The Economist

Will Biden's dam break?

The missing arms-industry bonanza

Ungovernable France

Inside AI's black box

JULY 13TH–19TH 2024

HOW TO RAISE THE WORLD'S IQ

ROYAL TROON GOLF CLUB

COLLIN MORIKAWA, 2021

TOM WATSON, 1982

JORDAN SPIETH, 2017

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

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The world this week Politics

NATO held a summit in Washington, marking its 75th anniversary. The main topic of discussion was support for **Ukraine**. The country is unlikely to be admitted as a NATO member soon. But "Make no mistake," Joe Biden said, "Ukraine can and will stop Putin." America, Germany, Italy, the Netherlands and Romania announced that they would provide five extra air-defence systems, including the Patriot system, to Ukraine. The summit started the day after Russia carried out its biggest wave of attacks in months, and struck a **children's hospital** in Kyiv. At least 41 people were killed across Ukraine and 170 injured.

Mr Biden used the summit to try to put to rest questions about his mental acuity and ability to lead. Calls grew among some **Democrats** for the president to withdraw from the election. But other senior Democrats, including Chuck Schumer, in public at least, forcefully supported Mr Biden during party meetings in Congress. Mr Biden earlier insisted that "I am running and I am going to win again."

The NATO summit was Sir Keir Starmer's first foray on the international stage as **Britain's** new prime minister. Sir Keir's Labour Party won 411 seats in the general election, giving it a working majority of 181. The new government has made a busy start, scrapping a controversial scheme to deport asylum-seekers to Rwanda, unveiling measures to liberalise the country's planning regime and taking the first steps towards setting up a new national wealth fund.

In **Russia** a court ordered that Yulia Navalnaya, the widow of Alexei Navalny, should be arrested if she ever returns to the country. Navalny, Russia's opposition leader, died in prison in February. Ms Navalnaya has continued his work of poking the Putin regime.

No way to run a republic

The conclusion of the **French parliamentary election** produced a startling result. The hard-left New Popular Front alliance of parties won the most seats, Emmanuel Macron's centrist Ensemble alliance came second and the hard-right National Rally (RN) third. An agreement by leftists and centrists to pull competing candidates from constituencies squeezed the RN; even so, the RN and allies took the biggest share of the vote, at 37%. No alliance is close to a majority. The left insists it has the right to form the new government, though Mr Macron asked Gabriel Attal to remain as prime minister for now.

Residents of **Barcelona** marched against rising tourism; some of the protesters yelled "go home" at bemused holiday-makers sitting at pavement cafés. The local authorities have announced several measures aimed at lowering tourist numbers, such as a proposed ban on renting out apartments. Similar protests have been held in other tourism hotspots across Spain.

Reports suggested that Hamas had dropped key demands blocking a ceasefire in **Gaza**. Anonymous Hamas and Egyptian officials said that the militants would accept an American proposal to start talks about releasing hostages and were no longer insisting that any deal should guarantee a permanent ceasefire. Meanwhile, an Israeli air strike on a camp for displaced people in southern Gaza killed 29 Palestinians. The Israeli army said it was targeting a member of Hamas who had taken part in the attacks of October 7th and would look into accounts of civilian casualties. Israel instructed residents in north Gaza, where fighting has intensified again, to evacuate to the centre of the strip.

Amin Abed, a Palestinian activist who organises **anti-Hamas protests** in Gaza, was seriously injured in an attack by a group of masked men. Anger at Hamas has grown in Gaza amid the devastation of war.

Meta said it would now remove some speech that targets **Zionists** from its platforms, which include Facebook and Instagram. The company said that in some cases the word "Zionist" is clearly being used as a proxy for hate against Jews.

Masoud Pezeshkian, a reform-minded cardiologist, won **Iran's** presidential election, beating Saeed Jalili, a hardliner, in the second round of voting. Mr Pezeshkian has promised domestic reforms and re-engagement with the West. His victory has checked the rise of the Paydari Front of religious zealots.

In the **Democratic Republic of Congo** 25 soldiers were sentenced to death by a military tribunal for fleeing battles against M23 rebels. A moratorium on the death penalty was lifted in February, in part to deter desertion. The trial lasted one day.

Military leaders in **Burkina Faso**, **Mali** and **Niger** announced the creation of a confederation, signalling a decisive break with ECOWAS, the regional bloc. The new confederation's treaty dampens any hope of a return to democracy in the three countries. It also highlights a rift between west Africa's broadly democratic coastal states, and a group of poorer inland ones led by juntas with budding ties to Russia and Iran.

South Africa's new energy minister announced plans to sharply increase the use of renewable energy. This overturns the policies of his predecessor, a former coalminer, who had blocked the installation of new wind and solar capacity, arguing that "Coal will be around for a very long time."

At their twice-yearly meeting, the leaders of **Mercosur**, a trade block based on Brazil and Argentina, admitted Bolivia as a member. But their get-together was snubbed by Javier Milei, Argentina's president, who preferred to speak at a hard-right conference in Brazil.

Federal police in **Brazil** sought the indictment of Jair Bolsonaro on charges of embezzling an official gift of jewellery from Saudi Arabia. The former president already faces accusations of conspiring to overturn the result of the 2022 election and of falsifying his covid-vaccination record.

Embracing death

Narendra Modi, the **Indian** prime minister, visited Moscow, where he squeezed Vladimir Putin with a hug on the same day that Russian forces bombed a children's cancer unit in Ukraine. At their meeting Mr Modi said, "When innocent children are killed, the heart bleeds". Volodymyr Zelensky, the Ukrainian president, called the hug "a devastating blow to peace efforts".

Russia said all Indian citizens fighting in its army could be released. Indian nationals who were "misled into the service of the **Russian army**" will be granted an early discharge, the Indian foreign secretary confirmed. Four Indian citizens have died in the war.

The world this week Business

In a court filing, America's Justice Department revealed that **Boeing** would plead guilty to misleading air-safety regulators about its 737 MAX aircraft ahead of two fatal crashes in 2018 and 2019. The agreement rips up a previous settlement from 2021 in which Boeing admitted that two employees had misled regulators. The government believes Boeing has failed to comply with that settlement. There have been a number of safety incidents this year, including a door plug that blew off a 737 MAX upon take-off. The families of the crash victims are not happy. By pleading guilty, Boeing avoids the glaring publicity of a trial.

Microsoft has reportedly given up its board seat at OpenAI amid scrutiny from competition regulators about the pair's partnership. Microsoft holds a minority economic interest in the developer of ChatGPT. **Apple** has also decided not to join OpenAI's board as an observer, according to reports. Apple recently struck a deal to incorporate ChatGPT into its new operating system.

In what both companies described as the largest deal of its kind, **Occidental** announced an agreement to sell 500,000 tonnes of carbon-dioxide removal credits to **Microsoft** over six years. The arrangement allows Microsoft to offset its emissions by paying Occidental to take carbon from the atmosphere and store it underground. The tech giant's emissions have soared in recent years, mostly because of the huge amounts of power needed for artificial intelligence and data centres.

Shell said that it expects to book a write-down of between $600m and $1bn on the construction of a plant in Rotterdam that was supposed to convert waste into green jet fuel and biodiesel. The project has been put on hold, in part because an oversupply of biofuels has changed the economics of the industry. Meanwhile, **BP** issued a profit warning because of "significantly lower" margins in oil refining.

BYD boosted its plans to expand in Europe by sealing an agreement to build a factory in Turkey that will churn out its electric vehicles. The Chinese carmaker expects production to start at the end of 2026 at the plant, which will produce 150,000 EVs a year. The cars would avoid potential punitive EU tariffs on imported Chinese EVs, because Turkey is part of the EU's customs union.

Moving forward

Robotaxis continued their relentless drive to become a feature of everyday life. Shanghai is now allowing the driverless cars to accept non-paying passengers in a testing area (the cars previously had to have a safety supervisor behind the wheel). A handful of Chinese cities, including Beijing, have already started charging fees for robotaxis.

