguing. The firm has long enjoyed the biggest monopoly in the concentrated semiconductor industry. The world's three biggest chip manufacturers—Intel, Samsung and TSMC—depend entirely on its extreme-ultraviolet (EUV) technology to produce the cutting-edge microprocessors that go into smartphones and the powerful data-centre servers on which the computing cloud lives.

ASML's EUV rigs use high-powered lasers to etch electrical blueprints onto circular silicon discs. Canon's alternative, by contrast, directly stamps chip designs on such wafers using a patterned mould. In theory, this allows it to make more detailed patterns. And because it involves fewer steps and avoids the need for expensive lasers and supersmooth mirrors, it could be much cheaper than EUV lithography. ASML's share price dipped by more than 2% and Canon's rose by nearly as much on the nanoimprint news.

In practice, Canon has its work cut out. Dylan Patel of SemiAnalysis, a semiconductor-research firm, points out that nanoimprint lithography is prone to defects because of the precision required to align wafers and moulds. The technique is also not yet effective in dealing with complex chip designs, including for processors used in artificial-intelligence models, that involve many layers of chemical deposits. Mr Patel predicts that Canon's tool will be used for making parts of memory chips, which have fewer layers, rather than for advanced "logic" chips, which process information rather than store it.

Even if Canon can overcome all these technical hurdles, chipmakers may be loth to replace their EUV kit with its machines. Chip fabrication plants (fabs for short) are

highly standardised in order to minimise the share of chips that turn out faulty. Since ASML has long been the only game in town for cutting-edge chips, that standardisation means that fabs are being designed around its machines, which are the size of a double-decker bus. The fabs that chipmakers are currently busy putting up around the world will not suddenly switch to nanoimprint lithography. It may take five years for Canon's tools to be used in mass production, thinks Gaurav Gupta of Gartner, a research firm, and only once they have proved themselves.

One place where Canon could make headway more quickly is China. Since 2019 Chinese companies have been prevented

by America's export controls from buying ASML's EUV machines, since they all rely on bits and bobs of American origin (see earlier article). It has also struggled to develop lithography machines of its own. The current American restrictions do not, however, explicitly cover nanoimprint technology. That leaves Canon free to sell it to customers across the Sea of Japan—at least for the time being and perhaps for longer. It is unclear whether the Japanese firm's machines include enough American know-how to ever fall under America's anti-Chinese strictures. Probably no necks craned more at Canon's announcement than those of national-security hawks in Washington and Beijing. ■



Big oil

Spread bets

The energy supermajors are beefing up their trading arms

IN THE 1950S the oil market was in the gift of the "Seven Sisters". These giant Western firms controlled 85% of global crude reserves, as well as the entire production process, from the well to the pump. They fixed prices and divvied up markets between themselves. Trading oil outside of the clan was virtually impossible. By the 1970s that dominance was cracked wide open. Arab oil embargoes, nationalisation of oil production in the Persian Gulf and the arrival of buccaneering trading houses such as Glencore, Vitol and Trafigura saw the Sisters lose their sway. By 1979, the independent traders were responsible for trading two-fifths of the world's oil.

The world is in turmoil again—and not only because the conflict between Israel and Hamas is at risk of escalating danger-

ously. Russia's war in Ukraine, geopolitical tensions between the West and China, and fitful global efforts to arrest climate change are all injecting volatility into oil markets (see chart 1 next page). Gross profits of commodity traders, which thrive in uncertain times, increased 60% in 2022, to \$115bn, according to Oliver Wyman, a consultancy. Yet this time it is not the upstarts that have been muscling in. It is the descendants of the Seven Sisters and their fellow oil giants, which see trading as an ever-bigger part of their future.

The companies do not like to talk about this part of their business. Their traders' profits are hidden away in other parts of the organisation. Chief executives bat away prying questions. Opening the books, they say, risks giving away too much infor- ►►

mation to competitors. But conversations with analysts and industry insiders paint a picture of large and sophisticated operations—and ones that are growing, both in size and in sophistication.

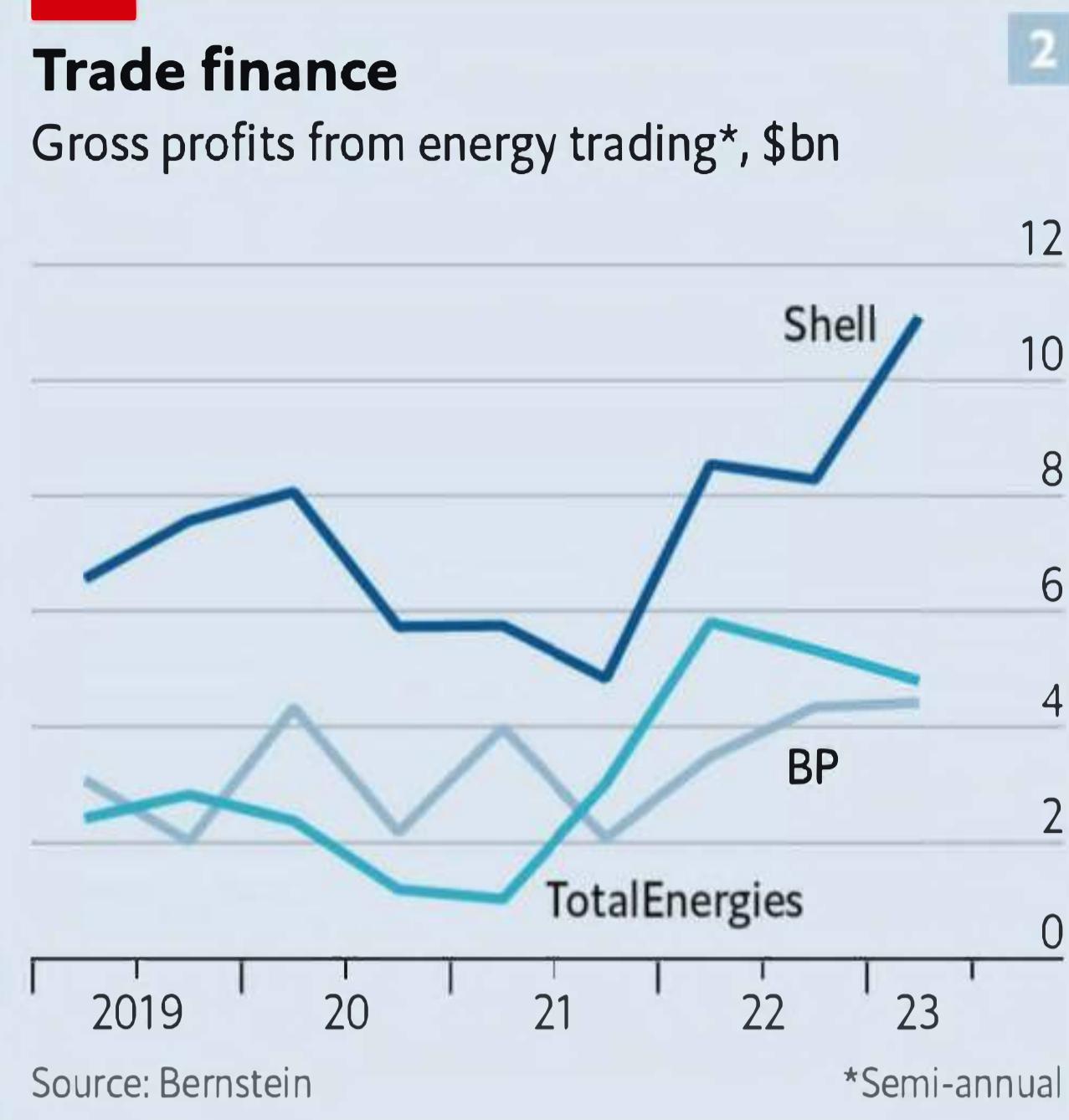
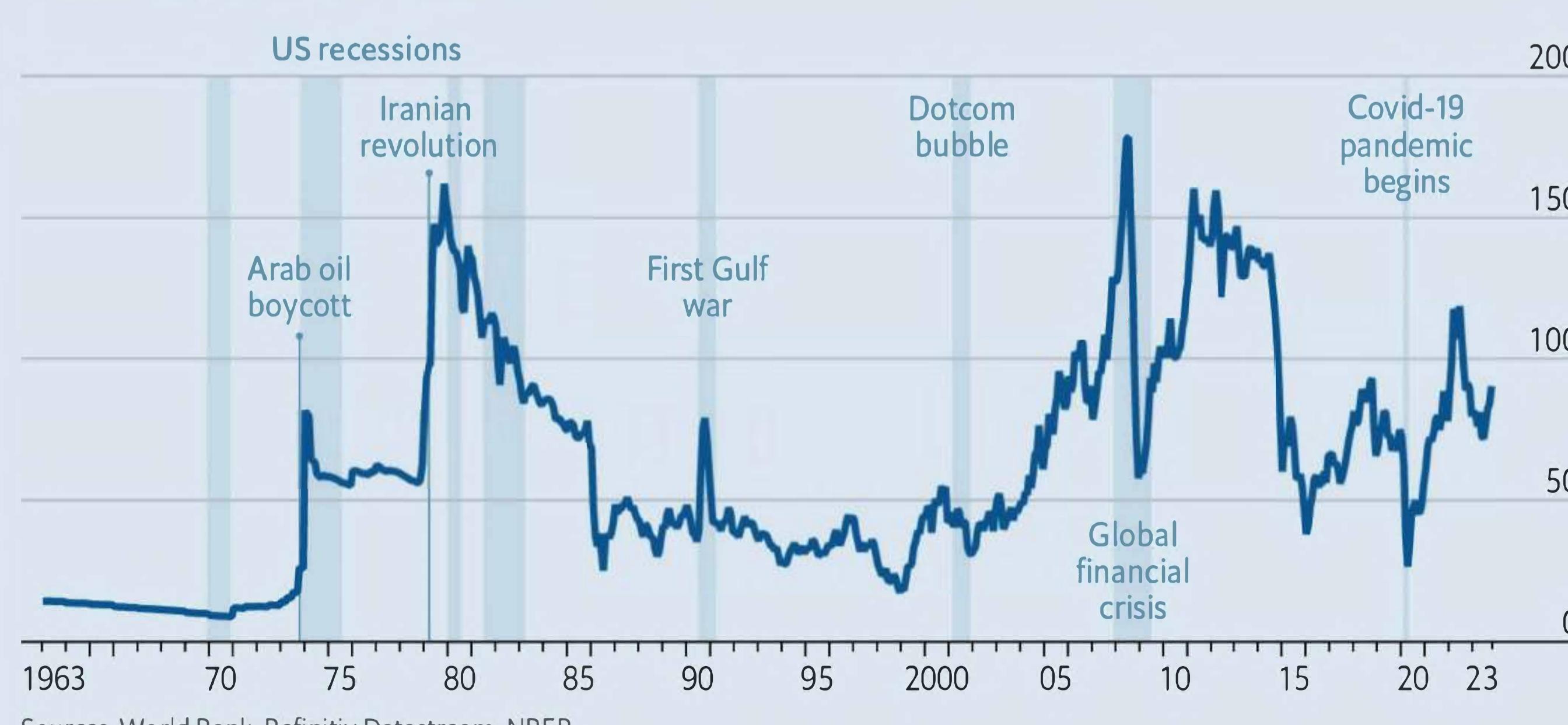
In February ExxonMobil, America's mightiest supermajor, which abandoned large-scale trading two decades ago, announced it was giving it another go. The Gulf countries' state-run oil giants are game, too: Saudi Aramco, Abu Dhabi National Oil Company and QatarEnergy are expanding their trading desks in a bid to keep up with the supermajors. But it is Europe's oil giants whose trading ambitions are the most vaulting.

BP, Shell and TotalEnergies have been silently expanding their trading desks since the early 2000s, says Jorge Léon of Rystad Energy, a consultancy. In the first half of 2023 trading generated a combined \$20bn of gross profit for the three companies, estimates Bernstein, a research firm. That was two-thirds more than in the same period in 2019 (see chart 2), and one-fifth of their total gross earnings, up from one-seventh four years ago. Oliver Wyman estimates that the headcount of traders at the world's largest private-sector oil firms swelled by 46% between 2016 and 2022. Most of that is attributable to Europe's big three. Each of these traders also generates one and a half times more profit than seven years ago.

Today BP employs 3,000 traders worldwide. Shell's traders are also thought to number thousands and TotalEnergies' perhaps 800. That is almost certainly more than the (equally coy) independent traders such as Trafigura and Vitol, whose head counts are, respectively, estimated at around 1,200 and 450 (judging by the disclosed number of employees who are shareholders in the firms). It is probably no coincidence that BP's head of trading, Carol Howle, is a frontrunner for the British company's top job, recently vacated by Bernard Looney.

Crude awakening

Brent crude, \$ per barrel, 2022 prices



The supermajors' trading desks are likely to stay busy for a while, because the world's energy markets look unlikely to calm down. As Saad Rahim of Trafigura puts it, "We are moving away from a world of commodity cycles to a world of commodity spikes." And such a world is the trader's dream.

One reason for the heightened volatility is intensifying geopolitical strife. The conflict between Israel and the Palestinians is just the latest example. Another is the war in Ukraine. When last year Russia stopped pumping its gas west after the EU imposed sanctions on it in the wake of its aggression, demand for liquefied natural gas (LNG) rocketed. The European supermajors' trading arms were among those rushing to fill the gap, making a fortune in the process. They raked in a combined \$15bn from trading LNG last year, accounting for around two-fifths of their trading profits, according to Bernstein.

This could be just the beginning. A recent report from McKinsey, a consultancy, models a scenario in which regional trade blocs for hydrocarbons emerge. Russian fuel would flow east to China, India and Turkey rather than west to Europe. At the same time, China is trying to prise the

Gulf's powerful producers away from America and its allies. All that is creating vast arbitrage opportunities for traders.

Another reason to expect persistent volatility is climate change. A combination of increasing temperatures, rising sea levels and extreme weather will disrupt supply of fossil fuels with greater regularity. In 2021 a cold snap in Texas knocked out close to 40% of oil production in America for about two weeks. Around 30% of oil and gas reserves around the world are at a "high risk" of similar climate disruption, according to Verisk Maplecroft, a risk consultancy.

Then there is the energy transition, which is meant to avert even worse climate extremes. In the long run, a greener energy system will in all likelihood be less volatile than today's fossil-fuel-based one. It will be more distributed and thus less concentrated in the hands of a few producers in unstable parts of the world. But the path from now to a climate-friendlier future is riven with uncertainty.

Some governments and activist shareholders are pressing oil companies, especially in Europe, to reduce their fossil-fuel wagers. Rystad Energy reckons that partly as a result, global investment in oil and gas production will reach \$540bn this year, down by 35% from its peak in 2014. Demand for oil, meanwhile, continues to rise. "That creates stress in the system," says Roland Rechtsteiner of McKinsey.

Future traders

This presents opportunities for traders, and not just in oil. Mr Rechtsteiner notes that heavy investment in renewables without a simultaneous increase in transmission capacity also causes bottlenecks. In Britain, Italy and Spain more than 150-gigawatts'-worth of wind and solar power, equivalent to 83% of the three countries' total existing renewables capacity, cannot come online because their grids cannot handle it, says BloombergNEF, a research firm. Traders cannot build grids, but they can help ease gridlock by helping channel resources to their most profitable use.

Europe's three oil supermajors are already dealing in electric power and carbon credits, as well as a lot more gas, which as the least grubby of fossil fuels is considered essential to the energy transition. Last year they had twice as many traders transacting such things than they did in 2016. Ernst Frankl of Oliver Wyman estimates that gross profits they generated rose from \$6bn to \$30bn over that period. Other green commodities may come next. David Knipe, a former head of trading at BP now at Bain, a consultancy, expects some of the majors to start trading lithium, a metal used in battery-making. If the hydrogen economy takes off, as many oil giants hope, that will offer another thing not just to produce, but also to buy and sell. ■

Schumpeter | How much is too much?

The soaring pay of America's bosses is again under fire



“WE’RE FED up with falling behind,” declared Shawn Fain, the boss of America’s United Auto Workers (UAW), last month after the union began a campaign of intermittent strikes at Ford, General Motors (GM) and Stellantis, America’s “big three” carmakers. A month in, the two sides are still at loggerheads. Jim Farley, Ford’s chief executive, has argued that the 36% pay rise over four years demanded by the striking workers would cripple his business. The UAW has countered that the average pay of the big three’s CEOs is 40% higher than it was in 2019, compared with 6% for the union’s members, which is well below inflation. Last year Mr Farley raked in \$21m in pay, Carlos Tavares, his counterpart at Stellantis, \$25m and Mary Barra of GM, \$29m. The average full-time UAW member made less than \$60,000. (Exor, the biggest shareholder in Stellantis, part-owns *The Economist*’s parent company.)

America’s bosses are certainly well compensated. After languishing in the 2000s, median pay for CEOs of big companies in the S&P 500 index has climbed by 18% over the past decade, adjusting for inflation, twice the rise in the median full-time wage in America. The typical S&P 500 boss earned more than \$14m last year, according to figures from MyLogIQ, a data provider. That is around 250 times as much as the average worker. It is also more than bosses earn in Britain (where chiefs of FTSE 100 firms took home just shy of \$5m), let alone in France and Germany (where CEOs are paid still less). Some American corporate chieftains rake in many times that. In 2022 Sundar Pichai of Alphabet, a tech titan, received a \$218m stock award, following a similar-sized bounty in 2019. In 2021 David Zaslav of Warner Bros Discovery, a media giant, received stock options worth an estimated \$203m (subject to hitting certain performance hurdles).

Investors, for their part, do not seem overly bothered. Last year only 4% of S&P 500 companies failed to win majority support in (non-binding) “say on pay” votes, according to Meridian, an executive-compensation adviser. As Lucian Bebchuk of Harvard Law School explains, America’s big institutional investors pay little attention to the market-wide level of compensation, focusing instead on what share of a CEO’s pay is tied to the firm’s performance, and on how much they earn relative to other bosses. American CEOs’ pay is “so stratospheric we have become numb to it”, says

Amy Borrus of the Council of Institutional Investors, which represents pension funds and other asset managers. Ordinary Americans, though, are furious. A survey in 2019 by David Larcker and Brian Tayan of Stanford University found that 86% of them thought bosses were overpaid. Is it time, then, to rein in CEO pay?

One consideration is what the benchmark should be. CEOs are far from the only group rolling in cash, notes Alex Edmans of the London Business School. Last year LeBron James made \$127m throwing balls in hoops and endorsing shoes. Tom Cruise pocketed \$100m for acting in “Top Gun: Maverick”. Such celebrities do not seem obviously worthier than bosses steering colossal corporations responsible for many billions of dollars of capital and tens or even hundreds of thousands of jobs.

And bosses’ pay looks like chump change when compared with the scale of their companies. The total compensation of S&P 500 CEOs last year was equal to 0.5% of net profit of the index’s firms, and 0.03% of their combined market value. Investors seem to believe a good boss is worth many times that. On October 12th Dollar General, an American discount retailer, announced its previous boss would return to the helm after lacklustre results under his successor. Its share price jumped by 9% the next day. As companies have grown bigger—the average S&P 500 firm last year generated more than twice the revenues it did in 1990, after inflation—and more global, the CEO’s job has also become harder, argues Steven Kaplan of the University of Chicago Booth School of Business.

Judging by the European experience, paying bosses less is not obviously a good idea. The earnings gap between American and European bosses is partly the result of less competition for executives in Europe, which has fewer big firms. It also reflects a more egalitarian attitude to pay that has not translated into better performance. Europe’s firms exhibit lower sales growth, profitability and shareholder returns, and its workers are less productive. All that contributes to the continent’s sluggish economic growth.

Earlier this year Julia Hoggett, head of the London Stock Exchange, warned that Britain’s companies risked being hamstrung by their inability to attract executive talent. Last year Laxman Narasimhan quadrupled his pay by abandoning the top job at Reckitt Benckiser, a London-listed consumer-goods company, to run Starbucks, an American coffee chain. In Japan, where CEO pay is even lower than in Europe, companies like Toyota have started beefing up compensation packages with stock-based incentives.

Greed is good. Right?

All this sounds like a compelling argument in favour of letting American CEOs off the hook for their rich rewards. In practice, though, shareholders should watch for two things. For one, the American market for CEOs is far from perfectly efficient. Many bosses loom large over their boardrooms, and may cow notionally independent remuneration committees. Two in five S&P 500 CEOs also chair their boards. A recent survey of American company directors by PwC, a consultancy, showed that one in two thought executives were overpaid. Any reservations they may harbour, and express in the comfort of an anonymous survey, dissipate when confronted with a flesh-and-blood chairman.

A more immediate concern is that paying vast sums to bosses when times are tough for common folk can have unwanted consequences, if it emboldens employees to make demands that their companies cannot afford. This risks happening in Detroit, which must compete globally with lower-cost carmakers. The free market for CEOs, in other words, is also subject to political economy. ■



The financial conflict

War by other means

ISTANBUL

In its fight against Hamas, Israel uses economic weapons as well as military ones

IN LESS THAN a fortnight, some 3,500 Gazans have been killed, 12,000 injured and more than a million displaced—on whose behalf America and the UN are attempting to open a passage into Egypt. Entire neighbourhoods in the strip have been bombed to dust. Cut off from food, water and medical supplies, the UN warned on October 16th that Gaza's 2.3m people were on “the verge of an abyss”. Since Israel's strikes began, war has drained nearly every source of economic life from the territory.

For the better part of two decades, Gaza has relied on support from international donors for its financial survival. On October 18th Binyamin Netanyahu, Israel's prime minister, said that his country would allow a modest amount of food and medicine across Egypt's border into the territory, which would be the first supplies let in since Hamas launched its brutal attack against Israel on October 7th. Israel's allies, including America, are pushing for more to be admitted. Yet at the same time, Israel wants to suffocate Hamas by any

means possible, which requires using economic as well as military weapons.

Averting a humanitarian catastrophe is made all the more difficult by the miserable pre-war state of the Palestinian economy. Israel, Gaza and the West Bank share a single market, governed by a deal that the UN brokered in 1994. The idea behind the agreement was that Palestinians would work in Israel and that Israeli capital would flood into Gaza and the West Bank, where rich returns were waiting. In reality, Israeli restrictions remained in place and the Pal-

estinian economy still depends on hand-outs. On the eve of the war, the average Israeli was 15 times richer than the average Palestinian. Only a third of West Bankers have access to a sewage system; some 10% manage without a water supply. West Bankers have been allowed to work in low-skilled jobs in Israel, but have been subject to tight restrictions on their movement.

In Gaza, things have been even worse. Growth in GDP per person in the West Bank averaged 2.8% a year from 2007 to 2022. The average Gazan became poorer during the same period, with the local economy shrinking by 2.5% a year. The territory has operated under a near total blockade from Israel since Hamas took power in 2007. Until recently, it was supplied with electricity by Israel, but received only a third of the amount it sought. Each of the three wars fought between the two sides—in 2008, 2014 and 2021—cost Gaza the equivalent of at least a year of GDP.

If there is nothing for an economy to generate, it is not just growth that suffers. Unemployment is rife. More than half of the Gazan adult population were living below the IMF's poverty line in 2021. There are few ways to make money. One way used to be dealing imports and exports through tunnels under Gaza's southern border, but Egypt cleared out most after a bust-up with Hamas in 2014. Another way is to rebuild what war destroys. One of Gaza's main businesses is construction, which grew by ►►

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► 20% last year. It will presumably grow by more once this round of war ends.

Others cobble together incomes from a range of outside sources. Some 70,000 Gazans remain on the payroll of the Palestinian Authority (PA), even though its officials who run the West Bank were kicked out of Gaza by Hamas in 2007, and none of them actually goes to work. Qatar deposits cash—some \$10m a month—into the bank accounts of thousands more locals. The PA pays Gaza's electricity bills, which Israel subtracts from the tax it collects on behalf of the PA in the West Bank. The UN educates 300,000 Gazan children; a network of hospitals it runs with charities provides the territory with basic health care.

The strip's assets

Another organisation on which Gazans depend is Hamas, whose administrative branch runs the strip's government. Since it took power, Hamas has expanded the public payroll from roughly 20,000 to 50,000 civil servants. Last year its spending contributed 0.8% to GDP growth, compared with 0.3% from all household and

business spending. As charities run so many of the strip's schools and hospitals, and the PA keeps the lights on, Hamas is able to spend lavishly elsewhere.

It finances its spending with an adroit tax system. Though Gaza gets no imports from Israel, it does get them from Egypt, from which trade had recently increased, and the West Bank. Hamas taxes food and fuel crossing the Egyptian border; picks up 16.5% of the value of products from baby food to jeans; charges three shekels (\$0.75) per kilo of fish caught by fishermen; and levies income tax. Altogether economists reckon that Hamas may take in somewhere in the region of 1.5bn shekels a year.

Other sources of finance are already in Israel's sights. Gaza's various Islamist groups receive maybe \$100m a year from Iran, according to America's best guess. Hamas also receives individual donations from the Gulf and the West, some of which are furtively transferred across borders using cryptocurrencies. Israel and its allies have already come down hard on these sources of finance where possible, freezing accounts in Istanbul and London.

Will aid to Gaza end up strengthening the position of Hamas? In the past, Israel has been wary of multilateral organisations working in the strip. Other governments have found that links between charities and Hamas are rare, however. In Gaza, few believe rumours that Hamas taxes aid. So grim is the situation that "a few bits of fuel getting lost is worth it", argues the boss of a think-tank in Gaza.

Israeli policymakers also face dilemmas in the West Bank. Just a few thousand Gazans work in Israel; in contrast, a quarter of the West Bank's labour force works over the border or in Jewish settlements. Israel does allow exports and imports through the West Bank—the duties on which make up around two-thirds of the PA's budget. These taxes are collected by Israel and occasionally held up for months at a time before being transferred. Some Israeli officials reportedly want to cut such payments, either to redirect money towards Gazan reconstruction or in the hopes of stopping payments to Gazan families. Other Israeli officials insist that the PA needs more, not less, funding in order to keep a fragile peace.

In some ways, the choices facing Israeli politicians are exaggerated versions of ones that they have faced in the past. When Israel wanted to contain Hamas, it made no sense to help the group collect taxes. Now that Israel wants to destroy Hamas, it makes no sense in military terms to allow supplies into Gaza. Yet if it restricts the flow of supplies even more harshly, a humanitarian disaster will ensue. On October 17th Gaza's health ministry begged for generators. Without them, it said, hospitals were about to shut down. ■



Property woes

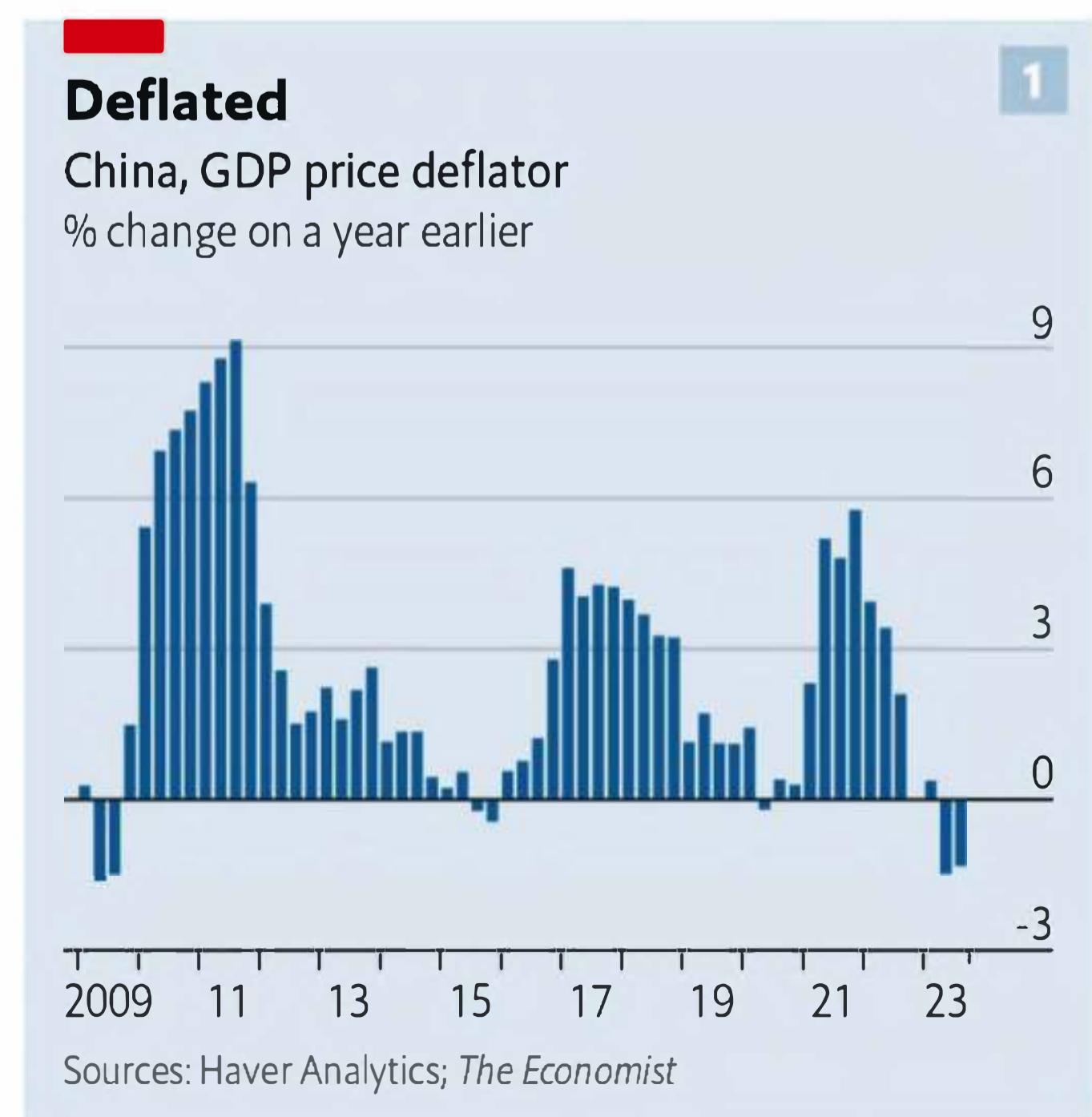
Still in the mire

HONG KONG

The Chinese economy may be growing faster, but serious problems remain

CHINA'S EMERGENCE from its covid-19 controls was meant to be the biggest economic event of the year. Instead, the re-opening has turned into one of the biggest disappointments. In a recent survey by Bank of America, fund managers in Asia expressed their "fatigue and frustration" with China's weak growth and the lack of a concerted government response.

On the face of it, economic data released on October 18th should cheer them up. The figures showed that China's economy grew by 4.9% in the third quarter, compared with a year earlier—faster than expected. And its growth compared with the previous quarter was stronger still: 5.3% at an annualised rate. The economy ►



► should now have little trouble meeting the government's growth target of "around 5%" for this year. UBS, a bank, raised its forecast for 2023 from 4.8% to 5.2%.

The source of the growth was also encouraging. Consumption contributed almost 95% of it, noted Sheng Laiyun of China's National Bureau of Statistics. There are signs that the country's beleaguered households may be coming out of their shells. Demand for longer-term loans is growing; the saving rate, adjusted for the season, fell below 30% of disposable income for the first time since the pandemic, according to Yi Xiong of Deutsche Bank.

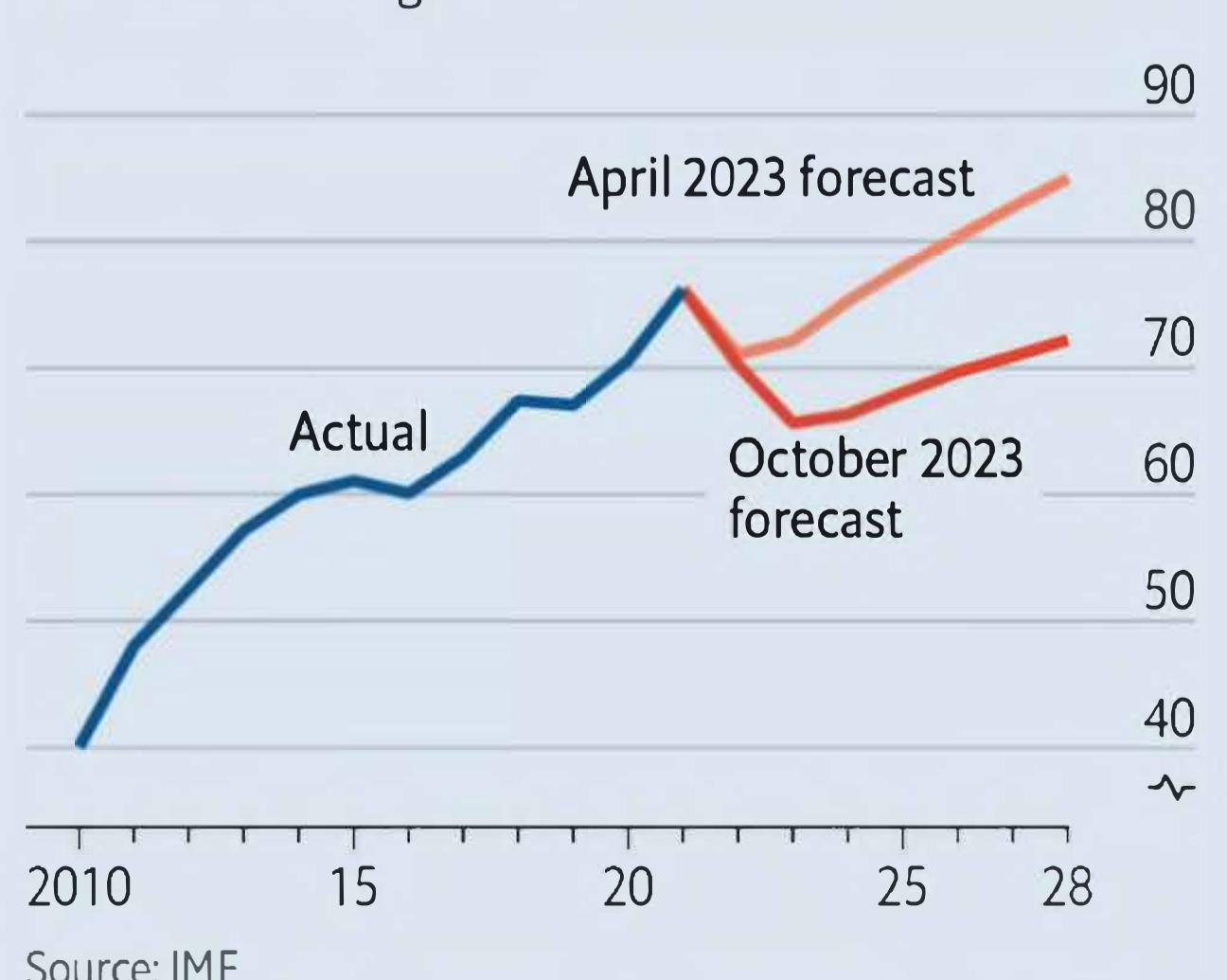
One reason for this may be improvements in the job market. Urban unemployment fell to 5% in September from 5.2% in the previous month and the average work-week lengthened. Household debt burdens have also eased a little. Chinese policymakers have instructed banks to cut the interest rate on outstanding mortgages in line with the lower rates available for new ones. On October 13th the central bank announced that the interest rate on existing mortgages, worth 21.7trn yuan (\$3trn), had been lowered by 0.73 percentage points, which should free up over 100bn yuan of spending power a year.