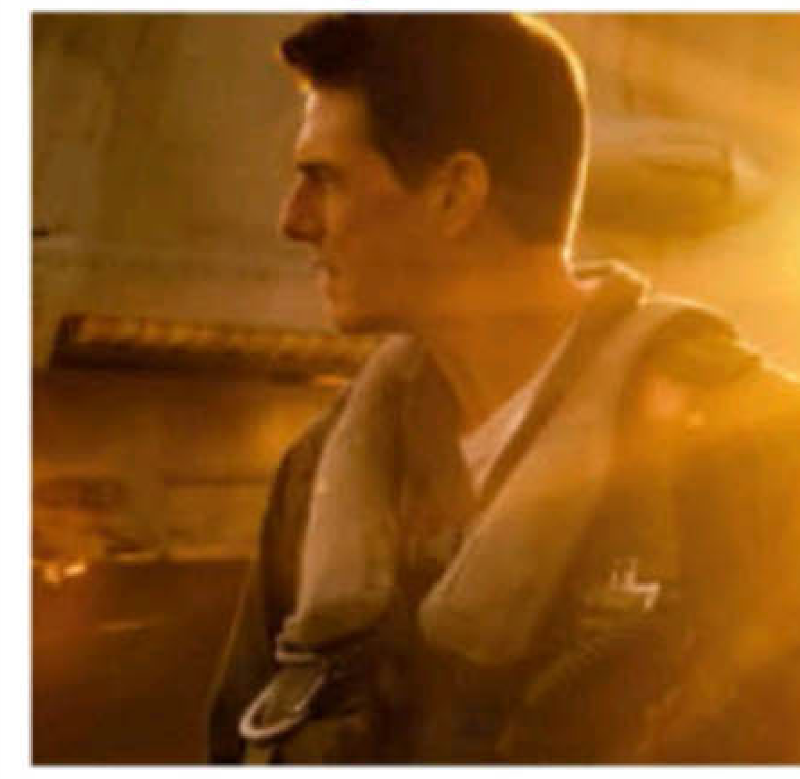
There were no surprises in **Jerome Powell's** semi-annual testimony to Congress. The Federal Reserve's chairman didn't indicate when the central bank would start cutting rates, as more evidence was needed that inflation was easing. Mr Powell's main focus was the labour market, which he said had "cooled considerably" from two years ago.

A jury in New York found **Bill Hwang**, the founder of Archegos Capital Management, guilty of artificially inflating the value of stocks in his portfolio. The collapse of Archegos in 2021 led to hefty losses at banks that dealt with the fund, including Credit Suisse.

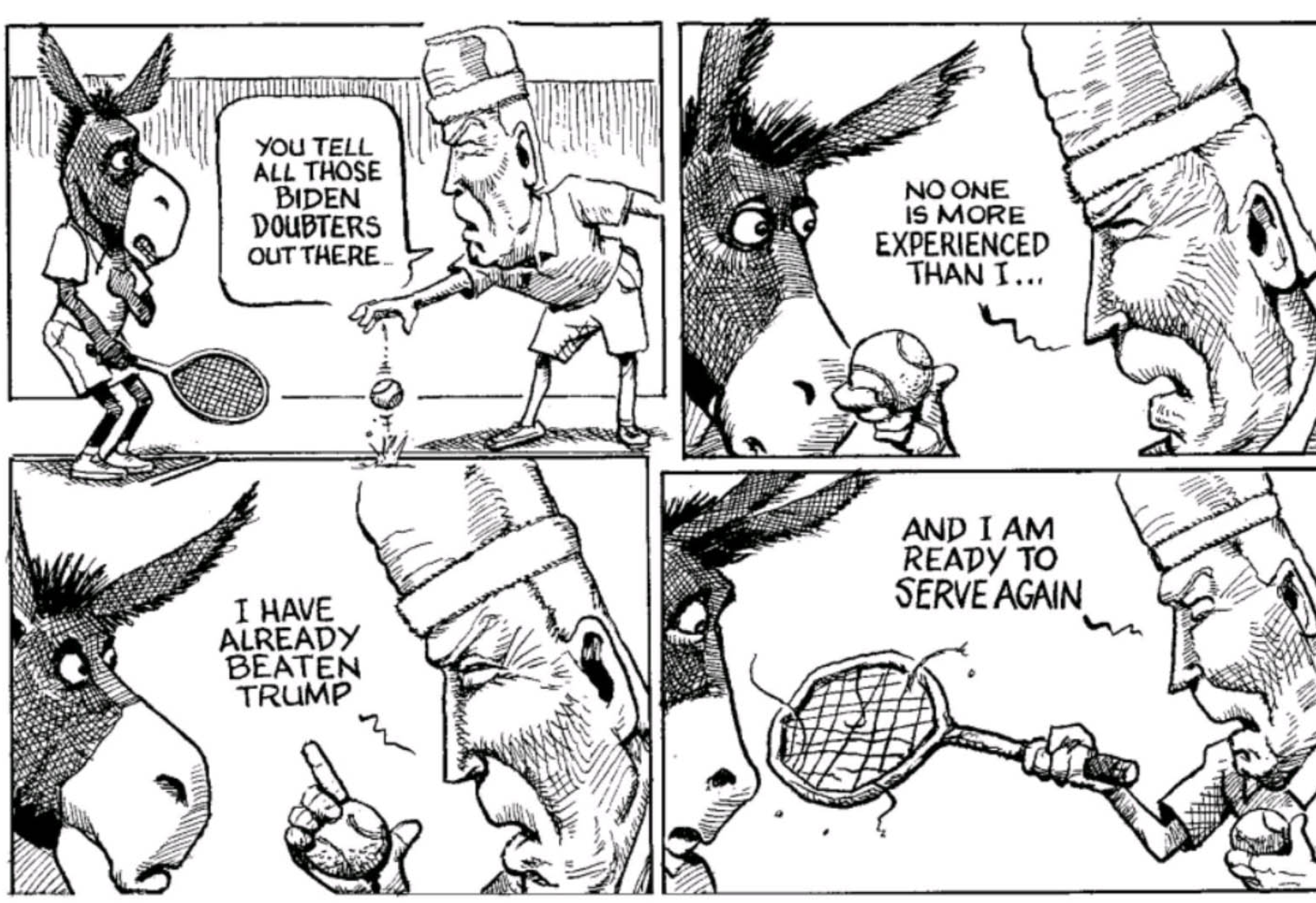
Ariane 6, the European Space Agency's new heavy-lift rocket, launched its first voyage into space from its base in French Guiana. The mission, four years late, successfully deployed its satellite payload. Europe wants its own programme for delivering satellites, but questions have been raised about how competitive it will be against SpaceX and other private rocket providers.

A new round of financing reportedly doubled the value over two years of **Athletic Brewing**, America's biggest maker of non-alcoholic beer, to $800m. Athletic's brands, which include Run Wild IPA and Upside Dawn Golden, have helped it become one of the top 20 brewers in the country. No-alcohol beer sales have surged, especially among the young, while sales of the harder stuff have drooped.

That's a wrap



After a months-long saga worthy of a Hollywood drama, **Paramount Global** agreed to merge with **Skydance Media**, run by David Ellison, the son of Oracle's founder, Larry Ellison. Skydance is one of the production companies behind such hits as "Top Gun: Maverick" and the recent Mission Impossible films. In a complex deal, Skydance is taking over the family company run by Shari Redstone that controls Paramount. The lengthy process to reach a deal saw an earlier proposal fall apart, rumours in markets of counter offers and the defenestration of Paramount's chief executive.



How to raise the world's IQ

Simple ways to make the next generation more intelligent

PEOPLE TODAY are much cleverer than they were in previous generations. A study of 72 countries found that average IQs rose by 2.2 points a decade between 1948 and 2020. This stunning change is known as the "Flynn effect" after James Flynn, the scientist who first noticed it. Flynn was initially baffled by his discovery. It took millions of years for the brain to evolve. How could it improve so rapidly over just a few decades?