But the good news for households was not matched by good news for houses. The property market remains dangerously weak. The amount of residential floor space sold by property developers in September was 21% below that sold last year. Increasingly, China's developers must actually finish buildings before they can sell them. Completed buildings accounted for almost a quarter of sales in September, compared with less than 13% in 2021.

The threat of deflation lingers, too. China's annual nominal growth, which includes inflation, was 3.5% in the third quarter, lower than the real, inflation-adjusted figure. This suggests that prices of goods and services fell by almost 1.4%, the second drop in a row (see chart on previous page), which makes the current period China's worst deflationary spell since 2009.

Second thoughts

China's GDP relative to America's, %
At market exchange rates



Thus fatigue and frustration should not give way to complacency. At the IMF's annual meeting, Pierre-Olivier Gourinchas, the fund's chief economist, called for "forceful action" from China's government to restructure struggling property developers, contain financial dangers and redeploy fiscal measures to help households.

The government has taken some steps. It has allowed a growing number of local governments to issue "refinancing bonds", which will help clear late payments to suppliers and replace the more expensive debt owed by local-government financing vehicles. The authorities seem keen to prevent any of these vehicles from defaulting.

But preserving financial stability is not the same as reviving growth. The government's efforts to stimulate demand have so far been both piecemeal and grudging. Its fear of doing too much seems to outweigh its fear of doing too little. With the official

growth target in sight, policymakers may now be tempted to wait and see how the recovery evolves before pursuing further stimulus. In the face of a hostile America and turbulent geopolitics, it appears keen to keep its fiscal powder dry.

Still, it is hard to see how deflation strengthens China's position. The IMF now thinks that China's prices, as measured by its GDP deflator, will fall this year compared with last. Combined with the yuan's weakness, GDP could shrink in dollar terms. Indeed, China's economy will gain little ground on America's in the next five years, according to the fund (see chart 2).

The contrast with the IMF's April forecast is stark. In the space of six months, the fund has shorn off more than \$15trn, in today's dollars, from China's cumulative GDP for the years from 2023 to 2028. Few economies can match China's scale. And that includes the scale of its disappointments. ■

Financial threats

The hangover worsens

SHANGHAI

China's banks may be loaded up with hidden bad loans

WHEN JINZHOU BANK, in north-eastern China, showed signs of distress at the start of the year, state media suggested that a billionaire named Li Hejun might be to blame. Mr Li, a solar-panel tycoon, was once China's richest man. His firm was known to have tight links to the bank. And it was not long after word spread that he had been arrested that Jinzhou Bank suspended trading in its shares and told investors it would restructure its operations.

Oddly, the bank's finances look to have been in good shape. The firm's overall bad-debt level was low in the first half of 2022, the last period for which detailed information is available. Although one concerning figure sticks out—more than 50% of its personal-business loans had become non-performing—this type of loan comprised just 1% of its total. Small- and micro-enterprise loans, which make up about half of the bank's loan book, appeared normal, with only 3% having gone sour.

But was this the whole story? In theory, there is no meaningful distinction between personal-business loans and small- and micro-enterprise loans, says Jason Bedford, a veteran banking analyst. The two types are used in similar ways and should offer similar risk. In practice, though, there is a crucial difference: small- and micro-enterprise loans remain covered by a covid-era moratorium allowing banks to avoid recognising bad debts. Thus

it is possible that a large portion of Jinzhou's lending book is unrecognised bad debt. The bank has said almost nothing about its condition since earlier this year.

If hidden bad debts such as these lurk at Jinzhou Bank, they may lurk elsewhere, too. This is worrying, for Chinese finance is already in a mess. Local governments are struggling to repay lenders at least 65trn yuan (\$9trn) in off-balance-sheet debts. Many of the country's big property developers have already defaulted on offshore bonds and owe trillions of yuan-worth of unbuilt homes to local residents. China's largest wealth-management firms have started to default on payments owed to investors. Given that the type of hidden debts possibly on Jinzhou's balance-sheet have so far received little attention, the bank's troubles ought to come as a warning.

Problems with loans to the smallest firms began with covid-19. As China shut down, the central bank put a moratorium on the repayment of loans for small- and micro-enterprises until June 2020 in order to halt a wave of defaults. After less than three months, officials estimated that 700bn yuan in payments had been deferred. The moratorium has been extended several times since then, with officials citing the continued impact of covid. No estimate for the total amount of unpaid loans exists and banks will not be required to disclose them publicly until next year. ■

The moratorium has also coincided with another state initiative. In order to stimulate the economy, the central government has leaned on banks to extend loans to the smallest firms, and to do so at the lowest possible interest rates. Although such policies have been attempted for years, banks have been resistant, preferring to lend to the large, often state-owned companies with which they have relationships already. This time the policy has worked, however. A crackdown on the banking industry, culminating in the arrest of the president of one of China's largest commercial banks last year, has made bosses more willing to follow official edicts.

As a result, at the beginning of the year about 28% of all loans in China had been given to small- and micro-enterprises, up from 24% at the end of 2019. Many of these loans represent simply the renewal of older, unpaid debts. It is well known that small firms struggled during the pandemic. Despite this, there has hardly been an uptick in non-performing loans, notes Alicia Garcia Herrero of Natixis, a bank.

Another result has been what some view as a catastrophic mispricing of assets. Small firms are usually judged to pose the greatest risks, but loans to small- and micro-enterprises have nevertheless been provided at rock-bottom interest rates. Banks have offered them at an average of 4% annual interest, down from 6% or so in 2019. To make matters worse, a recent surge in long-term deposits, which are remunerated at higher rates, means banks' margins have been squeezed even tighter.

Only a few lenders have hinted at the amount of loans they have deferred. Minsheng Bank, one of China's largest, said in its mid-term report last year that it had provided 212bn yuan in renewed loans and deferred payments in the previous six months, equivalent to 9% or so of its entire corporate loan book. Since then, it has declined to make similar disclosures. The central bank is providing funds to banks, which can be used to support specific parts of the economy. In a recent report it said that it had handed out 2.7trn yuan in loans for small firms in the first half of this year.

Any loan moratorium comes with a gamble: that a period of forgiveness will allow struggling companies to get back on their feet after a shock. The initial decision may have saved tens of thousands of firms and even a few banks from going under. Now the fate of the pile of debt—however big it may be—depends on China's economic fortunes over the coming months. Although the purchasing-managers' index for manufacturers shows that the outlook for large companies has improved slightly, the one for small and medium-sized companies has continued to contract. The economic hangover from the covid era has lingered. It could now be about to intensify. ■



Crypto's future

Rivals crushed

ZALLAQ

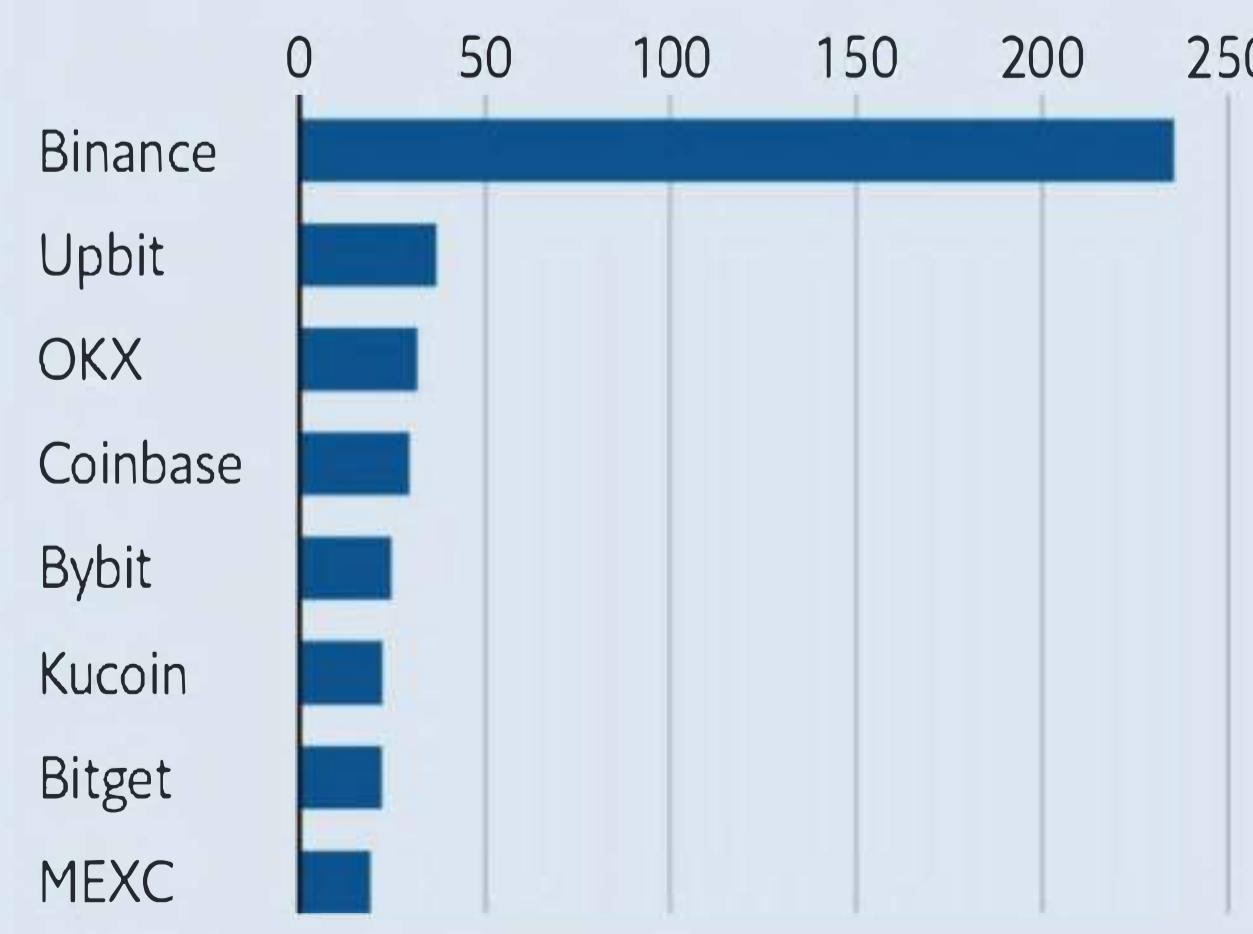
After FTX's implosion, will Binance come over to the light side?

THE LUKE SKYWALKER and the Darth Vader of crypto." That is how Michael Lewis, author of "Going Infinite", a recent book about the rise and fall of Sam Bankman-Fried, founder of FTX, a now-bankrupt crypto exchange, is supposed to have described the intense rivalry between his subject and Changpeng Zhao (pictured), the boss of Binance, a rival firm.

Until Mr Bankman-Fried's exchange collapsed with an \$8bn hole in its balance-sheet, the analogy seemed apt. The two men controlled the two largest crypto exchanges in the world. Both were known by acronyms: "SBF" and "cz". Young, talented and seemingly in favour of playing nice with regulators, SBF was something of a

CZ-peasy

Eight biggest centralised crypto exchanges by trading volume, June 2023, \$bn



wunderkind, and cz was his shadowy foil. Keen to avoid being pinned down by national laws, his exchange was based "nowhere". Binance had long been under investigation for possible money-laundering and criminal-sanctions violations by America's justice department. cz had invested in FTX before the two turned on each other. Then SBF publicly goaded cz about his legal problems, and a tweet by cz probably helped set off the run on FTX.

Now, with FTX out of the picture and SBF on trial, charged with various kinds of fraud, which he denies, cz looks a lot like the last man standing in crypto. Binance utterly dominates crypto trading (see chart). A whopping 40-50% of it by volume takes place on the platform. The big question, which cz discussed in an interview with *The Economist* in Bahrain on October 11th, is how Binance will now evolve.

For as long as crypto exchanges have existed, financial laws have been ill-suited to them. Given the nature of the assets that are traded, they are in effect hybrids of exchanges, brokers and settlement firms. If crypto exchanges were largely unregulated that was at least partly because few laws had been written to govern them.

But, in the wake of FTX's collapse, the situation is starting to change. Legislators and regulators around the world are rushing to pen new laws or crack down on the industry. This has two big implications for exchanges. First, regulators want to make sure that they are not mishandling or improperly using customer funds, as FTX did. Second, they want to ensure that exchanges are not facilitating financial crimes.

cz insists that customers can trust his exchange. "There are so many ways" Binance is structured differently to FTX, he says. The firm has met heavy redemption requests from clients, including in choppy markets. He points out that the Securities and Exchange Commission (SEC), America's financial regulator, spent a long time investigating Binance for this kind of misconduct. The regulator could provide "zero evidence" that Binance was commingling user funds, says cz, "which actually helps us to prove that we don't do it." Other complaints by the SEC, including that the company issued securities without a licence, are still to be heard in court.

Yet it is the second requirement that might turn out to be trickier for Binance. In December Reuters, a news service, reported that prosecutors at America's justice department were split on whether or not to charge the firm with money-laundering or sanctions violations. According to Bloomberg, another news service, Binance withdrew its application to become a licensed exchange in Singapore in 2021, where it was based at the time, in part owing to its inability to comply with strict anti-money laundering rules. The SEC quotes evidence ►►

▶ from a former employee, who admitted that the company thought it was an “unlicensed securities exchange” and “did not want to be regulated, ever”.

CZ dismisses this as “private chat by an ex-employee”, and adds it “was not the right thing by far”. He notes that Binance is “the most licensed crypto firm in the world”, with permission to operate in 18 countries across Asia, Europe and the Middle East (its American arm operates in 44 states). Binance now appears to be playing nice with various authorities. A spokesperson confirms that in recent days it has fro-

zen “the small number of accounts” soliciting donations in support of Hamas, to comply with international sanctions laws.

The test for the firm now will be in Europe. America is cracking down on crypto, and is unlikely to pass new laws soon. By contrast, European legislators have written a “Markets in Crypto-Assets” or “MiCA” framework, which entered into force in June. Exchanges can keep operating under existing licences until 2026, unless refused under MiCA, which will require strong policies against money-laundering and terrorist financing. CZ says that,

in addition to such policies, a full licence means that authorities look at “your wallet infrastructure, your security, your customer support policies, your refund policy. They look at your whole business.”

A crypto exchange can no longer argue that it cannot comply with national rules because they do not exist. Failing to meet Europe’s standards would reveal that Binance does not want, or is unable, to follow even clear laws. In “Star Wars”, Yoda warns Luke Skywalker that it is easier to amass or wield power by turning to the Dark Side. It is harder to operate in the light. ■

Buttonwood Farewell Dr Copper

The red metal no longer tells investors much about the global economy

DOCTORS ARE famously reluctant to hang up their stethoscopes. But a time comes in the career of every medic when their skills fade, and a gentle push is the best thing for them—and their patients. The same applies for the metaphorical physicians of the financial world, whose ability to diagnose the market’s health changes over time. Now the end may be nigh for the most illustrious of all such physicians: Dr Copper.

Copper, a metal crucial to the construction of all manner of fittings, pipes and wires, has earned its nickname on Wall Street owing to its role as a bellwether for the health of global industry. A surge in copper prices is taken as an early sign of an economic upswing; a big drop is a portent of recession, or at the very least a manufacturing downturn.

So what is going on at the moment? Manufacturing looks peaky. Global industrial output is up by just 0.5% year on year, well below the average of 2.6% over the past two decades, and the rich world is in an industrial recession. A wobble of a similar scale in 2015 sent copper prices plunging by about a quarter. Yet so far this year they are down by only 6%. Futures maturing in 2025 are flat, and those maturing in 2026 are up a bit.

The breakdown in the usual rules of thumb is most striking in China, which consumes over half of the world’s annual copper supply. Its stricken housing market might have led you to think the metal was doomed. After all, investment in property, once a key driver of copper demand, is down by 9% year on year. Curiously, though, Chinese demand for the metal is up by around 10% this year.

The explanation for this lies in the radical shifts that are under way in the energy system. China will install around 150 gigawatts (GW) of copper-intensive

solar-energy capacity this year, according to Goldman Sachs, a bank, almost double the amount it installed last year. And methods for storing energy require the metal, too. Pumped-storage hydropower is one example. This involves moving water from one reservoir to another, either to hoard excess energy from wind and solar power or to release it. China already has 30% of the world’s hydropower-storage capacity, at 50GW. Another 89GW of capacity is being built, which will require vast amounts of copper.

Other countries are also spending big on the green transition, and putting in place legislation that will increase appetite for the metal. S&P Global, a financial-data firm, suggests that demand for refined copper will almost double by 2035, to 49m tonnes. Batteries, energy transmission, solar cells, transport—all need the metal. An electric car contains over 50 kilograms of the stuff, more than twice the amount used in a conventional vehicle. Across the world new rules, intended to reduce emissions, will steer consumers towards electric vehicles and away from

their copper-light predecessors. In Europe sales of new petrol-powered cars will be banned from 2035.

The squeeze on supplies will therefore be historic, meaning that sky-high copper prices will no longer be indicative of optimism on the part of industrial machinery-makers, construction firms, electronics manufacturers and the like. Instead, rising demand for copper will increasingly reflect a desire among politicians for more environmentally friendly energy, and sometimes also a reduced dependence on imports.

In normal times, building an electrical network from scratch would at least be a signal of greater economic activity to come. However, the energy transition is intended to replace existing activity, rather than add to it. In the case of energy infrastructure, China’s new solar investment this year can generate 150 gigawatt-hours of energy when working at full pelt, which is equivalent to almost 90,000 barrels of oil per hour. That is energy which China now does not need to purchase from overseas producers. The result may well be good for the planet, but it will not have much effect on aggregate economic activity.

With so much of the growth in demand for copper locked in, and proceeding in large part according to legal diktat, the metal’s price will over time say less and less about the state of the global economy, and more and more about the state of the energy transition. Copper prices will still be worth watching, then, albeit for different reasons. Investors wanting a hint about the state of the global economy will be replaced by policymakers wanting a sense of how their green policies are faring. Dr Copper’s retirement may be a sad moment, but it is not the end of the story.



Political economy

Not so civil anymore

How free-market economics has reshaped legal systems around the world

THE LEGAL system that operates in the United Arab Emirates (UAE)—like that in many countries across the Gulf—is a blend of French civil and Islamic Sharia law. But this summer Dubai announced that it was exploring the introduction of English common law to 26 free-trade zones. These are jurisdictions that are exempt from local taxes and customs duties, and have their own independent legal systems and courts. The region is increasingly dotted by such common-law islands, reflecting the belief that the Anglosphere's legal tradition is better for business.

Such an idea can be traced back to Friedrich Hayek. Fifty years ago this month, the Nobel-prize-winning economist and philosopher published the first volume of his magnum opus, "Law, Legislation and Liberty". In it, he argued that the common-law approach is more amenable to freedom than its civil-law counterpart. Later, in the 1990s, Hayek's ideas inspired the "legal-origins theory", which made both an empirical and theoretical case that common law is better for the economy. The theory has been as influential as it has been controversial, leading to sweeping reforms in civil-law countries around the world.

The common-law tradition emerged in England. Under its strictures, the judiciary is bound by precedent: principles established by judges in previous cases are binding for future ones. This establishes case law on an equal footing with legislation. In contrast, the civil-law tradition traces back to the Code Napoléon, a legal system that was set up in France under Napoleon Bonaparte, which restricted both the independence and the discretion of the judiciary, subordinating it to the legislature.

England's approach was transplanted across the globe by the British empire and underpins the legal systems of 80 or so countries, including America. The Code Napoléon was transplanted across Europe by French occupations during the Napoleonic Wars and was introduced around the world by the French empire. China, Japan, South Korea and Taiwan all based their modern legal systems on Germany's approach, which is also based on civil law. In total, civil-law traditions underpin the legal systems of about 150 countries today, including around 30 mixed systems.

Hayek argued that common law is a better basis for a legal system than civil law for similar reasons that markets are a better

foundation for an economy than central planning. A decentralised judiciary has access to "local knowledge"—the subtleties and idiosyncrasies of actual legal cases—that a centralised legislature does not. This is analogous to the way in which the butcher, the brewer and the baker are better placed to know what goods to produce, in what quantities and at what market price than a collection of well-meaning bureaucrats. A legal system based on judicial precedent allows judges to adapt the body of law to real-world circumstances.

Common sense

The arguments put forward by Hayek mostly concerned the law's ability to protect individual liberty, but they apply to its ability to promote economic growth, too. Twenty-five years ago, in a landmark study in the *Journal of Political Economy*, Andrei Shleifer, Rafael La Porta and Florencio López-de-Silanes, then at Harvard University, as well as Robert Vishny of the University of Chicago, used data from 49 countries to show that investors' rights are better protected in common-law countries. The paper gave credence to Hayek's ideas and set off a flurry of research into the relationship between legal origins and the economy.

In three subsequent papers, Simeon Djankov, a World Bank economist, working with Messrs Shleifer, La Porta and Lopez-

de-Silanes, used data from more than 100 countries to tease out the impact of legal origins on the regulation of startups, the stringency of labour protections and the efficiency of contract enforcement. "What we found is that regulation was consistently less onerous and contract enforcement consistently more efficient in common-law jurisdictions," says Mr Shleifer. The difference was sharpest in the barriers facing entrepreneurs. The number of forms to fill out and business days needed to process an application, and the cost of administrative fees, were all higher under civil-law jurisdictions. In 2001 Paul Mahoney of the University of Virginia analysed data from across the world and found that, in the three decades to 1992, GDP per person had grown 0.7 percentage points a year slower in civil-law countries than in their common-law counterparts.

These findings were influential, particularly at multilateral institutions. The World Bank's Ease of Doing Business Index was shaped by the legal-origins theory. Indeed, Mr Djankov jointly founded and ran the initiative from 2003. In the decade and a half to 2020, more than 400 studies using data from the index were published. Leaders including France's Emmanuel Macron, Germany's Angela Merkel and Japan's Abe Shinzo made rising up the rankings a goal. The result was a wave of reform in civil-law countries, which tended to rank lower. As Mr Djankov notes, there was "a dramatic international convergence in rules and regulation to the common-law standard".

Has this produced a surge in economic growth? Perhaps not. More recent studies have splashed cold water on the legal-origins theory, says Holger Spamann of Harvard University. Ones that control for a wider array of confounding factors have found that a country's legal tradition does have an effect on its economic prospects, but one that is not nearly as strong as the original studies implied. Moreover, some economists argue that legal traditions act as a proxy, indirectly capturing the impact of entirely different inheritances, such as those relating to colonial legacies or cultural attitudes. Under this reading, moving from a civil-law approach to a common-law one is unlikely to be worth the significant hassle for places like Dubai.

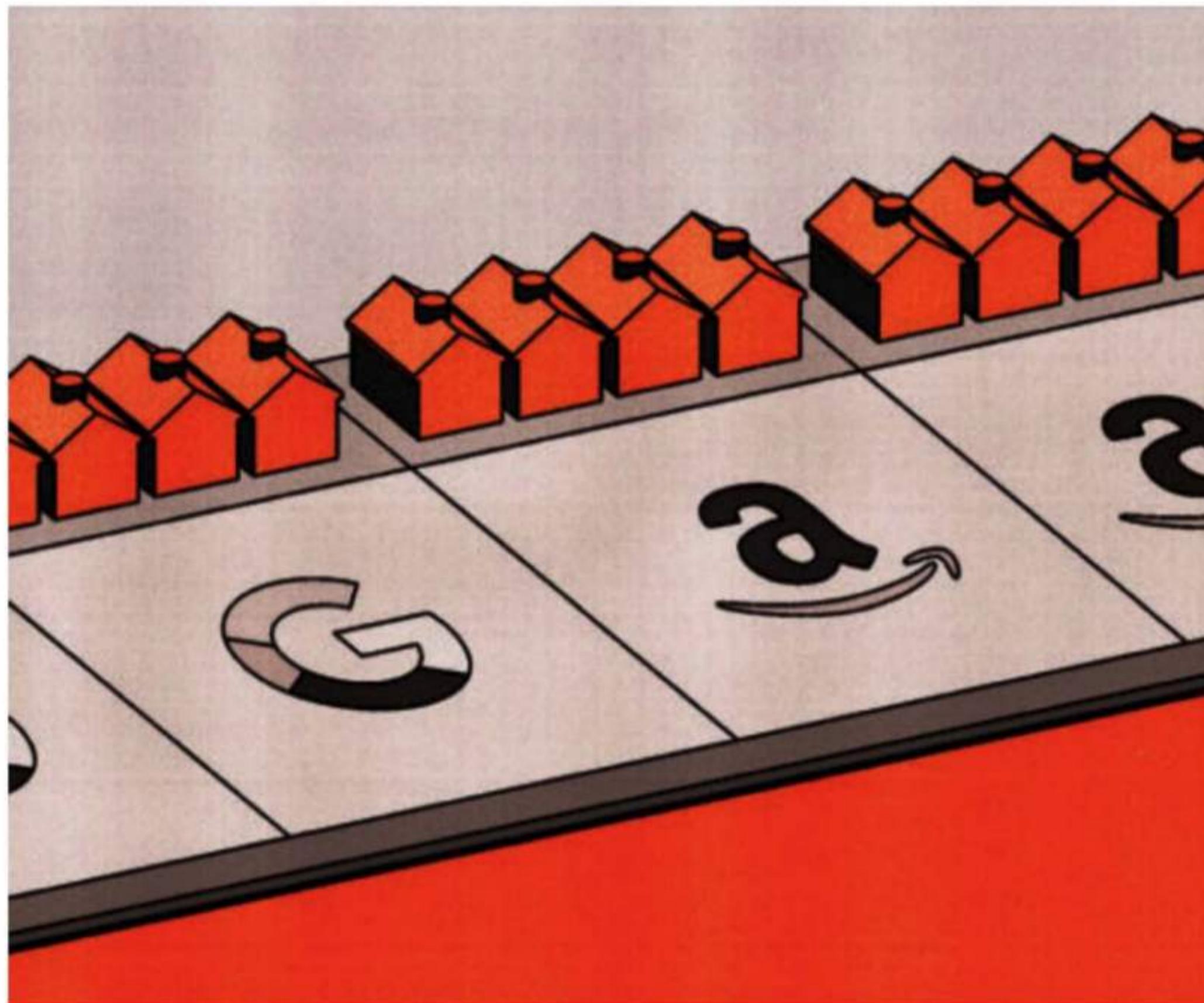
Yet such a switch may nevertheless have been worth it in an earlier era, albeit for the wrong reasons. Before it was discontinued in 2021, when World Bank staff were alleged to have fiddled data partly in response to pressure from China, the Ease of Doing Business Index made civil-law countries seem like a less attractive destination for foreign investors. For a time, then, the legal-origins theory may have become self-fulfilling—leading to faster economic growth simply because it was supposed to lead to faster economic growth. ■



A little less French

Free exchange | Internet monopoly

Trustbusters have accused Amazon and Google of locking out competition. Do they have a point?



ANTI-MONOPOLY CASES have been known to reshape corporate America. In 1984 AT&T's telephone network was found to have excluded competing firms. The company was controversially broken up in a move that ultimately led to a boom in innovation among its rivals. Meanwhile, a case against Microsoft in 1998 may have kept the door open for Google's subsequent rise. Microsoft had bundled together its Internet Explorer browser with its Windows operating system, and made other browsers more difficult to install. Some business historians think the case, by stopping this practice, made life easier for new browsers. It may also have distracted Microsoft from developing its own search engine.

Today, two big cases could redefine the limits of monopolies in the internet age. On September 12th America's Department of Justice (DoJ) began its court battle against Google over the firm's deals to obtain default status on phones and browsers. On September 26th the Federal Trade Commission (FTC), chaired by Lina Khan, sued Amazon for allegedly penalising third-party sellers that offered lower prices on other sites, among other harmful practices. In both cases, the government thinks the tech giants are so dominant that their attempts to preserve market power are suspect. This raises a question: what counts as anticompetitive?

Historically, practices that might be ignored for a startup have not been tolerated in a dominant firm. John Rockefeller's Standard Oil was broken up in 1911, in part for striking deals with railroads that made it impossible for other oil firms to compete. Antitrust historians still debate the extent to which these deals were abusive—after all, Standard Oil benefited from economies of scale and bulk orders commonly receive discounts. But its size and bargaining power led to scrutiny. Before the firm's break-up, it had cornered 90% of oil refineries. Microsoft's bundling was found to be problematic because it had over 90% of the market for operating systems on personal computers. In both cases, the courts believed that dominant firms had made life too difficult for newcomers.

Today's cases have echoes of those past. Start with Google. It pays more than \$10bn to Apple and other companies to be the default search engine on their platforms. The DoJ argues this creates a barrier to entry for competitors. Because having lots of data lets a search engine show users more tailored advertisements, a domi-

nant search engine has a larger expected ad revenue from an extra user. The twist is that if a smaller competitor happened to grow, it would be willing to pay more for additional users, thus bidding up how much Google would have to pay—and explaining why Google may be willing to pay large sums to prevent rivals from gaining a foothold. Yet it is easier to use a different search engine on an iPhone than it was to download a new browser on Windows. And Microsoft's dominance in operating systems seems to have been greater than Google's is in search. So the case is not airtight.

The case against Amazon is stronger. Luigi Zingales of the University of Chicago thinks that if the alleged facts are found to hold, the FTC should win. Sellers complain that Amazon penalises them for offering cheaper prices on other platforms by downranking products or removing them from the "Buy Box", which allows instant purchases. Antitrust scholars call practices that force sellers to behave similarly across platforms "most-favoured-nation" (MFN) treatment, and they have come under growing scrutiny. In the past Amazon has had explicit MFN contracts with sellers.

The problem, according to the FTC, is that Amazon has raised the cost of doing business on its platform. It charges sellers a fee for selling, one for using its logistics services and more for advertising. Sellers say that it is next to impossible to qualify for the Buy Box without paying for logistics, and that buying ads has become a must because search results are increasingly cluttered with them. Although the exact figures are redacted, regulators allege that Amazon now collects a larger share of sales on its marketplace as fees than it did a decade ago. In a competitive market, Amazon's cost hikes and restrictions on pricing more cheaply elsewhere would cause sellers to leave the platform. And in fact, some large retailers, like Nike, have done so. But Amazon's market share in e-commerce has grown (it currently stands at 40-50% in America), suggesting most sellers feel that the platform is too important to quit.

Amazon denies all this. As with Google, there is a chance that the case becomes a debate about how dominant the firm really is (Amazon argues that it is dwarfed by the multitude of brick-and-mortar stores). American retail is efficient and broadly consumer-friendly—hardly the sign of an industry in need of repair. Amazon also says that if a seller can offer a lower price on another platform, it should do so on its site, too. One can imagine a seller thinking that Amazon Prime customers are rich and price insensitive, and therefore charging more on Amazon than other platforms.

Ready for a remedy

But if that is the case, Amazon has plenty of options available, says Fiona Scott Morton, formerly of the DoJ. Imagine, for example, that Amazon thinks that the seller of a particular item is charging too much. It is free to prioritise other sellers of that item in its search results. If it cannot find any on its platform, it can recruit one from outside. If it still cannot find one, then perhaps Amazon is simply an expensive platform on which to do business.

In this final case, a possible solution is a so-called behavioural remedy, in which Amazon is made to stop penalising sellers that offer lower prices elsewhere. In Europe, where Amazon has also faced scrutiny, the company has made several concessions, including treating all sellers the same when granting access to the much sought-after Buy Box. Ms Khan of the FTC has said she does not like remedies that only target the behaviour of companies, since they are at best short-term fixes when set against more drastic measures, like breaking them up. Sometimes, however, nothing more is needed than a slap on the wrist. ■

PNM: Empowering Indonesia

Since its beginning in 1999, PNM, or PT Permodalan Nasional Madani, has strived to serve Indonesia's population by utilising their specialised skills and services for the greater good. The local state-owned financial institution provides lending programmes, business coaching, and business support to underprivileged entrepreneurs who run micro, small and medium enterprises. Today, PNM is the largest micro-lending firm in the world and still focuses on providing financial and intellectual support to small businesses. Their most successful programmes target specific demographics, such as female business owners, and have inaugurated an invigorated era of women-led entrepreneurs far and wide throughout Indonesia.