The answer is largely that people were becoming better nourished and mentally stimulated. Just as muscles need food and exercise to grow strong, so the brain needs the right nutrients and activity to develop. Kids today are much less likely to be malnourished than they were in past decades, and more likely to go to school. Yet there is no room for complacency.

This week we look at two ways in which young minds are being squandered. In rich countries, the Flynn effect has largely run its course. Our special report and leader examine why educational attainment there has levelled off, and what can be done about it. In a separate briefing, we examine an even graver problem. In poor and middle-income countries, many children are still too ill-fed to reach their cognitive potential.

Globally, 22% of under-fives—roughly 150m children—are malnourished to the point of stunting. That means their brains are likely to be stunted, too. Half the world's children suffer micronutrient deficiency, which can also impede brain development. Poor nutrition and a lack of stimulation can translate into a loss of as many as 15 IQ points. This has woeful consequences: one study found stunting led to incomes being 25% lower. Damage incurred during the "golden window" of the first 1,000 days after conception is likely to be permanent.

The world grows enough food, but several obstacles stop nutrients getting into young brains. One is war. Families sheltering from shrapnel cannot venture out to plant or harvest, and some governments intentionally starve restive regions into submission. Another is disease. Hungry children fall sick more often, and the energy they spend battling bugs cannot be devoted to growing grey matter.

Poverty is a big part of the problem. But global data from UNICEF, an aid agency, show that although half the children with very restricted diets (including no more than two food groups) are indeed from poor families, the other half are not. Other factors, such as poor eating habits, are also to blame.

Many parents, even in middle-income countries, think it is enough to stuff an infant with stodgy carbohydrates but neglect protein and micronutrients. Sexism plays a role, too. In patriarchal societies, husbands often eat first, wolf the tasty protein and leave their pregnant wives with iron deficiency. In some cultures, it is taboo for expectant mothers to eat certain highly nutritious foods, from eggs in parts of Ethiopia to shrimp in parts of Indonesia. Malnourished mothers are more likely to give birth to malnourished babies.

Demography adds urgency. Fertility is highest in countries where malnutrition is most widespread. Unless nutrition improves, the next generation will face greater cognitive challenges than the present one. That would be a dire outcome, especially because it is so easy to avoid. The World Bank estimates that it would cost a mere $12bn a year to fight malnutrition "at scale". That is slightly more than a third of what America wastes on farm subsidies.

Several tactics would work. The simplest is to fortify basic foods, such as flour, with micronutrients, such as iron, zinc and folic acid. This is cheap and can make a big difference. Adding iodine to salt has made cretinism (a severe form of mental retardation) a thing of the past in places where it was once common, from China to Switzerland. Nearly three-quarters of countries mandate that at least some mass-produced foods are fortified, but rice is usually not—making the Philippines' recent ban on "golden rice", genetically modified to have extra vitamin A, especially wrong-headed.

Another method is to give small sums of money to poor families with infants or pregnant mothers. Handing out cash is better than handing out food itself. It is more flexible—it can be spent on medicine as well as food. It costs less to distribute, since it can be sent digitally. And it is easier to monitor. Truckloads of grain for the poor are often stolen or adulterated.

Some schemes make handouts conditional on other things that might help children, such as vaccinations or teaching parents about nutrition and hygiene. Changing people's habits is hard, but they have an incentive to learn, as most parents care that their children grow up healthy. Promoting better nutrition should be part of health-care systems, concentrating on those crucial first 1,000 days. Ideally, women should learn about micronutrients and hand-washing before they are pregnant. Failing that, their first trip to antenatal care is a good time to catch their attention. Fathers are harder to reach, but may be won over if they are told that sharing food with their wives benefits their unborn children.

Meanwhile, more research is needed. Scientists in Bangladesh have found that most women in local slums have inflamed intestines, meaning they lack the right gut bacteria to absorb nutrients properly, and are testing cheap ways to promote benign bacteria. Researchers in Africa are working out how to treat anaemia (a lack of iron) without encouraging malaria (since the parasite thrives in iron-rich blood).

A terrible thing to waste

Some argue that human intelligence will matter less as people outsource their thinking to artificial intelligence. To assume this would be as foolish as betting 100 years ago that the invention of the car would make it unnecessary to walk. In the workplace, human intelligence and AI will probably complement each other. And brains are for the joy of thinking, as well as earning money. Steven Pinker of Harvard University calls intelligence "a tailwind in life", helping people adapt rationally to new challenges or a changing environment. For a modest price, the next generation can have a stronger tailwind. It would not only be wrong to refuse them. It would be stupid. ■

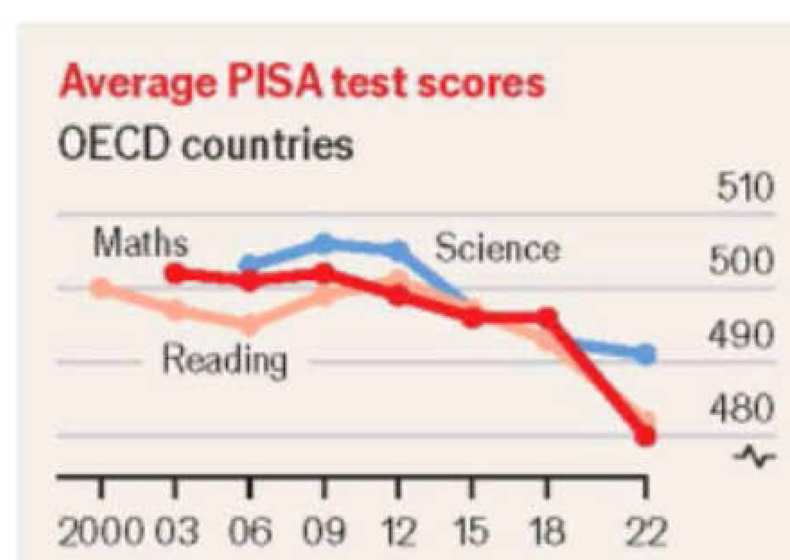
Education

School scandal

Faddish thinking is hobbling education in the rich world

THAT THE pandemic messed up schooling is well known. Between 2018 and 2022 an average teenager in a rich country fell some six months behind their expected progress in reading and nine months behind in maths, according to the OECD. What is less widely understood is that the trouble began long before covid-19 struck. A typical pupil in an OECD country was no more literate or numerate when the coronavirus first ran amok than children tested 15 years earlier. As our special report argues, education in the rich world is stagnating. This should worry parents and policymakers alike.

In America long-running tests of maths and reading find that attainment peaked in the early 2010s. Since then, average performance there has gone sideways or backwards. In Finland, France, Germany and the Netherlands, among other places, scores in some international tests have been falling for years. What has gone wrong?



Average PISA test scores

External shocks have played a part. Migration has brought many newcomers who do not speak the language of instruction. Mobile phones distract pupils and keep their heads out of books at home. The pandemic was hugely disruptive. Many governments closed schools for too long, encouraged by teachers' unions, and children lost the habit of studying. Attendance in many places is lower than before covid. Classrooms have become rowdier.

Yet education policymakers also bear much of the blame for stagnant standards. In America, for example, fixing schools was once a bipartisan issue. Today the right obsesses over culture-war trivia, while many on the left practise what George W. Bush called "the soft bigotry of low expectations", and argue that classrooms are so biased against minorities that it is impossible and immoral to hold all pupils to high standards. Others want homework and exams to be lightened or scrapped for the sake of pupils' mental health.

Faddish thinking is the enemy of rigour. One theory holds that technology such as AI will make traditional learning less useful, so schools should nurture "problem-solvers", "critical thinkers" and students who work well in teams. Inspired by such talk, countries have adopted curriculums that focus on vaguely defined "skills" and play down the learning of facts as fuddy-duddy. Several, such as Scotland, have seen pupils grow less numerate and literate as a result. Those that have resisted, such as England, have done better.