In the mid-1990s, Indonesia was going through a financial crisis that shook the country's economy. When compared to the US Dollar, the weakened Indonesian Rupiah led to sky-high prices of essential commodities and widespread bankruptcy. The Indonesian government identified that one of the critical issues concerning the country's socioeconomic status was extreme poverty, and helping to create an ecosystem of micro, small and medium enterprises was believed to be the answer to help the underprivileged. PNM was created in this context to support Indonesian entrepreneurs by offering economic and intellectual tools. The lending firm has grown and adapted throughout the years to engage in extensive social, political, and economic issues to become a solution to the poverty problem and to lead Indonesia towards a better future.

PNM has successfully implemented a world-class financial inclusion programme for over 14 million Indonesians spread over 17,000 islands. Their success could be analysed from various angles, but ultimately it comes down to dissecting their unique operations and innovative strategies. The financial institute has worked tirelessly to expand its operational reach to provide access to financial services for the public to foster sustainable economic empowerment and deliver tangible benefits for enhancing the business capacity of its customers and, as a result, the Indonesian economy. Alongside Bank Rakyat Indonesia and Pegadaian, PNM has become a solution for accessing financial services and providing digital literacy, such as using e-commerce and social media through various business training programs.

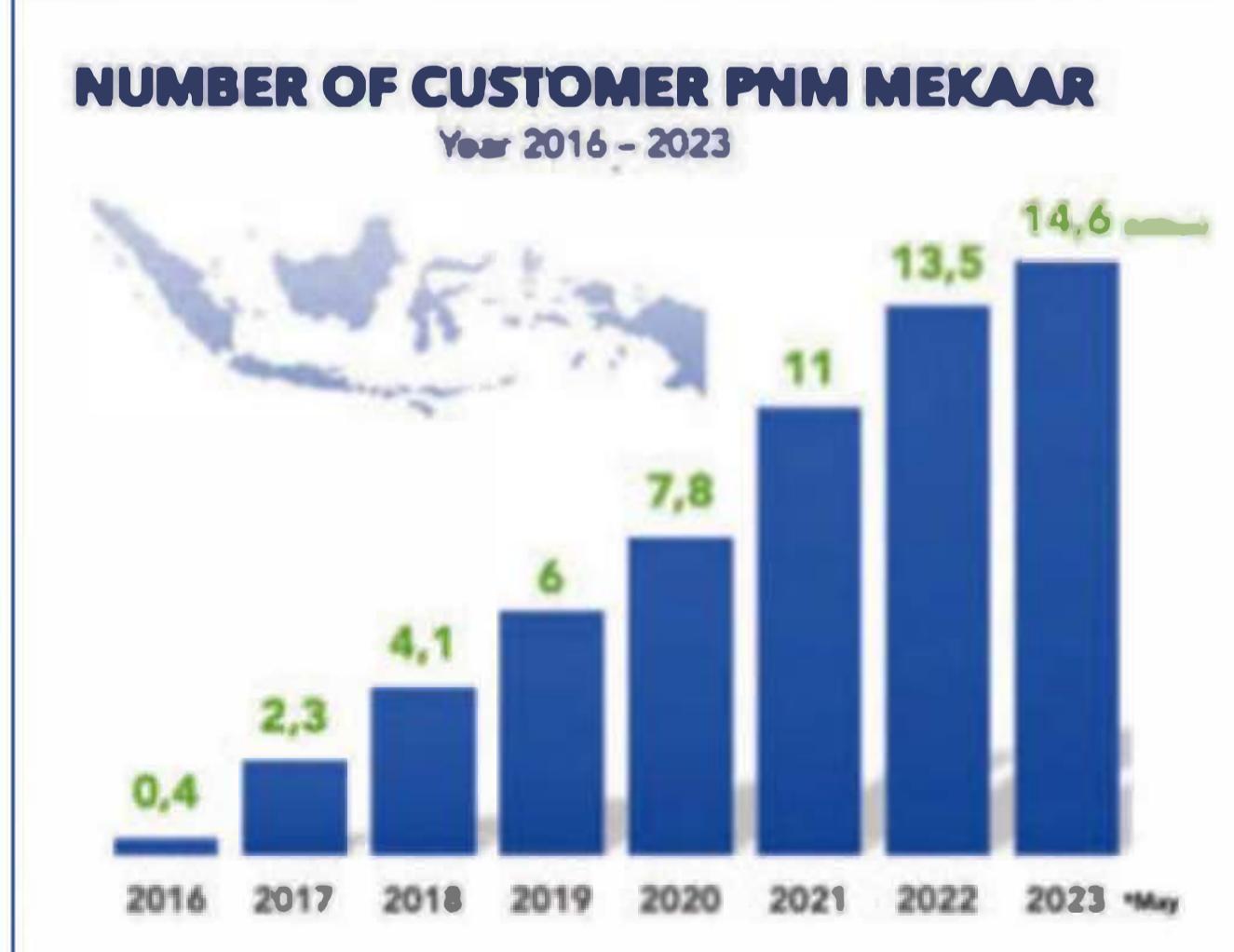
All of PNM's initiatives have resulted from extensive in-house research and development efforts. Through extensive analysis, PNM studied pre-existing ministerial demographic information and noticed that female customers and female-run businesses were sometimes left out of the financial system and that there were no specific policies or programmes to include them. The enormous potential for women entrepreneurs in Indonesia was facing challenges due to traditional cultural oversights. Thanks to PNM, the Mekaar programme was finally created in 2015 to close the gender gap. The Mekaar programme provides services for underprivileged female micro and small business owners, whether they begin from scratch or are looking to build on their already established enterprise.

With regards to the strategy, PNM decided to play an active role within their local communities by participating in activities addressing three crucial pillars: reducing extreme poverty even in remote areas, local socioeconomic growth, and building women's capacity in leadership roles.



Indonesia is an archipelago nation, presenting particular geographical challenges when attempting to reach the most remote areas and potential customers. By thoughtfully placing PNM offices around the country, the company has the potential to play a crucial role in transforming the social environments where they are located. In Indonesian local cultures, word of mouth is the best and most reliable way to spread the news about the next best thing. PNM understood that to expand their business, they would need to be on the ground in these local markets. The company placed Account Officers in strategic areas and took a traditional route when working with or attracting new clients by partaking in door-to-door visits or engaging in community events.

PNM's goal is to continue to assist clients through microlending and education via financial literacy and other related methods of empowerment to increase the quantity and quality of income generation. The institution is firmly committed to helping the government in various connected programmes to alleviate extreme poverty, widespread literacy that support the customers' business and other programmes initiatives such as access to clean water and sanitation to enhance customers welfare. As of May 2023, PNM has provided services to micro, small and medium enterprises in Indonesia through 4,539 service offices in 35 out of 38 provinces and 431 cities, and with their word-of-mouth community and innovative programmes, they'll keep growing until they've reached their goals.



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Find out more at pnm.co.id

PNM
Permodalan Nasional Madani



AI archaeology

Unrolled at last

Artificial intelligence could help unearth a trove of lost classical texts

THE OBJECT known as P.Herc.Paris.3 resembles a dark grey lump of charcoal, about the size and shape of a banana. That explains its nickname: Banana Boy. It is in fact a papyrus scroll, found in the ruins of a villa in the Roman town of Herculaneum, in Campania. Along with hundreds of other scrolls in the villa's library, it was carbonised when scorching gases engulfed the town during the same eruption of Mount Vesuvius, in 79AD, that also buried the nearby town of Pompeii.

Although the scrolls survived, their charring means that unrolling them is almost impossible. Now, nearly 2,000 years later, words from inside Banana Boy have been revealed for the first time, after volunteers competing in a prize challenge used x-rays and artificial intelligence to do the unrolling virtually.

The first word to be found, announced on October 12th, was "porphyras", which means "purple" in ancient Greek (see picture on next page). It was uncovered by

Luke Farritor, a computer-science student at the University of Nebraska-Lincoln, earning him a \$40,000 prize. Mr Farritor built on work by Casey Handmer, a former NASA physicist, whose examination of x-ray images of Banana Boy's charred layers identified a characteristic "crackle pattern" indicating the presence of ink.

Scroll up

The same word was later found by Youssef Nader, a robotics student at the Free University of Berlin. (Dr Handmer and Mr Nader both received \$10,000 prizes.) Mr Nader has since produced an image from the scroll showing four columns of text, side

by side. For classicists, this is heady stuff. The villa in question is thought to have belonged to Lucius Calpurnius Piso, the father-in-law of Julius Caesar. The ability to read its well-stocked library could significantly expand the number of texts that have survived from antiquity. Already there is excited speculation about forgotten plays, new works of philosophy—or even lost Homeric poems.

Efforts to read the scrolls began in the 1750s, when the villa was rediscovered. Attempts to unpick them with knives caused them to disintegrate. Recognising their fragility, Antonio Piaggio, a conservator from the Vatican, built a machine in 1754 to unroll them slowly, using weights on strings. Even then, the unrolled scrolls fell to pieces. And the resulting fragments were almost impossible to read: charcoal-based ink is hard to see against the shiny black of charred papyrus. But the few characters that could be read revealed some scrolls to be philosophical works written in ancient Greek.

A quarter of a millennium later, in 1999, scientists from Brigham Young University illuminated some of those fragments with infrared light. That created a strong contrast between papyrus and ink, making the writing more legible. Multi-spectral imaging in 2008, combining many wavelengths of light, was even better, revealing previously unreadable words. Many fragments ➤

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► turned out to belong to texts written by a Greek philosopher called Philodemus of Gadara. Until then, they had been known only from mentions in other works. (Cicero, though, was a fan of his poetry.)

Around 500 scrolls remain unopened. Given the damage it does, physical unrolling is no longer attempted. Instead the focus has shifted towards finding ways to unwrap them virtually, by using 3D scans of the rolled-up scrolls to produce a series of legible 2D images. The pioneer of this approach is W. Brent Seales, a computer scientist at the University of Kentucky. In 2009 he arranged for Banana Boy, and another scroll known as Fat Bastard, to be scanned in a computerised tomography (CT) x-ray machine, of the sort usually used for medical scans. This produced detailed images of their internal structures for the first time. But the ink within the scrolls could not be made out.

In 2015 Dr Seales analysed a different carbonised scroll found in 1970 at En-Gedi, near the Dead Sea in Israel. It had been written using a metal-rich ink, which stood out strongly from the papyrus in x-ray images. (The text turned out to be the Book of Leviticus.) This confirmed that, in the right circumstances, digitally unrolling a carbonised scroll and reading the contents could indeed be done.

The next step was to combine the existing approaches into a new one. In 2019 Dr Seales arranged for Banana Boy, Fat Bastard and four fragments of other scrolls to be scanned at high resolution using the Diamond Light Source in Britain, a particle accelerator that can produce much more powerful x-ray light than a CT scanner. He then paired infrared images of the fragments, in which the ink can be readily seen, with x-ray scans of the same fragments in which it cannot.

Earlier this year Stephen Parsons, a graduate student working with Dr Seales, fed the two sets of images into a machine-learning model, which used the infrared scans to teach itself how to recognise the faint signs of ink in the x-ray ones. By applying the resulting model to x-ray images from the rolled-up scrolls it would be possible to reveal their contents. At this point, deciphering the scrolls had, in theory, been reduced to a very complex software problem. But that software still needed to be improved and scaled up.

Enter Nat Friedman, a technology executive and investor with an interest in ancient Rome. Mr Friedman offered to help fund Dr Seales's work. Over a whisky, they decided that the best way to accelerate things was to organise a contest, with prizes handed out for completing various tasks. Mr Friedman and Daniel Gross, another entrepreneur, launched the Vesuvius Challenge in March, with a prize fund of \$250,000. Other tech-industry donors

soon increased that to over \$1m. To get the ball rolling, an initial challenge was posted on Kaggle, a website that hosts data-science contests, to improve the ink-detection model developed by Dr Parsons.

More than 1,200 teams entered. Many competed in subsequent challenges to improve the tools for ink detection and "segmentation", as the process of transforming the 3D scans into 2D images of the scroll's surface is known. Scrutinising segmented images from Banana Boy, Dr Handmer realised that the crackle pattern signified the presence of ink. Mr Farritor used this finding to fine-tune a machine-learning model to find more crackles, then used those crackles to further optimise his model, until eventually it revealed legible words.

Mr Nader used a different approach, starting with "unsupervised pretraining" on the segmented images, asking a machine-learning system to find whatever patterns it could, with no external hints. He tweaked the resulting model using the winning entries from the Kaggle ink-detection challenge. After seeing Mr Farritor's early results, he applied this model to the same segment of Banana Boy, and found what appeared to be some letters. He then iterated, repeatedly refining his model using the found letters. Slowly but surely its ability to find more letters increased. All the results were assessed by papyrologists before the prizes were awarded.

Multae manus onus levius reddunt

No less important than the technology is the way the effort has been organised. It is, in effect, the application of the open-source software-development method, Mr Friedman's area of expertise, to an archaeological puzzle. "It's a unique collaboration between tech founders and academics to bring the past into the present using the tools of the future," he says. Dr Seales reck-

ons the spur of competition means the equivalent of ten years' worth of research has been done in the past three months.

An active community of volunteers is now applying the new tools to the two scanned scrolls. Mr Friedman thinks there is a 75% chance that someone will claim the grand prize of \$700,000, for identifying four separate passages of at least 140 characters, by the end of the year. "It's a race now," he says. "We will be reading entire books next year."

Being able to read Banana Boy would indeed just be the beginning. Only a small fraction of Greek and Roman literature has survived into modern times. But if the hundreds of other scrolls recovered from the villa could be scanned and read using the same tools, it would dramatically expand the number of texts from antiquity. Dr Seales says he hopes the Herculaneum scrolls will contain "a completely new, previously unknown text". Mr Friedman is hoping for one of the lost Homeric epic poems in particular.

Even more important, all this might in turn revive interest in excavating the villa more fully, says Mr Friedman. The existing scrolls were recovered from a single corner of what scholars believe is a much larger library spread across several floors. If so, it might contain thousands of scrolls in Greek and Latin.

One reason that classical texts are so scarce is that the papyrus upon which they were written does not survive well in Europe's temperate, rainy climate. So it is a delicious irony, notes Dr Seales, that the carbonisation of the scrolls, which makes them so difficult to read, is also what preserved them for posterity—and that fragments of scrolls that disintegrated when they were unrolled physically would eventually provide the key to unrolling the rest of them virtually. ■



Purple prose

Spelunking and the climate

The weather underground

What a Serbian cave can tell you about the weather 2,500 years ago

IF YOU LIVE in northern Europe or North America, your weather depends partly on what the northern polar jet stream is up to. Jet streams are powerful and persistent winds that snake around the Earth from west to east, several miles above the surface. The meanderings of the northern polar jet stream can bring cold air down from the Arctic over the American Midwest, or send waves of Atlantic storms crashing into Ireland or Scandinavia.

As with most sorts of weather, scientists suspect that the flow of the jet streams is being affected by climate change. Data from the past century and a half suggest that the northern jet stream has become stronger over that time. But a century is not all that long in climatic terms, and it is not entirely clear whether the strengthening is a natural phenomenon.

In a paper published in *Geology*, Miaofa Li at Fujian Normal University and Slobodan Markovic at University of Novi Sad, in Serbia, shed new light on that question. Climate scientists routinely examine ancient air trapped in polar ice to glean insights into the state of the climate hundreds or even thousands of years ago. The researchers point out that something very similar can be accomplished by looking at the chemical makeup of rock formations in a pair of Serbian caves.

As with many caves, the floors of both Cerjanska Cave and Prekonoska Cave, both in Serbia's south-east, are dotted with thin spires of rock called stalagmites. These are formed, very slowly, by water as it drips down from the rock above. Each droplet carries dissolved minerals. If water drips onto the same spot over many years, a stalagmite gradually forms as the minerals are deposited. Crucially, analysing the minerals from which the stalagmite is made can reveal information about the water that made it.

The researchers were interested in Serbia specifically because of how its location affects its weather. The sort of rain the country gets depends on the strength of the northern polar jet stream. When it is blowing strongly, it tends to blow in clouds that form over the Atlantic Ocean. When it is weak, clouds tend to drift in from the Mediterranean instead.

Those two bodies of water have unique chemical signatures. Water from the Mediterranean has more of a rare isotope of oxygen known as oxygen-18, in which that ele-



A record, if you know how to look

ment's eight protons are joined by ten neutrons instead of the usual eight. Water from the Atlantic has less. By examining the proportions of that isotope in the stalagmite's layers, the researchers hoped to be able to detect when Serbia had been exposed to more Atlantic storms or more Mediterranean ones, and thus what the jet stream had been doing.

Drs Li and Markovic and their colleagues examined two stalagmites, one 380mm specimen from Cerjanska and one 238mm one from Prekonoska. Using traces of two other elements, uranium and thorium, they were able to date both stalagmites. The one from Cerjanska grew between 434BC and 1913, while the one from Prekonoska Cave was formed between 798BC and 404. They then analysed 581 samples of an oxygen-containing mineral called calcium carbonate.

The researchers conclude that the North Atlantic jet stream seems to be stronger today than it has been at any time during the past 2,500 years. And their confidence in their method was boosted when they were able to see in the rocks the signatures of climatic events known to have happened from other sources, such as the Roman Warm Period, which lasted between 300BC and 200, and the Dark Ages Cold Period, which ran from roughly 300 to 700. Intriguingly, the data suggest the jet stream was stronger during cooler periods and weaker during warmer ones—the opposite of the trend being seen today.

Why the modern jet stream appears to be doing the opposite is not yet clear. The researchers raise as one possibility the atmospheric influence of something called the North Atlantic Warming Hole. This is a persistent blob of unusually cool water that stretches from the Hudson Strait in

northern Canada almost as far as the western coast of Ireland. It is thought to be caused by the melting of Greenland's ice sheets and the weakening of the great oceanic conveyor belts that transport warmer water from the tropics into the higher northern latitudes. Perhaps more data, gleaned from other stalagmites in other caves, might help unravel the mystery. ■

Evolutionary biology

Why bedbugs are everywhere

Like bacteria, they have become resistant to chemical attack

TO ERNEST HEMINGWAY, Paris was a movable feast. To a bedbug, so are Parisians. In videos on social media, the seats of the city's metro are seen swarming with bedbugs, tiny insects no bigger than an apple pip, which feed on human blood.

The health risk from bedbugs is minor: itchy bites and a small risk of allergies and secondary infections. As the present panic suggests, the bigger impact tends to be psychological, says Clive Boase, an entomologist and pest-control consultant. Mosquitoes, leeches and other parasites are unpleasant, but do not colonise your home. If a traveller brings bedbugs back from their holidays, they can start an infestation that can be very difficult to shift.

Schadenfreude among the non-French is unwise. The story is not so much one of bad hygiene and dirty trains as it is another cautionary tale of globalisation, climate change and evolutionary biology. Warm ►

► cities provide ideal environments for bedbugs. Cheap travel helps them spread. And after decades of widespread use, the chemical insecticides used to kill them are losing their power.

Bedbugs are resurgent everywhere. A decade ago New York went through a similar panic to Paris's today. Figures from Switzerland's Pest Advisory Service, which maintains one of the few long-term datasets about the insects, show that in the decade to 2005, bedbug complaints in Zurich numbered around 20 a year. A decade later, they had sextupled (see chart). Numbers fell during covid-19 lockdowns, but they have risen since. "There won't be a city without bedbugs," says Mr Boase.

Humans probably acquired bedbugs with their first addresses. DNA analysis suggests that the pests are descended from parasites that prey on bats, with which humans shared caves, and on birds, which may have nested in early thatched roofs. In evolutionary terms, that makes bedbugs a comparatively recent affliction. That may explain the one bit of good news about them. Mosquitoes spread malaria, dengue fever and yellow fever. But no human pathogen is known to use bedbugs as a vector—perhaps because there has not been time for one to evolve the ability.

The insects thrive in warm environments with plenty of dark places to hide. Cities, and crowded blocks of flats, are ideal. The bugs shelter in the crannies of furniture, in mattress seams or in cracks in walls, coming out to feed at night. Warm, centrally heated homes accelerate their life-cycles, making the problem worse—as does a warming climate.

The introduction and widespread use of insecticides such as DDT in the aftermath of the second world war came close to eliminating the bugs from most rich-world houses. But that chemical assault exerted a powerful evolutionary pressure on the insects to develop resistance to the poisons. Just as bacteria have evolved resistance to many of the antibiotics once used to kill them, modern bedbugs are almost

invulnerable to at least some insecticides.

That growing resistance has been boosted by a depleting arsenal of chemicals to hurl against them. Fumigants such as hydrogen cyanide, sulphur dioxide and DDT itself are now regarded in most places as too toxic to use. Pyrethroids, which are the active ingredients in many commercially available insecticide sprays, are safer, but become less effective every year.

Exterminators are therefore turning to other avenues of attack. Diatomaceous earth, a white silicate powder, can kill the bugs by desiccating them. Polymer sprays can trap them; certain oils can block the

pores through which they breathe. Temperatures above 45°C are also fatal. Some pest-control firms therefore offer to heat-treat affected furniture in insulated tents, or even to roast entire rooms. But such treatments are expensive.

New insecticides, to which the bugs lack resistance, could probably be invented. But for now at least, says Mr Boase, the market does not exist to justify much corporate research. And since the bugs do not spread diseases, public-health bodies have more pressing priorities. If bedbugs continue to spread, though, those incentives could start to shift. ■

Probability

How to predict a coin toss

Coins are fair. Their tossers, less so

LEGEND HOLDS that the city of Portland, Oregon, was nearly called Boston. A coin toss in 1845 between Francis Pettygrove, who hailed from a different Portland, in Maine, and Asa Lovejoy, from Boston (the one in Massachusetts) eventually decided the matter. But things might have turned out differently, per Frantisek Bartos, a graduate student at the University of Amsterdam, if people were not such wobbly tossers.

Mr Bartos was interested in a prediction made by Persi Diaconis, Susan Holmes and Richard Montgomery, a group of American mathematicians. In 2007 the trio analysed the physics of a flipping coin and noticed something intriguing. Besides sending it somersaulting end-over-end, most people impart a slight rotation to a coin. That causes the axis about which the coin is flipping to drift while it is in the air, a phenomenon called precession.

After crunching the numbers, the physicists concluded that a coin thrown by a human should exhibit a subtle but persistent bias. There was about a 51% chance that a coin would land the same way up as it had been prior to being thrown. If it was heads-up in the thrower's hand, in other words, it would be slightly more likely to land heads-up too. Or at least, that was the prediction.

Enter Mr Bartos, and his admirable dedication to empiricism. He convinced 48 volunteers to perform 350,707 coin tosses, using everything from an Indian two-rupee piece to a Swiss two-franc coin. His data confirmed what the physics had predicted. The coins landed same-side up 50.8% of the time.

The statistics revealed that the coins themselves showed no particular bias. The determining factor was indeed hu-



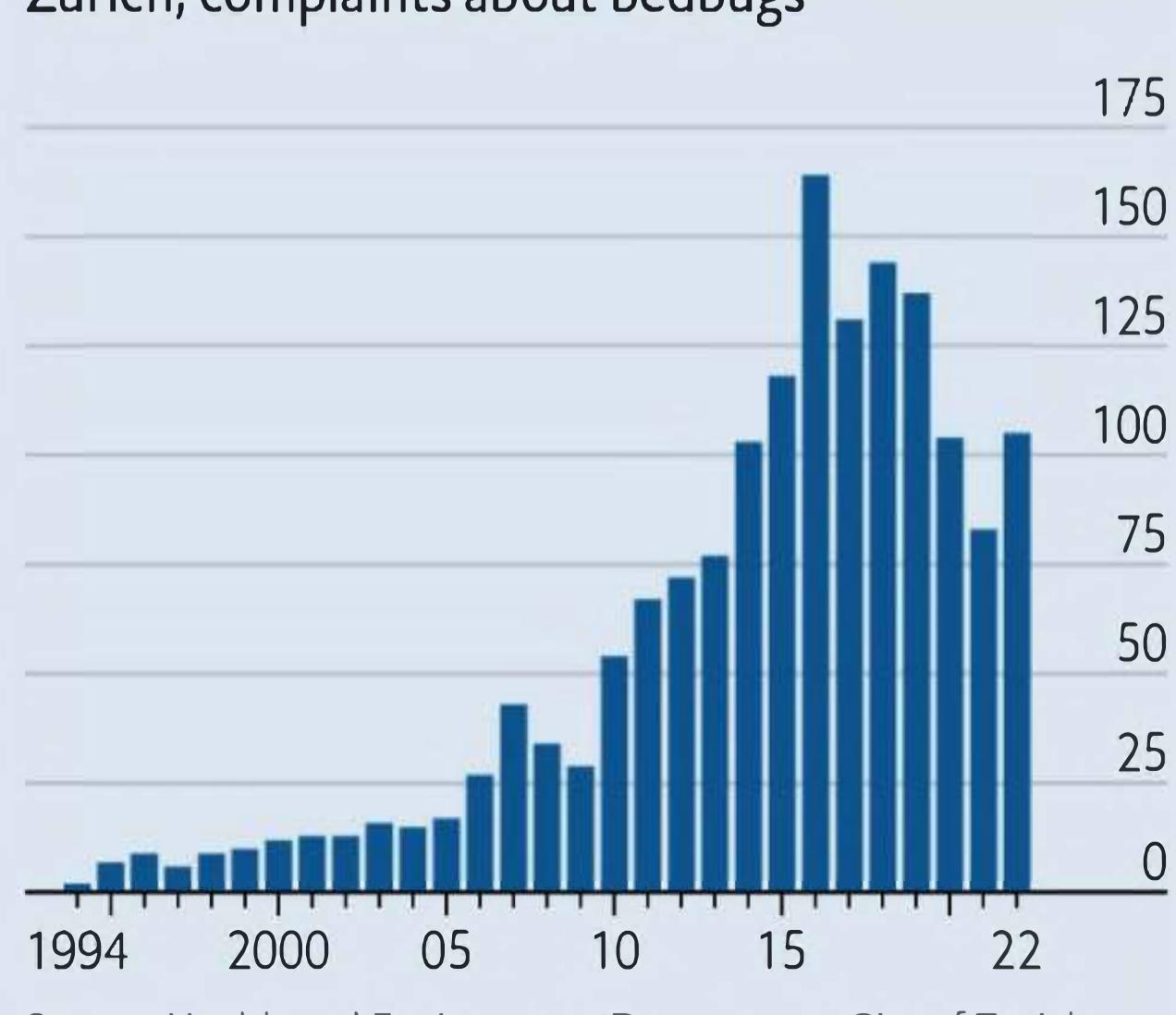
We'll take any advantage we can get

mans' apparent inability to throw straight. Mr Bartos was not the first person to collect statistics on coin tosses. But he is the first to have done so on a scale large enough to detect the bias. (A previous effort of 40,000 tosses, conducted by two students at the University of California, Berkeley, lacked the statistical power to confirm the theory.)

A 50.8% chance is only very slightly different from perfect fairness. But Mr Bartos points out that it is bigger than the advantage enjoyed by a casino in most varieties of blackjack. And in some situations it may matter. In 2019 Sue Cudilla became mayor of Araceli, a town in the Philippines, on the toss of a coin after the election had been declared a dead heat. Even more importantly, a coin toss can determine who bowls or bats first in cricket. Professional athletes spend thousands of dollars and hours of training in search of marginal gains. Perhaps they should look to the loose change in the umpire's pocket.

Sleepless nights

Zurich, complaints about bedbugs





Political intolerance

Ill liberals

Two new books examine how to cancel “cancel culture”

The Identity Trap. By Yascha Mounk. *Penguin*; 416 pages; \$32. *Allen Lane*; £25.

The Cancelling of the American Mind. By Greg Lukianoff and Rikki Schlott. *Simon & Schuster*; 464 pages; \$29.99. *Allen Lane*; £25

YASCHA MOUNK's book contains several jolting stories, which encapsulate the extreme thinking of some on the American left. When covid-19 vaccines became available, most countries dispensed them first to health workers and the elderly (who are much more vulnerable to the disease than young people). Yet America's Centres for Disease Control and Prevention urged states to offer priority to 87m “essential workers”, which included package-delivery drivers and film crews. Its rationale was “racial equity”, because old people were more likely to be white, even though such a policy would probably cause thousands more deaths.

In another story, an African-American mother tried to get her seven-year-old into a class at school. The principal said no: “That's not the black class.” This was not a scene from the Jim Crow South of the 1950s, but from present-day America, where a growing number of “progressive” schools group children by race and teach them to think of themselves as “racial beings”, all in the name of “antiracism”.

Mr Mounk, a political scientist at Johns Hopkins University, is a man of the left.

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(“Barack Obama is the American politician I most admire.”) He grew up believing that “humans matter equally irrespective of the group to which they belong.” His book, “The Identity Trap”, explains why many on the left abandoned “universalism”. He summarises the “woke” left’s logic as follows: “to ensure that each ethnic, religious or sexual community enjoys a proportionate share of income and wealth...both private actors and public institutions must make the way they treat people depend on the groups to which they belong.”

Most of the people who espouse this view aspire to improve the world, and many of the injustices they rail against are real. But the policies they advocate “are likely to create a society...of warring tribes rather than co-operating compatriots”. The word “liberal” has long been used in America to mean “left-wing”, but many on the left now reject basic liberal notions such as universal values and free speech. Across the English-speaking world and beyond, they have become intolerant of those who do not accept their dogma or their identity politics.

Dismissing “wokeness” as just well-meaning millennials pushing for social justice is therefore a mistake, Mr Mounk argues. Not enough people understand that the far left is “moving beyond—or outright discarding—the traditional rules and ►

► norms of democracies". He has long been concerned about the authoritarian right but says it is reasonably well understood (democracy-deniers and all), whereas the intellectual history of the authoritarian left is "oddly unexplored territory".

How did views that are unpopular with the general public become so influential? In Mr Mounk's telling, it starts with group psychology. When like-minded people debate political or moral questions, their conclusions become "more radical than the beliefs of their individual members", he writes. This tendency is compounded when the group feels under threat, as progressives did during Donald Trump's presidency. Dissent is suddenly seen as betrayal: hence the fury unleashed on anybody who violates the group's unwritten and shifting norms. More than three out of five Americans now say they avoid airing their political views for fear of suffering adverse consequences; only a quarter of college students say they are comfortable discussing controversial topics with their peers.

Students who imbibed what Mr Mounk rather clunkily calls "the identity synthesis" on campus went on "a short march through the institutions" after they graduated. Since about 2010 they have carried their new ideology into the workplace and, thanks to the power of social media to create hurricanes of outrage, intimidated bosses like no previous generation. Young activists-cum-employees pushed the American Civil Liberties Union to scrap its iron commitment to free speech and risk-averse corporate managers to sign off on some counter-productive "diversity, equity and inclusion" training. A slide in a presentation at Coca-Cola, for example, exhorted employees to "try to be less white".

Far from solving the real injustices that persist, this way of thinking and talking threatens to exacerbate them. And instead of bracing the country to withstand Mr Trump's influence, it helps him, as Middle America leans right in response to the far left's excesses. Mr Mounk's answer is a return to classical liberalism: a rediscovery of universal values and neutral rules, allowing people to make common cause with others of different beliefs and origins. People should live up to the ideals on which liberal democracy is based rather than abandoning them because they are so difficult to achieve, he says.

While Mr Mounk's message is global, Greg Lukianoff and Rikki Schlott focus on America. "The Cancelling of the American Mind" is a *cri de coeur* for both sides to reclaim "free-speech culture". (The authors work for the Foundation for Individual Rights and Expression, a free-speech group.) When two sides cannot even agree on facts, "it undermines faith in all of the institutions we rely on to understand the world," they write.

Mr Lukianoff and Ms Schlott offer a critique of the left, pointing out how cancel culture has eroded academic freedom at universities. But they are equally critical of the right. They note that some of Florida's new education laws (including one that bans certain subjects from being taught) are "without question unconstitutional".

Both books are bold, timely and buttressed by data. They also offer plausible remedies. The far right can be defeated only by the right and the far left by the left. So left-of-centre people who can see what is happening should speak up but not vilify those who disagree. (Political disagreement is not moral failure, Mr Mounk reminds readers.) People should appeal to the reasonable majority, he argues, since most people are neither "woke" nor Trumpist. They should not let their indignation turn them into reactionaries.

The advice from Mr Lukianoff and Ms Schlott is more personal: raise kids who are

not cancellers. Teach them that life is not a battle between wholly good and bad people. Not every "harm" that someone, somewhere calls out is really harmful. Educating children about differences, rather than coddling and insulating them, is essential.

"The Cancelling of the American Mind" advises companies to foster an intellectually diverse workforce. Bosses should make clear that a commitment to free speech is a condition of employment. And universities should scrap political litmus tests for tenure and get back to teaching students how to debate ideas.

The post-liberal right and post-liberal left are much closer to each other than many people realise. Both are intolerant; both prioritise the power of the state over individual liberty. They "see each other as mortal enemies", but "feed on each other", Mr Mounk warns. That is why "everyone who cares about the survival of free societies should vow to fight both." ■

Film lengths

Movie marathons

Why are new films so long?