Policymakers should focus on the fundamentals. They must defend rigorous testing, suppress grade inflation and make room for schools, such as charters, that offer parents choice. They should pay competitive wages to hire the best teachers and defy unions to sack underperformers. This need not bust budgets, since small classes matter less than parents imagine. Fewer, better teachers can produce stronger results than lots of mediocre ones. Japanese pupils thrash their American peers in tests, even though their average secondary classroom contains an extra ten desks.

Another task is to gather and share more information about what kinds of lessons work best—a task many governments neglect. Unions may prefer it when good teaching is seen as too mysterious to measure, but children suffer. World-class school systems, such as Singapore's, experiment endlessly, fail quickly and move on. Others keep on doing what does not work.

The stakes are high. In rich countries the workforce will shrink as the population ages. Productivity will have to rise to maintain living standards. Well-trained minds will be needed to tackle complex challenges, from inequality to climate change. H.G. Wells, a novelist and futurist, wrote that human history is a "race between education and catastrophe". It is a race societies cannot afford to lose. ■

The French vote

Calling Solomon

After France's shotgun election, relief is tempered with foreboding

FRANCE'S FOURTH REPUBLIC lasted from 1946 to 1958. In those 12 years it had 26 governments, two of which were in power for only two days. The Fifth Republic created by Charles de Gaulle in 1958 was meant to provide greater stability, thanks to a new electoral system and a strengthening of the powers of the president. It has worked pretty well. Until now.

The good news from the snap elections on July 7th is that tactical voting has dashed Marine Le Pen's hopes that her hard-right National Rally (RN) would lead France's next government. Squeezed by the left-wing New Popular Front (NFP) and President Emmanuel Macron's centrist Ensemble bloc, the RN was pushed into an inglorious third place. The bad news is that nobody has a clue what will happen next. Mr Macron can stay in the Elysée Palace until 2027. But to run the country, and get legislation through parliament, he needs a prime minister and a government, and that looks tricky (see Europe section). A return to the Fourth Republic's drift looms.

As none of the three big groups is close to holding a majority, you might think a coalition would be the way forward. But obstacles abound. The biggest is that the NFP bloc, the largest and the presumptive leader of the new government, is in confusion. It was hastily put together for the election, and uneasily ▸▸

yokes the hard-left anti-capitalists of Jean-Luc Mélenchon's Unsubmissive France (LFI) to the Socialists, the Greens and the remnants of France's once-powerful Communist Party. These four cannot even agree on who should be their leader. Working out their policies will be still harder.

Another problem is that these parties may not want a deal with Ensemble. LFI nurses a reservoir of hatred for Mr Macron and his supposedly pro-rich policies. The Socialists look on the imperious president as a traitor, since he served as a minister under his predecessor, François Hollande, before splitting away to form his own party. Complicating matters further, some Socialists are also unwilling to work with the irascible, ruthless Mr Mélenchon. As one of their leading figures put it pithily: "Neither Robespierre nor Jupiter."

Coaxing these elements together would be like getting porcupines to mate. Unlike Germany or the Netherlands, France has no history of calm, lengthy coalition negotiations. Even if they can form a coalition, the price is liable to be high. Mr Macron's pension reforms, vital for France's long-term fiscal stability, may be reversed in any deal. Big rises for the minimum wage also look likely, as well as expensive price controls on key household items. Perhaps a technocratic government, as has in the past worked in Italy, may be the answer. But that will not be formed until the alternatives are exhausted.

Whatever fix Mr Macron finds, the next few years will be tough. France is running a deficit of over 5% of GDP, and needs cuts, not more spending. Mr Macron's pro-business reforms have helped raise productivity and job creation, but reform needs a foot on the accelerator, not the brake. And a France preoccupied with domestic political strife will find it hard to play its still-vital role in the European Union and beyond.

The battle for the Elysée

Those are just the short-term pitfalls. The deeper problem will come in 2027, when Mr Macron will be ineligible to run again for president, but Ms Le Pen will be raring for her fourth tilt at the big prize. The success of the "republican front", the coming together of parties and voters to block the hard right, gives some cause for hope that the trick can be repeated. And yet the RN's record is of steady advance. In the second round of the presidential election of 2017, Ms Le Pen got 34%; in 2022, she jumped to 41%. Likewise, her partially detoxified party got a measly 9% in the second round of the parliamentary election of 2017. But it almost doubled that, to 17%, in 2022; and almost doubled it again, to 32%, on July 7th. Today it complains of an establishment plot to keep it out of office. If political chaos lies ahead, it may well profit.

At some point, the republican front could fail, especially if radical-left LFI voters also come to feel that they are being excluded from power by a centrist stitch-up. Great wisdom and delicacy are now required in France. Instead of Jupiter or Robespierre, the country needs a Solomon. ■

Global finance

Credit-crushed

How to prevent strongmen from hijacking the fight against dodgy money

CATCHING CRIMINALS across borders is hard. Court decisions made in one place may not be enforceable in another. Police powers are usually local, and information-sharing and extradition treaties are rare. To remedy this the world's major powers have created institutions with mandates that cover much of the globe. The International Criminal Court (ICC) investigates suspects for genocide, war crimes and other grave offences. Interpol issues "red notices", which are akin to international arrest warrants. Perhaps the most obscure is the Financial Action Task Force (FATF), which also has the hardest job: stopping globe-trotting villains from moving money around the world.

Unfortunately these institutions are increasingly abused, and the FATF is no exception. Just as the ICC has become a venue for political "lawfare" and Interpol has made it easier for autocrats to have dissidents-in-exile arrested, so the FATF's mighty powers are being hijacked by strongmen looking for another way to crack down on their opponents, as we report this week (see Finance & economics section). It is a sorry trajectory for an organisation with an important mission. The FATF must be reformed—or the global fight against dirty money will itself be corrupted.

The FATF works by setting out 40 broad "recommendations", covering everything from the monitoring of suspects to the blocking of dodgy funds. The idea is that states translate this into legislation and countries are then regularly assessed—by peers and experts—on how well they comply. As a result, the FATF has a longer arm than almost any other international organisation. Its invasive evaluations apply not just to its members but to all states that agree to meet its standards—which means nearly every country in the world. Any that gets poor marks risks being cut off from the global banking system, hampering aid, trade and investment.

Complying with the FATF's rules means imposing debilitating measures on those who are blacklisted, including financial snooping, asset freezes and even imprisonment. Yet countries need not provide much evidence incriminating their targets. Having noticed this loophole, strongmen are using the task-force to co-opt Western institutions into impeding the financial activities of exiled dissidents, journalists and human-rights advocates, who are often blameless. Politically motivated allegations end up in databases that Western banks use to screen clients. Abusers also hound their opponents at home under the pretence of complying with the FATF's goals. The list of countries hijacking the system includes the usual suspects, such as Belarus, Egypt and Zimbabwe. But many abuses are being carried out by democracies with strongmen in charge, including India and Turkey.

Banks cannot do much to prevent this. Those based in offending countries must obey domestic laws. Western lenders lack the means or expertise to assess the merits of accusations emanating from faraway shores. And victims themselves have only limited ways to challenge unfair accusations, whether through domestic courts or international forums.

That is why the FATF itself needs reform. The cross-border powers it, in effect, hands to autocratic governments should be less sweeping. There should be limits on the duration of asset freezes, for example, and banks should not face penalties for unfreezing accounts once orders expire. The FATF could also depend less on governments, by making it easier for individuals to report financial misdeeds themselves, and investigate cases to ensure that they are well-founded.

All this probably requires more resources. When the FATF was founded by the G7 in 1989, it was tasked only with stopping the laundering of drug money for a year; the headcount of its secretariat was 12. But it lived on and its remit today includes stopping funding for transnational crime, terrorism and the trafficking of superweapons. Yet the secretariat has grown only to 40 staff. Bureaucracies are often captured by interests because they are large and unwieldy. With the FATF, its lack of manpower makes it easy to exploit because its edicts are vague and its processes are informal.

The FATF could turn the tables on those who seek to abuse it. Its power stems in part from its ability to paint individual countries as risky destinations for foreign funds. Iran, Myanmar and North Korea are on its blacklist and largely cut off from global finance; those placed on its "grey" list will often go to great lengths to get off it. As a deterrent, the FATF could report countries that have abused the system. It could also try to hold countries to higher standards regarding, say, the pre-trial detention of suspects. To the extent that the FATF has the power of coercion, democracies should influence autocrats, not the other way round. ■

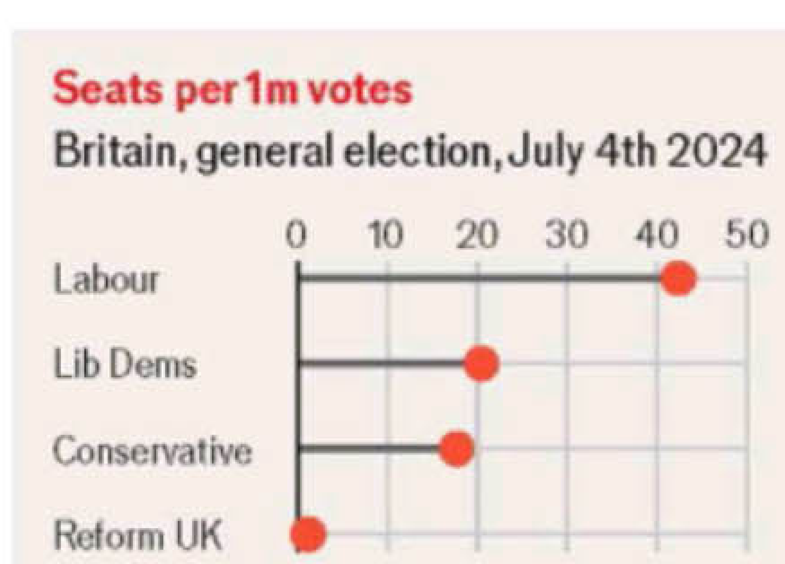
Electoral reform

Lord, make us proportional—but not yet

Britain's skewed election reinforces the case for voting reform. In 2029

Among the questions prompted by Labour's huge victory on July 4th is whether Britain's electoral system needs overhauling. The party won 63% of the seats on only a third of the vote, prompting complaints from some smaller parties, and a few smarting Conservatives, that the result was unfair. The case for reforming the country's first-past-the-post (FPTP) system, in which the candidate who wins the most votes in a constituency takes that seat, is becoming ever stronger. But it should not be a priority.

Measured by the difference between share of the votes and share of the seats in Parliament, this election was the most skewed result in British history, and second in Western democracies only to a French parliamentary election in 1993. Because its voters were efficiently distributed around the country, Labour needed fewer than 24,000 votes for each of its seats. Reform UK, in contrast, needed well over 800,000 (see Britain section). Under the Scottish system of proportional representation (PR), Labour would have won 236 seats, not 411; Reform UK would have had 94 MPs instead of five.



This result was not simply a one-off. British politics is fragmenting. Just one in ten Britons now identifies very strongly with either Labour or the Conservatives, compared with half of the voting public in the 1960s. With the exception of two Brexit elections in 2017 and 2019, no party has won 40% of the vote since 2001. The two big parties have each been handed big defeats in succession by a volatile electorate. And the electoral map is increasingly kaleidoscopic. In 92 of the country's 650 constituencies, Labour and Reform UK were the two largest parties; in 84 the Liberal Democrats and Conservatives; in 41 Labour and the Greens; and in a further 41 Labour and the Scottish National Party.

Multi-party politics and a FPTP electoral system make an uncomfortable mixture. As people transfer their allegiances to smaller parties, support for PR is rising. It has gone from 25% in 2011, at the time of a referendum on voting reform (when a move to an alternative-vote, or AV, system was roundly rejected), to 50% now. Trust in politicians is at record lows: a system that leaves more people feeling ignored endangers the legitimacy of Parliament itself.

The election adds, then, to the case for a more proportional system. But there are also reasons for caution. The idea that Labour's victory was accidental is nonsense. The voters and the parties both know how FPTP works and behaved accordingly. All parties dispatched activists to seats where they had the best chances of winning. Plenty of Britons voted tactically, plumping for parties that would ensure a Tory loss in their seat. The result was an expression of voters' wishes.

No electoral system is without its flaws. If FPTP risks fuelling extremism among frustrated voters, then proportional representation can encourage the formation of smaller, more extreme parties. One system may amplify grievances; the other may amplify their effects. And pure PR systems can lead to a different form of illegitimacy, as coalitions and their programmes form and unravel beyond the scrutiny of voters.

But the main reason to be judicious is that other things matter more. Labour came to power promising stability: the last thing Britain needs right now is another round of constitutional change. Time and political energy are better spent on the party's overriding mission of souping up growth. The new government has made a decent start, most notably with a series of measures to liberalise planning (see Britain section), but these are early days. Big battles lie ahead—not just over building, but also over Europe and public services.

Voting reform was not in Labour's manifesto; it is not likely to feature in its first term. Good. But the election does reinforce the case for a more proportional system. By the time the country next votes, it will be almost 20 years since the AV referendum. The two main parties should put commitments to electoral reform in their platforms in 2029. ■

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Bologna, Italy

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Letters

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Backing Joe Biden

Presidential effectiveness is not measured by televised debates. Presidents govern by making decisions after thorough preparation and detailed consultations with their advisers. In questioning Joe Biden's candidacy, you offer no reason for doubting his ability to make good decisions ("No way to run a country", July 6th). You do think, however, that political infighting among Democrats over a potential replacement would somehow settle on a better candidate, who would have a stronger chance of defeating Donald Trump, and who would make better decisions than Mr Biden.

That is a long shot. Political infighting would divide the Democrats, not unite them. And no other plausible candidate has anything like Mr Biden's record of accomplishment in a challenging time. The fact that the president was tired and stumbled over some words in a television debate is irrelevant.

A.C.W. BETHEL
Vista, California

Enough already. The lopsided media frenzy over Mr Biden's gaffes during the debate is beginning to chafe. I am aware of his shortcomings. I agreed with your Lexington columnist almost two years ago (November 12th 2022), that Mr Biden should consider standing aside and groom a successor. That is unlikely to happen. So it is time to choose a side. There is too much at stake to dither. The choice should be a no-brainer.

You either choose the president, who has his senior moments and a stutter, but is vastly experienced and helped the economy to recover. Or you can choose Mr Trump, who also has senior moments, speaks utter gibberish most of the time, has no policies, does not understand economics, and is a convicted felon, sexual predator and wanna-be dictator. Tough decision.

DR JAMES WILSON
Professor of economics (retd)
Guelph, Canada

Mr Trump gave a speech musing on whether to be electrocuted by a boat or eaten by a shark. But *The Economist* has yet to write a leader about his obvious mental decline. Why the double standard?

STEPHEN RUGER
Baltimore

Last week's cover image (July 6th) depicted a walker frame adorned with the presidential seal. The issue with Mr Biden has nothing to do with his walking, it has to do with whether cognitive decline impedes his ability to serve effectively. Many people who use walkers are not even elderly and their mental acuity is fine. Franklin Roosevelt was one of America's greatest presidents and he could not walk. Hopefully if he was running today, FDR would not need to hide his disability.

RUTH DELL
Tiburon, California

Regarding "Gerontocrats ascendant" (July 6th), in the 1972 Senate race for Delaware, the 63-year-old incumbent, Caleb Boggs, was accused by his 29-year-old opponent of being too old and out of touch. "Cale doesn't want to run," the young challenger told the press, "he's lost that old twinkle in his eye." That young challenger was Joe Biden. He beat Boggs by 3,000 votes.