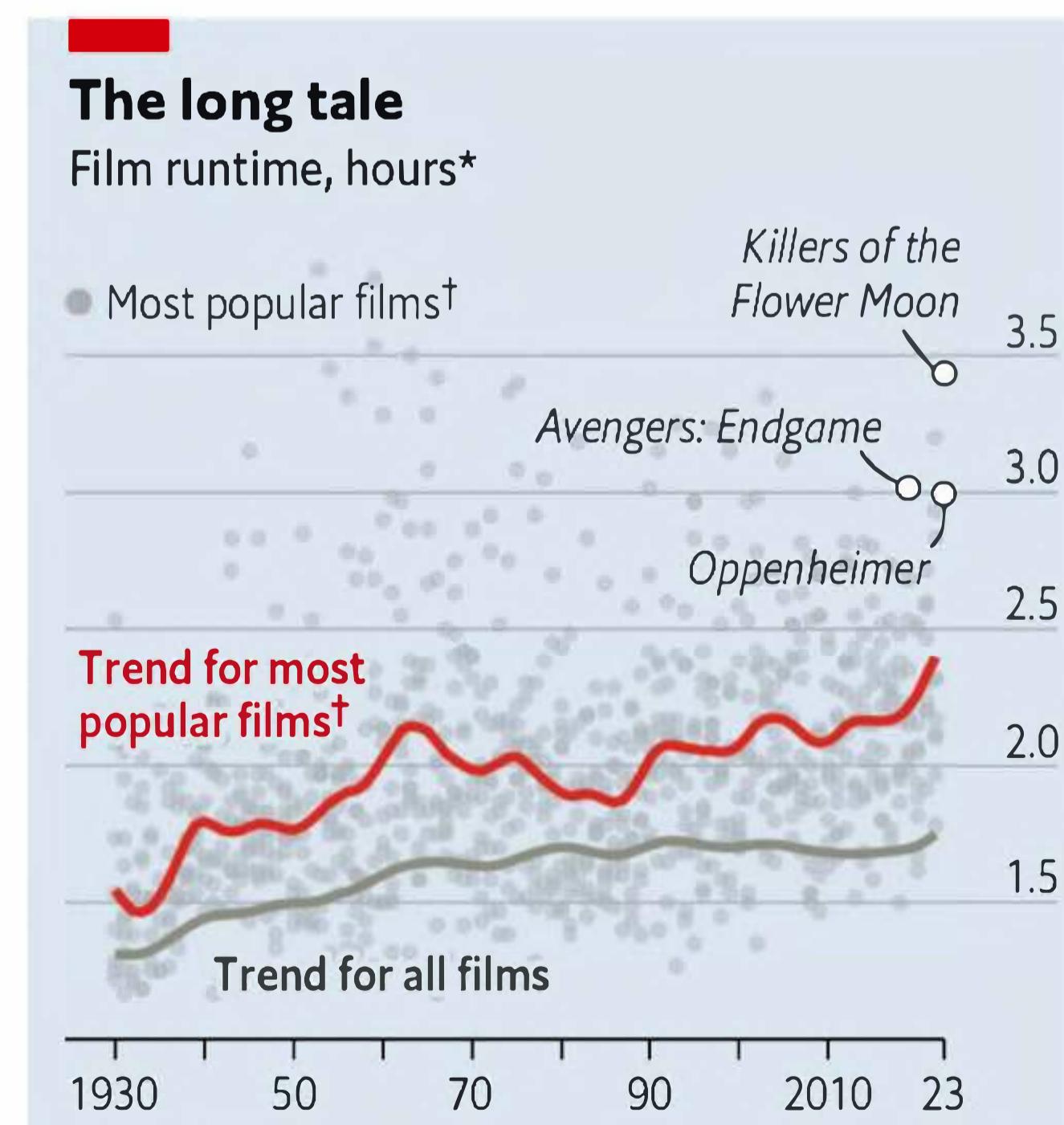
WANT TO KNOW what is coming soon to a cinema near you? Probably not an hour-and-a-half-long movie, as in the old days. This year audiences have endured the longest instalments yet in the "Indiana Jones", "John Wick" and "Mission: Impossible" franchises. "Oppenheimer", Christopher Nolan's three-hour blockbuster, required 11 miles (18km) of film stock for IMAX showings.

On October 20th comes "Killers of the Flower Moon", a grisly western from the

director Martin Scorsese. At nearly three and a half hours, its length is nearly double that of the average film last year. Even movie buffs struggle to concentrate for that long. During the premiere at the Cannes Film Festival in May, some viewers dozed off. Afterwards there was a mad dash (and long queue) for the toilets. When did watching a film become such a slog?

The Economist analysed over 100,000 feature films released internationally since the 1930s, the start of Hollywood's golden age, using data from IMDB, a movie database. The average length of productions has crept up by around 24%, from one hour and 21 minutes in the 1930s to one hour and 47 minutes in 2022 (see chart). Blockbusters are the worst offenders. For the ten most-popular titles (measured by how many reviewers rated the films on IMDB) average lengths stretched to around two and a half hours in 2022, nearly 50% higher than in the 1930s.

Film-makers began churning out protracted pictures in the early 1960s. Cinema was booming and auteurs wanted to distinguish their art from television. Epics graced the silver screen, including "Lawrence of Arabia" (1962), which surpassed the three-and-a-half hour mark, and "Cleopatra" (1963), which originally exceeded four hours but was later cut down. Back then, audiences enjoyed an intermission ►



*Excluding films less than 40 minutes in length or with fewer than 100 ratings †Top ten in each year by number of IMDb ratings

Sources: IMDB; *The Economist*

Back Story David Beckham's guide to celebrity

Modern fame requires more than just a pretty face

IN 2004 THIS columnist visited a school near Basra in southern Iraq. The affable boys seemed to know four words of English. Two were obscenities. The other two were "David Beckham".

Not long before, recounts "Beckham", a new documentary series, the *Sun* newspaper claimed to have found the only person on the planet who hadn't heard of Mr Beckham: a shepherd in Chad. The four-part series on Netflix is a portal to the flighty years around the turn of the millennium when the footballer was in his sporting pomp. Watch closely and it is also, for the ambitious, a handy how-to guide to becoming a celebrity and ultimately a global brand.

It helps to be extremely good-looking. With his dirty-blond mop and impish smile, Mr Beckham had a boy-next-door charm when he hit TV screens in the mid-1990s. Kath Phipps, a long-serving receptionist at Manchester United, his first club, remembers all the knickers that were sent to him ("It's not nice, is it, sending underwear to a boy?"). After that, as in a time-lapse photo, the sculpted sex symbol emerges. The tattoos spread across his torso, up his neck and down his arms; the haircuts become jazzier, the stubble better designed.

To bank it like Beckham, next find a beautiful and famous spouse with an equal yen for exposure. "It puts the heat factor way up," Anna Wintour, the boss of *Vogue*, says on camera of Mr Beckham's romance with Victoria Adams—also known as Posh Spice—who nicknamed him Golden Balls. "They were the new Charles and Diana," says his friend and former team-mate Gary Neville, a perceptive description of a couple who, like the ill-starred royals, were both lionised and lacerated by the media.

But looks and a canny marriage are

nothing without a plan that you make early and stick to. It is striking how quickly and clearly Mr Beckham saw his path from midfield to endorsements, fashion and beyond. "He wanted to be more than a football player," says Mr Neville, and soon he was, hobnobbing with Tom Cruise and Beyoncé. The usual retirement gigs of coaching and punditry were not for him. Like many British stars he strove to crack America, on and off the field.

First he conquered Spain, where in 2003 Florentino Pérez, president of Real Madrid, welcomed him as "a symbol of post-modernity". That suggests his success is an artefact of image and marketing; yet it also rests on old-fashioned qualities that are disappointingly hard to simulate.

One is the talent that made his profile marketable. George Best, a Manchester United winger of another generation, reputedly said that Mr Beckham couldn't kick with his left foot, head the ball or tackle, but "apart from that he's all right." With his right foot, however, he struck corners and free-kicks, and launched passes and crosses, with magical whip and



accuracy. In boyhood matches you see his technique develop: the distinctive diagonal body shape, windmilling arm and touchingly bow-legged gait.

The most old-fashioned virtue of all—hard work—turns out to be grindingly important. A pushy father is useful in this regard. "Left foot, right foot, over and over and over again," David recalls of Ted Beckham's drills. If a corner went astray, "he'd kill me." This tough love, he says, helped him cope with the abuse that followed his sending-off at the World Cup of 1998. (An island of discretion in a sea of self-publicity, Ms Phipps, the receptionist, declines to discuss the bullets that arrived in the post.) Sandra, his mum, thinks Ted was too tough but seems steely herself, deadpanning about her personal "hit list".

Fisher Stevens, the director, was in the cast of "Succession". There are echoes of that show in the trilling music and home-video footage of David doing keepie-uppies in the garden. Along with access to the family archive Mr Stevens secured big-name interviewees but few revelations, besides details of Mr Beckham's domestic neat-freakery and his love of beekeeping. A tragic note sounds in his split with Sir Alex Ferguson, the coach who was his mentor until the Golden Balls glitz came between them.

And on the main take-home lesson of hard work, "Beckham" misses a trick. The series opens on the career-defining day in 1996 when Mr Beckham, then 21, scored a goal from the halfway line. "I looked up, and I thought, 'Why not?'" he says, leaving the impression that a shot seen around the world was an act of instinctive genius. In "The Class of '92", a previous documentary, his pal told it differently. "He practised that in training", said Mr Neville, "every single day."

► while the projectionist prepared the reels for the next act. Runtimes of popular films ebbed and flowed over subsequent decades (and stretched long in some countries, such as India, known for its Bollywood sagas). But they have ballooned since 2018.

Franchises are one driver of this trend. Studios want to squeeze the most out of their costly intellectual property, but they are competing with streaming platforms for eyeballs. They hope that a spectacular, drawn-out "event" movie will tempt audiences away from the small screen and into cinemas. This approach has often paid off:

"Avengers: Endgame", Marvel's three-hour superhero spree, was the highest-grossing film in 2019. Last year long franchise movies made up most of the highest-grossing films in America.

Anything that lures people off their couches to see a film in theatres is good news for cinemas. But protracted runtimes also pose a "fundamental problem", complains Clare Binns, managing director of Picturehouse, a British cinema group and film distributor. Long movies can mean forgoing two showings per night, which hurts ticket sales and profits.

Another explanation for longer films has to do with directors' growing clout. Who would dare tell the likes of Mr Nolan to trim his masterpieces? Streamers, which do not have to worry as much about concision because viewers can pause whenever they like, may lure big names with deep pockets and promises of creative freedom. "Killers of the Flower Moon" will debut on Apple TV+ after its theatrical run. Netflix funded and released Mr Scorsese's equally long "The Irishman" in 2019, a film that would have benefited from a decisive editor, Irish or otherwise. ■



Spirituality

Yogi where

Why seekers of enlightenment head for India

The Nirvana Express. By Mick Brown.
Hurst; 400 pages; \$34.95 and £25

FOR DECADES India has mostly run a current-account deficit, unable to export as much as the country imports to meet its needs. But in the accounting books of the heavens, India is a net exporter, on par with the Levant as a font of great religions. Hinduism, Buddhism, Sikhism and Jainism sprang from its sacred geography. God has repeatedly lured spiritual seekers to the subcontinent—from Xuanzang (a seventh-century Chinese monk who journeyed to India in search of Buddhist texts) to Timothy Leary (an American champion of LSD). Leary memorably described Varanasi, Hinduism's most sacred place, as the “the site of a non-stop hippie festival for the last 5,000 years”.

Those seeking to join the piety party first ventured from Asia, then from Europe (and especially Britain) during the colonial era and later, after India's independence in 1947, from America. Indian swamis and gurus energetically promoted their teachings to new converts. It is these Western enthusiasts and their Indian idols who are the subject of “The Nirvana Express”, an enlightening new book by Mick Brown, a British music journalist with a sideline writing about Asian religion.

The first notable Western figures to take an interest in Indian religions were not exactly long-haired, pot-smoking hippies. Sir

Edwin Arnold was an Oxford-educated editor of the *Daily Telegraph* who spoke 19 languages and wrote memoirs, poetry and history in his spare time. In 1879 he published “The Light of Asia”, a 5,300-line narrative poem about the teachings and life of Buddha. The book went on to sell over 1m copies and ignited the first sparks of popular interest in India's religions in the West. In 1885 Arnold published “The Song Celestial”, a translation of the Bhagavad Gita; Mahatma Gandhi credited it with introducing him to his own religion's most sacred text. The two men would go on to become friends.

Arnold's Indian analogue was Swami Vivekananda, a Hindu philosopher who electrified the first gathering of the World's Parliament of Religions in 1893 with his speeches preaching Hinduism's message of universal acceptance. Arguing that “we Hindus must believe that we are the teachers of the world,” he founded spiritual centres in the West and acquired a devoted female following.

Fantastic stories—packed with unlikely figures, strange twists of fate and even the occasional act of mind-reading—bring readers of “Nirvana Express” on an enjoyable journey. Some of the colourful characters include Paul Brunton, whose bestselling “A Search in Secret India”, a travelogue-cum-spiritual-handbook published in 1934 (and still in print), would establish his reputation as a sort-of guru figure himself and Meher Baba, an actual guru obsessed

with movies in general and Greta Garbo in particular. All are worthy of their own books. It is to Mr Brown's credit that he never stoops to mockery or even gentle irony, despite what must have been considerable temptation.

“Nirvana Express” also tracks renewed Western interest in Indian spiritualism, which started with the beatniks in the 1950s, peaked with the Beatles arriving in the Himalayas to meditate with Maharishi Mahesh Yogi (pictured) and ended with the dissolution of the Rajneesh Ashram in Oregon. (This was the subject of “Wild Wild Country” on Netflix, which dramatises the short-lived but tumultuous commune better known for violence, group sex and attempts to poison the local population than for spirituality.)

The collapse of Rajneesh Ashram, writes Mr Brown, “marked the final pangs of the Western dream of India as the repository of esoteric wisdom and the promise of enlightenment”. It is true that the image of India in the West has changed in recent years, and a country once associated with poverty and naked *babas* is now better known as an economic giant, a rising geopolitical power and an originator of modern technology.

Yet India's own conception of itself as an ancient land with spiritual riches to offer humanity has never faded. For evidence, look only to the title that Narendra Modi, the prime minister, bestows on his country, and by extension, himself: *vishwaguru*, or world teacher. India has never been short of men who believe themselves chosen by God to lead the world. ■

Unfinished art

(Sort of) by Sondheim

After artists die, should their work be completed?

NON-FINITO art can be arresting. Think of a delicate sculpture protruding from a monolith or a swathe of bare canvas in an otherwise detailed painting. Such artworks give the viewer pause. Did the creator intend the effect or simply stop halfway through?

“Here We Are” is one such puzzle. Stephen Sondheim, an American composer, had been working on the musical on and off for years alongside David Ives, a playwright, and Joe Mantello, a director. In the weeks before his death in 2021, Sondheim gave a production the go-ahead. But then he said that it was not finished and had no idea when it would be.

The work will have its premiere on Oc- ►►

tober 22nd in New York. The press team at the Shed says that it is “very much the complete show” that Sondheim “envisioned, created and sanctioned”. But those who have seen the musical may wonder whether that is the case. It is peculiar and unlike previous works, such as “*Into the Woods*”.

Inspired by two surrealist films by Luis Buñuel, “*Here We Are*” has a typical Sondheimian premise: a group of friends riven with tensions (sexual and otherwise) has met up. In the first act, they cannot find somewhere to eat and wander from restaurant to restaurant. At a recent preview it was dreamlike, filled with the kind of complex harmonies, witticisms and internal rhymes that Sondheim is known for.

Then, in the second act, the tone shifts. The group finally has a meal but then is trapped in the room. The music stops; the characters struggle to sing. Sondheim seems to have left at the intermission. Mr Mantello has said that he came up with the idea, based on the films but that Sondheim agreed with his assessment that “the absence of music was the score.”

History is littered with left-behind works-in-progress. Geoffrey Chaucer’s pilgrims never made it to their shrine. Gustav Klimt died in 1918 before he could finish “*The Bride*”, so some figures have the Austrian artist’s signature look and others are outlines. In neither case does it matter much. The stories in “*The Canterbury Tales*” stand alone. The gaps left by Klimt can be filled in by the imagination.

Some find the lack of closure unsatisfying, however, and attempt to finish a piece on an artist’s behalf. Mozart died partway through writing a requiem; it was completed first by a pupil and later by musicologists. (The results have divided listeners.) Artificial intelligence is also being used to fill the silence. When Beethoven died, his Tenth Symphony was just a collection of sketches. A team from Rutgers University trained an AI model on the maestro’s work and extrapolated a composition.

Financial incentives can push unfinished work to be released without the necessary caveats. Before Harper Lee died in 2016, “*Go Set a Watchman*”, an early draft of “*To Kill a Mockingbird*”, was initially passed off as a discrete novel. Others suggest that artists would rather partial or abandoned pieces stay private. Yet perhaps it is worse for the art never to be seen. Jane Austen’s “*Sanditon*” collected dust until 1925, more than a century after her death. Although it stops in the middle of a chapter, betrothals still to be secured, the novel contains some of Austen’s sharpest lines.

What about “*Here We Are*”? Strange though it is, fans may still be pleased to hear it. The first act, at least, proves that Sondheim’s strengths remained potent. He was a master of wordplay, ambition and emotional complexity to the end. ■



The Israel-Palestine conflict

Written in blood

Six books that shed light on a century of violence in the Middle East

A Peace to End All Peace. By David Fromkin. Holt, Henry & Company; 688 pages; \$26. Tensions in the Middle East are a political inheritance of the dissolution of the Ottoman empire after the first world war and the piecemeal settlements of 1922. This landmark book, published in 1989 and named as a finalist for the Pulitzer prize, provides a sweeping account of the period between 1914 and 1922, ranging from the Mediterranean to Afghanistan. It astutely traces the Allies’ motivations for carving up the Arab world and shows why the West’s imperial vision was doomed to fail.