AUGUSTUS HANEY
New York

A demilitarised Palestine

"Can chaos be turned into a country?" (June 22nd) was both hopeful and depressing regarding a future Palestinian state. It is clear that there can be no end to the fighting until there is a clear vision of what peace would offer. Yet a lack of trust on both sides prevents this. The article quotes a poll that only 26% of Israeli adults believe that Israel could co-exist with a Palestinian state. The Israeli fear that a Palestinian state could be a source of future drone and rocket attacks is understandable.

On the other hand Palestinians who see an occupied West Bank increasingly eroded by illegal settlements and targeted by drone and air strikes are increasingly more likely to see armed resistance as the only alternative. Without a future vision acceptable to both sides, the downward spiral continues. Is such a vision possible? Seven years ago I heard senior officials in the Palestinian Authority declare that a future Palestinian state could be demilitarised and disarmed, provided border security was guaranteed by an international force of some kind, and that after an initial transition it did not include Israeli forces.

Would such a solution be acceptable to the population of the West Bank and Gaza more widely? Could it in time assuage the Israeli fears of attacks from a future Palestinian state? Surely it is worth a serious diplomatic push. After all, UN forces have maintained tense borders elsewhere successfully for decades. If the idea of a demilitarised Palestinian state could breathe some life into the two-state solution, attention could turn to the illegal settlements in Area C of the Oslo accord. It is worth at least a try.

MARK MOODY-STUART
Hassocks, West Sussex

The problem with landfill

Your article about megacities on Africa's west coast being swamped by rising seas mentioned the problem of land subsidence in Lagos ("Sunk costs", June 29th). Subsidence rates are highest near coastal zones, where heavy structures have been built on landfills, highlighting the problem with unregulated development. Without proper engineering, landfill is not suited to support heavy structures.

The Dutch have shown for centuries that the world's flooding can be managed by well engineered solutions. The problem is thus not one of technology, but policy. Managing the rise of sea levels requires sensible urban planning, adequate infrastructure funding and the enforcement of development rules. Unfortunately, poorer countries will struggle with this.

SPENCER RANKIN
Glen Cove, New York

A sporting legend

Your fine obituary of Willie Mays (June 29th) noted that many of his baseball records would have been further embellished had it not been for his two years of army service. Mays received his draft notice in May 1952, cutting short his season with the Giants. Although the army had officially been desegregated in 1948, many of its odious Jim Crow policies still lingered.

Despite his exceptional baseball record, fine character and ebullient personality, the army assigned Private Mays to a stevedore company at a little-known military installation in Virginia. It is unclear if, or for how long, he actually performed the back-breaking work of loading and unloading military vessels. In addition to playing for the baseball team there, Mays served as an athletics instructor and coach.

He was discharged from the army on March 1st 1954 and reported to the Giants for training the following day. He may have missed as many as 260 Major League baseball games during his army stint.

MICHAEL MANNION
Fairfax, Virginia

The late show

Is it better to be an early bird or a night owl, Bartleby asks (June 8th)? In my experience in Silicon Valley it is those who work late who are praised. One trade magazine opined that "cool people" work until 7pm; the author lost all respect for a colleague who walked out of the office at 5pm. I remember one vice-president of a division heaping praise on two colleagues for working until 9pm. I would think so, I thought, they're never at work before noon. One of them is now a company vice-president.

BRENT CYCA
Mountain View, California

Briefing Diet and development

Food for thought

BUGASAN NORTE, DHAKA AND LOBULE

Small investments in nutrition could make the world brainier

KEBITA NAIMA was a month pregnant when men with guns burned her home and stole everything she had. Terrified, she fled her village in eastern Congo. With a dozen relatives she walked for a week, hoping to reach Uganda, the calmer country next door. "We had nothing, no food at all," she recalls—only water from streams and wild fruit. When she crossed the border she was "so weak and so hungry".

That journey, and the months of deprivation that followed, affected her unborn daughter, Ms Kebita suspects. Sitting outside her home in Lobule, a village in northern Uganda, she notes how the girl, Amina, now 11, is noticeably slower than her younger brother, Mubaraka, who was better nourished both in the womb and in infancy. He started to talk a year earlier than his sister, and to walk nearly two years earlier. "He always wants to know things. He sees older kids climbing trees, and he wants to join in," says his mother.

Just as muscles need food and exercise to grow strong, the brain needs good food and stimulation to develop properly. The first 1,000 days after conception, known as the "golden window", are crucial. From the third trimester to the second birthday, a million synapses a second are formed in a well-nourished brain, creating the foundation on which "all learning, behaviour and health depend", notes Meera Shekar of the World Bank. In a malnourished one, fewer connections are created. And if the brain is chronically deprived during this period, the damage is irreversible.

From nutrients to neurons

So a better diet for pregnant mothers and infants would eventually make humanity more intelligent. Alas, child malnutrition is far from being eradicated—and not just in poor, war-charred places like Congo. Many middle-income countries also have shockingly high rates.

How much of a cognitive boost would the world get from feeding babies better? Precision is tricky, but scientists agree it would be huge. If a fetus's weight is below the tenth percentile, the child can expect to score half a standard deviation worse on all neuro-developmental measures—the rough equivalent of seven IQ points. After birth, the speeds at which a baby puts on weight (before four months) and length (before 12 months) are good predictors of IQ at the age of nine. A study in Bangladesh found that the combination of malnutrition and inadequate stimulation common in poor families was associated with an IQ gap of a whole standard deviation (about 15 points) by the age of five.

Even if a baby has enough macronutrients (protein, carbohydrates and fat), its brain development can be hobbled by a lack of micronutrients such as iron, iodine or zinc. Yet such deficiencies remain rife: half the world's young children and two-thirds of women of reproductive age do not get enough micronutrients. For brain development, the most serious shortfall is iron. Two-fifths of children aged 6-59 months were anaemic (iron deficient) in 2019. Between 2012 and 2019, at least 92 countries saw no improvement on this score, laments Dr Shekar.

Over the past 14 years, UNICEF, the ▸▸

UN's agency for children, has collected data on the proportion of children aged 24-59 months who are "developmentally on track in health, learning and psychosocial well-being" in a range of developing countries. For instance, can they say more than ten words, jump with both feet, or count to ten? The correlation with both stunting and anaemia is striking (see chart 1).

According to *The Economist*'s statistical analysis, stunting rates explain almost half the variation in how many kids are on track, and anaemia in pregnant women (a big contributor to stunting) explains over 40%. In contrast, GDP per person, adjusted to reflect the cost of living, explains less than 10%. Although the analysis cannot prove a causal connection, it suggests that malnutrition is a bigger obstacle to development than poverty more generally—and that income is no guarantee of a good diet.

The good news is that malnutrition is less widespread than it was. The share of children under five who are stunted (too short for their age) fell from 33% in 2000 to 22% in 2022, or roughly 150m. The proportion who were wasted (underweight for their age) fell from 9% to 7% over the same period. (The two categories overlap: one can be both stunted and wasted, or indeed stunted and overweight. Obesity among children is also rising globally.)

From nutrition to erudition

Big progress has been made against iodine deficiency, which gravely hampers brain development, simply by adding iodine to salt. The number of countries where children do not ingest enough iodine has plummeted from 113 in 1993 to 19 in 2022 (one of the laggards is Russia).

Yet grave worries remain. The overall pace of improvement in nutrition has slowed in the past decade (see chart 2 on next page). And because fertility is higher in poorer countries, future births will largely be in the parts of the world where nutrition is worst. *The Economist* estimates that by 2050, 67% of babies will be born in places where stunting is currently above 20%, up from 64% today. Such places include most of Africa and South Asia.

To assess more clearly where the world is heading, *The Economist* combined the UN's population projections with estimates from the World Health Organisation (WHO) of stunting rates for under-fives and anaemia in pregnant women. We then calculated three scenarios.

The first assumes no improvement in national rates of stunting or anaemia among pregnant women. In this gloomy world, the shift in births from rich to poor countries would make global rates somewhat worse. By 2050, 39% of babies would be born to anaemic mothers, up from 38%, and 24% would be stunted, up from 22%.

In the second scenario, the national trends of the past decade continue. The global stunting rate would keep falling, but more slowly, as births shifted to poorer countries. By 2050 some 15% of children would grow up stunted. Anaemia, too, would drop only slowly: the global rate for pregnant mothers would stay above 30%.

In a final scenario national rates fall twice as fast as they have in recent years, and no country gets worse. The benefits would be enormous. By 2050 worldwide anaemia rates would be cut by a third compared with the "continue at current rates" scenario and stunting rates by four-fifths.

From paucity to penury

The stakes are high. By hindering brain development, malnutrition in childhood makes people poorer as adults. A study by Linda Richter and others in the *Lancet* estimates that the 43% of children under five in low- and middle-income countries who were at high risk of poor development because of stunting or extreme poverty were likely to earn 25% less as adults. In 2000 Sue Horton of the University of Waterloo and Richard Steckel of Ohio State University estimated that inadequate diets cost the world about 6% of GDP in lost output, and double that in developing countries.

So why, in a world that grows more than enough food for everyone, has this problem not been solved? The answer is that nutrition is not just about food. It is affected by a host of other human ills, from war, poverty and pestilence to bad eating habits and bad policy.

Wars nearly always cause hunger. Men with guns force families to abandon their homes and farmers their fields. Of the 29 countries with very high stunting rates in 2022, more than half had ongoing conflicts. Armies sometimes deliberately starve rebellious regions, as Ethiopia's has. Big wars, such as Russia's invasion of Ukraine, can affect the global food supply.

The very poor, obviously, find it harder to afford nutritious food. Globally, extreme poverty is falling: the proportion of people who subsist on $2.15 a day or less has plunged from 38% in 1990 to 9% in 2022. Alas, rising income does not always cure malnutrition.

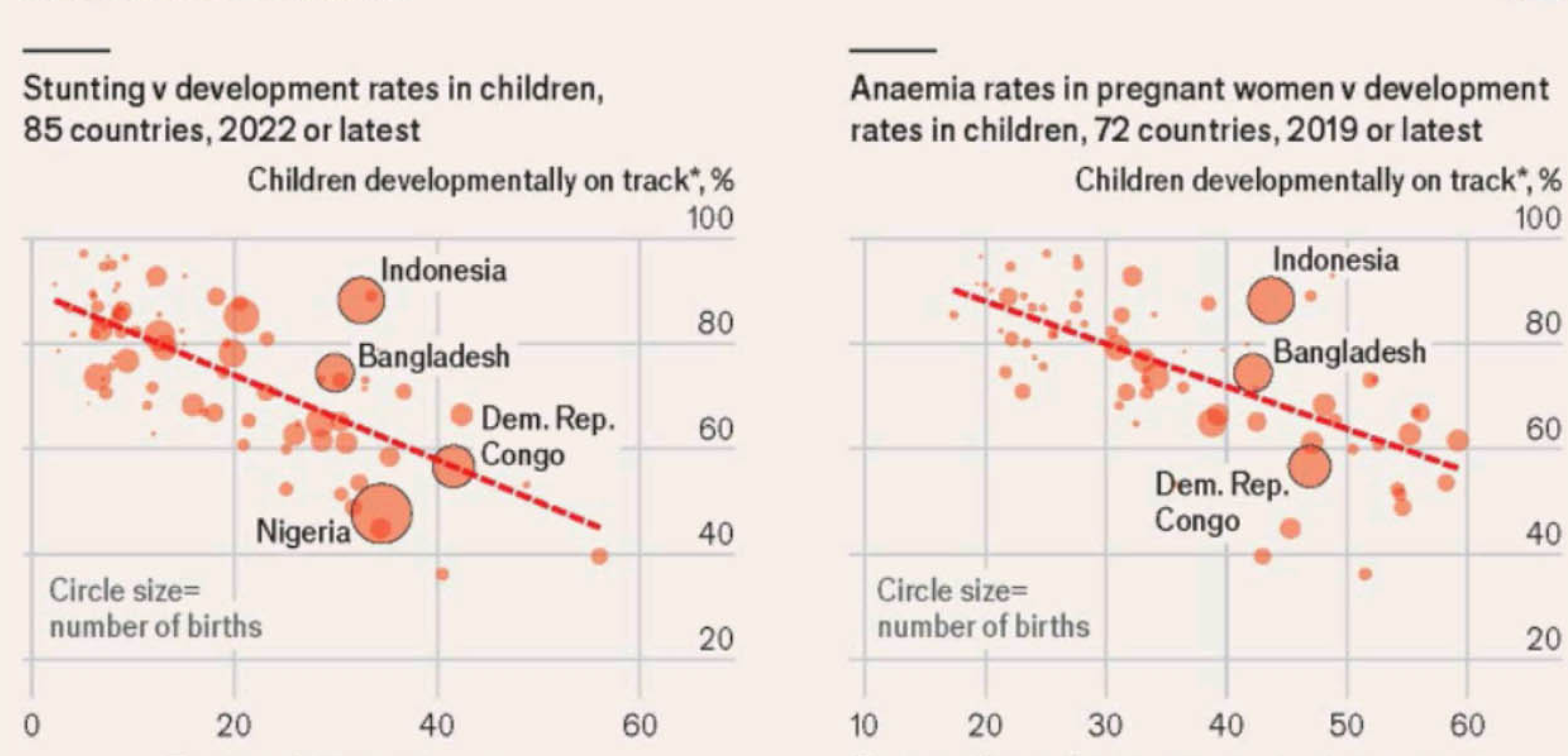
A new report from UNICEF offers an intriguing finding. Globally, one child in four aged 6-23 months has a severely restricted diet, including no more than two food groups (for example, breast milk plus something starchy). Roughly half of these children belong to families in the poorest 40%, based on national surveys of household assets. But the other half do not, suggesting, "Factors other than income poverty are driving the problem." One of these is "poor feeding practices".

People everywhere are tempted by junky snacks. Small shops in poor countries tend to stock biscuits and crisps in preference to vegetables because they do not rot quickly—handy if you have no fridge. This contributes to a growing problem: children who are overweight but still malnourished, since they consume lots of empty calories.

Cultural norms matter, too. Many parents in poor countries think it is enough to fill a child with a stodgy staple, neglecting protein, vegetables and micronutrients. In patriarchal places women "tend to eat least and last", says Saul Guerrero Oteyza of UNICEF. Husbands hog the meat, even if their wives are pregnant. In Ethiopia many Christians observe more than 100 days of fasting a year, and though young children are not required to take part, their diets suffer. In some countries there are taboos on what expectant mothers may eat. Aslia Samporna, a young mother in Bugasan Norte, a village in the Philippines, recalls her mother warning her not to eat root vegetables during pregnancy. ("Because they come from the soil, and if you eat them your baby will die and be buried.")

Disease plays tag-team with hunger. Sick parents find it harder to earn, so their

From bellies to brains 1



Sources: UN; UNICEF; WHO

*Aged 36-59 months who reach minimum number of developmental milestones for their age children are more likely to go without food. Hungry children are more likely to fall ill. "Most child mortality is not just the disease, it's the disease attacking a child who is weakened from malnutrition," says Rasa Izadnegahdar of the Bill & Melinda Gates Foundation, a charity. Ms Kebita's first, malnourished child was often sick, she remembers. Her better-fed second child "gets sick less often and recovers quicker".

Sickness can affect a child's ability to absorb nutrients. In early June an outbreak of bacterial disease hit Dhaka, the densely populated capital of Bangladesh. Your correspondent visited the only free diarrhoea hospital in the city, run by icddr,b. The atmosphere outside was frantic. Mothers with dangerously dehydrated children were thronging the entrance. An extra ward was hastily being erected under a tent in a car park. A television crew had arrived to beam the mayhem to the nation.