Enemies and Neighbours. By Ian Black. Atlantic Monthly Press; 608 pages; \$30. Allen Lane; £25

When, exactly, the Israel-Palestine conflict began is hard to say. Many consider November 2nd 1917 to be the starting-point: that is the date of the Balfour Declaration, when the British government vowed to use its “best endeavours” to create a “national home” for the Jewish people in Palestine, a territory it would take from the Ottomans. This balanced book, praised by Palestinian and Israeli historians alike, offers a tour of the past century of conflict.

The Iron Cage. By Rashid Khalidi. Beacon Press; 288 pages; \$19.95. Oneworld Publications; £34.99

An eminent Palestinian-American historian explains why Palestinians failed to

achieve an independent state. The book is resonant with personal history and lays out the barriers that obstructed Palestinians’ aspirations. It counts the poor decision-making of certain Palestinian leaders among its explanations, too.

Hamas. By Beverley Milton-Edwards and Stephen Farrell. Wiley; 340 pages; \$36.95. Polity Press; £24.99

The militant organisation that rules the Gaza Strip first emerged in 1987 during the first Palestinian *intifada* (“shaking off”, or uprising). In its first charter Hamas styled itself as the “Islamic Resistance Movement” and declared Israel illegitimate. In 2006 Hamas became the first Islamist movement to ascend to power in the Middle East by winning an election. The authors interviewed hundreds of people over three decades, including the group’s leaders, fighters, opponents and victims. This book explains the inception of the “largest, most influential and most deadly Islamist organisation” and how it became entrenched in Gaza.

The Rise of the Israeli Right. By Colin Shindler. Cambridge University Press; 440 pages; \$38.99 and £29.99

The right first came to power in Israel nearly five decades ago, but its current government may be the most right-wing in the country’s 75-year history. This richly detailed book analyses with clarity and insight the political and philosophical ideas that drive the right. The author, who is a professor at Cambridge, studies important thinkers and figures such as Ze’ev Jabotinsky (the founder of the Zionist Right) and Binyamin Netanyahu (Israel’s prime minister).

It's Easier to Reach Heaven than the End of the Street. By Emma Williams. Olive Branch Press; 412 pages; \$16. Bloomsbury; £8.99

In 2000 the author, a British doctor, accompanied her husband, a UN official, and three small children to Israel. A month later the second Palestinian *intifada* erupted. This moving memoir—which spans three years—documents the events she witnessed. She gave birth to a fourth child in a hospital in Bethlehem, which was shelled by the Israeli army. A Palestinian suicide-bomber blew himself up near her children’s school, with his head landing at the foot of their teacher.

The Economist’s journalists have also written books about the conflict. Anton La Guardia, our diplomatic editor, is the author of “*Holy Land, Unholy War*”. Gregg Carlstrom, our Middle East correspondent, wrote “*How Long Will Israel Survive?*”. Anshel Pfeffer, our Israel correspondent, is the author of “*Bibi*”. ■

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Economic data

	Gross domestic product			Consumer prices		Unemployment rate		Current-account balance		Budget balance		Interest rates		Currency units		
	% change on year ago latest	% change on year ago quarter*	2023†	% change on year ago latest	2023†	%		% of GDP, 2023†		% of GDP, 2023†		10-yr govt bonds latest, %	change on year ago, bp	per \$ Oct 18th	% change on year ago	
United States	2.4	Q2	2.1	2.0	3.7	Sep	4.1	3.8	Sep	-2.9	-5.7	4.9	90.0	-		
China	4.9	Q3	5.3	5.2	nil	Sep	0.7	5.0	Sep‡§	1.8	-3.2	2.6	13.0	7.31	-1.5	
Japan	1.6	Q2	4.8	2.0	3.1	Aug	2.9	2.7	Aug	2.9	-5.2	0.8	55.0	150	-0.5	
Britain	0.6	Q2	0.8	0.4	6.7	Sep	6.8	4.3	Jun††	-2.5	-3.9	4.5	7.0	0.82	7.3	
Canada	1.1	Q2	-0.2	1.1	3.8	Sep	4.1	5.5	Sep	-0.4	-1.4	4.1	75.0	1.37	0.7	
Euro area	0.5	Q2	0.5	0.7	4.3	Sep	5.6	6.4	Aug	2.2	-3.4	2.9	63.0	0.95	7.4	
Austria	-1.3	Q2	-3.0‡	-0.2	5.7	Sep	7.9	5.3	Aug	2.4	-2.4	3.6	56.0	0.95	7.4	
Belgium	0.9	Q2	0.6	1.0	0.7	Sep	2.6	5.5	Aug	-0.7	-4.6	3.6	59.0	0.95	7.4	
France	1.0	Q2	2.1	0.8	5.7	Sep	5.7	7.3	Aug	-1.1	-5.0	3.4	47.0	0.95	7.4	
Germany	-0.1	Q2	0.1	-0.3	4.3	Sep	6.1	3.0	Aug	5.2	-2.4	2.9	63.0	0.95	7.4	
Greece	2.9	Q2	5.1	2.4	2.4	Sep	3.8	10.9	Aug	-6.3	-2.1	4.5	-55.0	0.95	7.4	
Italy	0.3	Q2	-1.5	0.9	5.6	Sep	6.3	7.3	Aug	1.0	-5.3	5.0	37.0	0.95	7.4	
Netherlands	-0.2	Q2	-0.9	0.2	-0.3	Sep	4.5	3.6	Aug	8.2	-1.9	3.3	68.0	0.95	7.4	
Spain	2.2	Q2	2.1	2.4	3.3	Sep	3.4	11.5	Aug	1.6	-4.1	3.9	52.0	0.95	7.4	
Czech Republic	-1.1	Q2	-0.1	nil	6.9	Sep	10.4	2.6	Aug‡	-1.1	-3.8	4.8	-101	23.4	6.3	
Denmark	0.6	Q2	-1.4	2.0	0.9	Sep	4.0	2.9	Aug	10.5	1.5	3.2	51.0	7.08	6.6	
Norway	0.7	Q2	0.1	1.4	3.3	Sep	5.8	3.5	Jul††	17.1	10.8	1.4	76.0	11.1	-4.5	
Poland	-0.6	Q2	-8.5	-0.1	8.2	Sep	11.4	5.0	Aug§	0.7	-4.8	5.8	-240	4.22	14.9	
Russia	4.9	Q2	na	-0.5	6.0	Sep	6.5	3.0	Aug§	1.8	-3.8	12.3	214	97.5	-36.1	
Sweden	-0.8	Q2	-3.3	-0.6	6.5	Sep	6.0	7.7	Aug§	4.1	-0.3	3.1	92.0	11.0	0.7	
Switzerland	0.5	Q2	0.1	0.8	1.7	Sep	2.2	2.1	Sep	6.8	-0.7	1.1	-21.0	0.90	10.0	
Turkey	3.8	Q2	14.6	3.1	61.5	Sep	53.1	9.2	Aug§	-4.4	-5.0	26.3	1,603	28.0	-33.7	
Australia	2.1	Q2	1.4	1.6	6.0	Q2	5.6	3.6	Sep	1.7	0.3	4.6	72.0	1.58	0.6	
Hong Kong	1.5	Q2	-5.2	2.9	1.7	Aug	1.9	2.8	Aug‡‡	8.4	-1.7	4.4	52.0	7.83	0.3	
India	7.8	Q2	11.0	6.5	5.0	Sep	5.7	8.1	Apr	-1.3	-5.9	7.3	-8.0	83.3	-1.1	
Indonesia	5.2	Q2	na	5.0	2.3	Sep	3.8	5.5	Q1§	0.7	-2.4	6.8	-59.0	15,730	-1.7	
Malaysia	2.9	Q2	na	4.0	2.0	Aug	2.7	3.4	Aug§	1.8	-5.0	4.1	-33.0	4.74	-0.4	
Pakistan	1.7	2023**	na	1.7	31.4	Sep	32.2	6.3	2021	-1.7	-7.7	16.0	ttt	322	280	-21.5
Philippines	4.3	Q2	-3.6	4.1	6.1	Sep	5.7	4.8	Q3§	-4.6	-7.0	6.6	-57.0	56.7	3.6	
Singapore	0.7	Q3	4.0	1.0	4.0	Aug	4.7	1.9	Q2	18.9	-0.7	3.4	-17.0	1.37	3.6	
South Korea	0.9	Q2	2.5	1.3	3.7	Sep	3.3	2.3	Sep§	1.9	-2.7	4.3	2.0	1,350	5.4	
Taiwan	1.4	Q2	5.6	0.8	2.9	Sep	2.2	3.4	Aug	12.5	-0.4	1.3	-49.0	32.3	-1.0	
Thailand	1.8	Q2	0.7	2.8	0.3	Sep	1.6	1.0	Aug§	1.1	-2.7	2.8	-37.0	36.3	5.0	
Argentina	-4.9	Q2	-10.9	-2.8	138	Sep	129.9	6.2	Q2§	-2.8	-4.2	na	na	350	-56.3	
Brazil	3.4	Q2	3.7	3.1	5.2	Sep	4.7	7.8	Aug‡‡	-1.8	-7.6	11.7	-11.0	5.07	3.9	
Chile	-1.1	Q2	-1.2	-0.2	5.1	Sep	7.5	9.0	Aug‡‡	-4.3	-3.0	6.5	3.0	938	3.8	
Colombia	0.3	Q2	-4.1	1.6	11.0	Sep	11.5	9.3	Aug§	-4.0	-4.2	11.7	-240	4,237	11.8	
Mexico	3.6	Q2	3.4	3.2	4.5	Sep	5.5	2.7	Aug	-1.8	-3.8	10.0	13.0	18.3	9.4	
Peru	-0.5	Q2	1.5	0.1	5.0	Sep	6.5	6.3	Sep§	-1.3	-2.9	7.5	-124	3.86	3.1	
Egypt	3.9	Q1	na	4.0	37.9	Sep	36.8	7.0	Q2§	-2.6	-6.7	na	na	30.9	-36.4	
Israel	3.4	Q2	3.1	3.1	3.8	Sep	4.4	3.2	Sep	4.5	-2.0	4.3	90.0	4.03	-12.7	
Saudi Arabia	8.7	2022	na	0.1	1.7	Sep	2.3	4.9	Q2	3.0	-0.8	na	na	3.75	0.3	
South Africa	1.6	Q2	2.4	0.5	5.5	Sep	5.7	32.6	Q2§	-1.8	-5.7	10.8	2.0	19.1	-5.0	

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. §Not seasonally adjusted. ‡New series. **Year ending June. ††Latest 3 months. §§3-month moving average. §§5-year yield. tttDollar-denominated bonds. Note: Euro area consumer prices are harmonised.

Markets

In local currency	% change on:			index Oct 18th	% change on:			index Oct 18th	% change on:		
	one week	Dec 30th 2022			one week				one week	Dec 30th 2022	
United States S&P 500	4,314.6	-1.4	12.4					Pakistan KSE	49,406.2	1.9	22.2
United States NAScomp	13,314.3	-2.5	27.2					Singapore STI	3,136.6	-1.8	-3.5
China Shanghai Comp	3,058.7	-0.7	-1.0					South Korea KOSPI	2,462.6	0.5	10.1
China Shenzhen Comp	1,856.1	-2.7	-6.0					Taiwan TWI	16,440.9	-1.4	16.3
Japan Nikkei 225	32,042.3	0.3	22.8					Thailand SET	1,437.9	-1.2	-13.8
Japan Topix	2,295.3	-0.5									



Life on the edge

Ofir Libstein, mayor of Sha'ar HaNegev, was killed in the Hamas attacks on October 7th, aged 50

WHENEVER HE WALKED round his patch of the northern Negev, Ofir Libstein fairly buzzed with ideas. Sha'ar HaNegev was not large, just 180 square kilometres, three kilometres from the Gaza Strip, with around 6,000 people living in ten kibbutzim and one communal farm. But he had power, as mayor, to make it work as well as possible. Sorting out the traffic on the main road, for example, by replacing the multiple intersections with roundabouts. Encouraging his Facebook followers to eat at local restaurants, like Julie's amazing Chinese in his own kibbutz, Kfar Aza, that were still struggling after covid. And putting all available buildings to new use. Whenever he saw a disused mess hall, a deserted factory, even an old cowshed, he wanted to fill them with entrepreneurs working on exciting things.

He was an entrepreneur himself, starting young. When his uncle ran the kiosk in Kfar Neter he opened a branch at school. When his father did wheelchair repairs for the nursing home where his mother worked, he went into a motorised wheelchair business with him. From there he moved, with relatives, into office equipment, then into online coaching, then into agritech, the mainstay of Sha'ar HaNegev. The Libstein pot was always bubbling and, almost always, successfully.

His most popular idea, though, was to leverage flowers. In 2007 he and his wife Vered founded the Darom Adom ("Red South") festival to celebrate the anemones which, for a brief few weeks in early spring, spread scarlet through the woods and fields. This wonder drew in visitors from far and wide, but he had noticed that there was nothing, besides marvelling, for them to do. So he introduced country lodging, walking trails, bike tours, jugglers and acrobats, craft fairs and farmers' markets, more every year. The festival bloomed and boomed. His Facebook page showed him lying among anemones, smiling broadly in appreciation.

He founded the festival largely to prove that life in Sha'ar Ha-

Negev, though so near Gaza, was not all Hamas and shooting. It was a hard case to make. Hamas rockets hit the Iron Dome right overhead, and pieces fell everywhere; the ground around was full of improvised bombs. In 2018, youths in Gaza tied incendiary devices to kites and balloons and sent them floating across, where he watched with sick horror as trees, crops and gardens exploded in flames. In May 2021 rockets fell on Sha'ar HaNegev for 11 straight days. Despite the fact that everyone in Kfar Aza had steel-and-concrete safe-rooms in their houses, in 2022 he sent the mothers and children away to the north. A study had found that most of the local children had post-traumatic stress.

Yet he insisted those scary times were rare. That was just life on the edge: 5% hell, but 95% paradise. His main Facebook picture showed a view of lush, rolling, improbably green hills dotted with trees. In those fields grew wheat, barley, vines, melons, avocados, cotton, almonds and olives. The desert soil was watered with a huge network of irrigation pipes. And that was not all that grew there. Increasingly he was pinning his hopes on tech startups, and in the five years he had been mayor 40 companies had arrived in his new enterprise zone. Among the single-storey white houses, shaded with palms and lively with children (including four boys of his own), there were now glass-walled offices in which go-ahead tech types networked and hatched their ideas.

He also looked abroad for help. The Californian city of San Diego twinned itself with Sha'ar HaNegev, and the Jewish Federation there provided seed money for a tech incubator; the Jewish National Fund in Australia helped with 14 fortified kindergartens and an "Innovation Campus". Since 2013 the region's population had doubled. That spelled better protection, through sheer numbers, of the western border. He was keeping the land of Israel.

As a *kibbutznik*, living in Kfar Aza or Kfar Neter for most of his life, his devotion to Israel was total. But he was less a Zionist than a socialist and communitarian, as the first kibbutz-builders had been. Besides, his dreams for the region went far beyond mere defensive hunkering down. His vision was "spatial": if there was good in a place, it should benefit the whole diverse human mosaic there. Prosperity had to involve everyone. He was sure that most Gazans wanted what Israelis did: peace, well-paid jobs, care for their families. He set out to provide them.

It was hard to deal directly with Palestinians, since the border was almost entirely sealed. But in partnership with the Israeli city of Sderot, which lay less than a kilometre from the fence, he planned an industrial zone called Arazim around the Erez crossing. This could draw up to 10,000 Gazans to work in Israel every day. There would also be a training hub for them, education programmes and a medical centre. He envisaged so many Gazans with a stake in Arazim that they would never think to attack it, or allow Hamas to. That, in his view, was how Israel could properly protect itself. Even he admitted that this was quite a stretch, but the residents of Sha'ar HaNegev did not seem to object. In the regional election for mayor in 2018—when his rival had been Israel's first female brigade commander, promising more security—he, known mostly for anemones, won with almost 70% of the vote.

That margin, and his ten-year term, inspired him. He could do a lot in all that time. Already, for example, he had incorporated the poorly treated Bedouin into his anemone festival, and was chairman of a museum where their culture was celebrated. Perhaps Palestinians could become involved in Sha'ar HaNegev in the same way, once the two sides had learned to respect each other. Perhaps the share of life there that was paradise could rise to 100%.

But the factories of Arazim were not yet built when, early in the morning on October 7th, swarms of Hamas terrorists broke through the border fence. The residents of Kfar Aza had already been warned by text not to go outside, but he disobeyed his own order, answering fire with fire. He rushed out to defend both his kibbutz and his dreams—including those lovely, leveraged anemones that dyed the dry ground red. ■



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