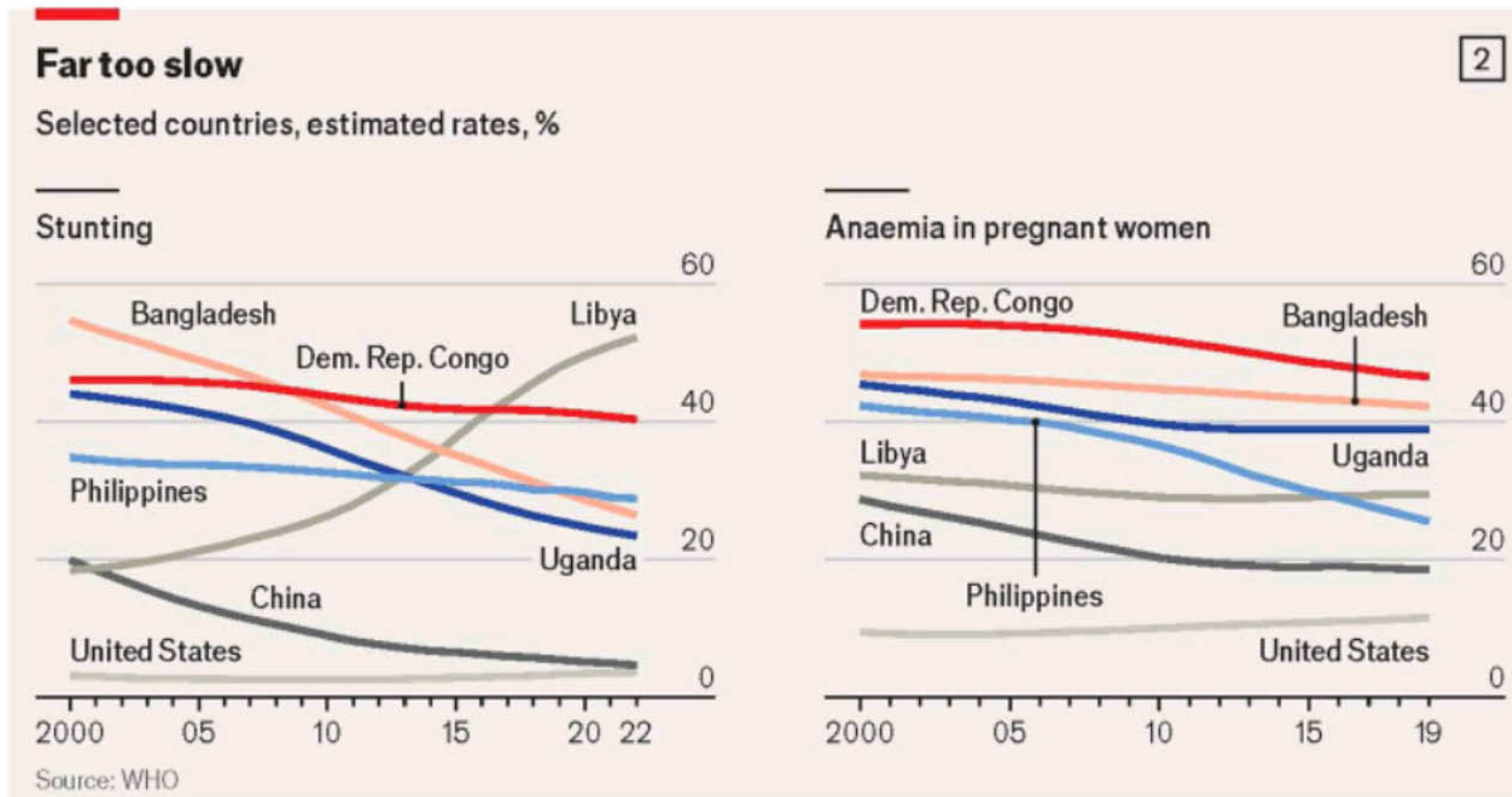
Yet inside, thousands of inexpensive miracles were being performed. Dehydrated children were quickly revived with oral rehydration solution. This mix of sugar, salt and electrolytes costs a few pennies a packet and, mixed with water, has saved an estimated 70m lives globally since it was developed—at this hospital—in the 1970s.

Globally, diarrhoea no longer kills nearly as many children as it used to, but it is still one of the leading causes of malnutrition in the under-fives. It is one of many diseases that can be curbed through better public sanitation and personal hygiene, so it helps that the share of humanity with access to basic toilets has risen from 55% in 2000 to 81% in 2022. When babies at icddr,b's hospital in Dhaka have been successfully treated, staff teach their mothers about hand-washing and a balanced diet.

Bangladesh shows that rapid progress is possible—and that much more remains to be done. The country has seen a huge fall in stunting, from 63% in 1990 to 24% in 2022. Tahmeed Ahmed, the head of icddr,b, credits economic growth, which has been healthy, and a spirit of collaboration between the state and NGOs.

Bangladesh's (fairly autocratic) government allows a legion of charities to work and innovate freely. Icddr,b is currently researching another important factor in nutrition: gut bacteria. Healthy children have, by the age of two, a thriving community of intestinal microbes that help them digest their food. Those without the right bugs are more likely to be malnourished. A study in the slums of Dhaka found that more than 90% of undernourished women had inflamed intestines, suggesting they had the wrong gut bacteria. Their children may inherit this handicap.

So icddr,b has been experimenting with food supplements designed to nurture the best bugs. A trial found that a mix of chickpeas, soyabeans, green banana, sugar, soya oil and micronutrients helped undernourished children gain more weight than other food supplements. A new version, using powdered banana instead of pulp, has a longer shelf life. (It tastes like extra-rich peanut butter.) Another idea is to give pregnant mothers packets of dried bacteria which, if mixed with water and swallowed, will colonise their guts. This could prove a very cheap way to improve nutrition, suggests Tafsir Hasan, a scientist who works in the city of Matlab, as he waves a packet of the dried bugs. Both these ideas are being tested in multiple countries.



Source: WHO

Since nutrition is so complex, collecting good data is essential. Dr Ahmed's team use a portable MRI scanner (donated by the Gates Foundation) to study brain development in well and poorly nourished children. The difference is clearly visible. Colleagues have also been gathering data since the 1960s on every household in Matlab, which is now home to 250,000 people.

This lets researchers study the long-term effect of different schemes. For example, Dr Tania Barham of the University of Colorado, Boulder looked at the results of a programme of vaccination in the 1980s against diseases such as tuberculosis, which can affect nutrition and development. By comparing men who were eligible to be jabbed as babies with similar ones who missed out, she found that they were 30% likelier to have professional or semi-professional jobs at the age of 24-30.

From ill-advised to ill-nourished

Plenty of governments get the basics wrong. Many subsidise starchy staples but not other foods, thus skewing diets unhealthily. Many offer free grain when cash and education work better. India has focused too much on school-age children, complains a veteran observer, and not enough on the very young. The Philippines recently banned golden rice, a life-saving variant with extra vitamin A, after a campaign by Luddite NGOs that oppose genetically modified food.

Nonetheless, serious efforts are being made to get nutrition right, especially since the *Lancet* published a groundbreaking report in 2008 on the costs of getting it wrong, argues Abigail Perry of the WFP. Much depends on teaching families the basics. NGOs often train ordinary folk to educate their peers, since a neighbour is more trusted than a stranger with a tablet. Dr Tafsir describes how even chauvinist men can be persuaded to share the meat with their pregnant wives if told that the baby needs it: "They respond to that."

Another trick is to use cash to inculcate good habits. For example, a WFP pilot programme with the Ugandan government, known as Nutricash, offers $20 a month for two years to 13,000 mothers such as Ms Kebita, provided they listen to useful advice on how to grow vegetables in their backyards, on how to feed their babies better and how to stimulate them.

Mothers interviewed by *The Economist* seemed to have absorbed the message. Some described in detail how they wash their hands and utensils before preparing food. Others boasted that the goats and ducks they bought with the subsidy have multiplied. All reported more varied diets. Ms Kebita says she had weaned her first child on boiled water with sugar dissolved in it. "I knew nothing about nutrition then," she recalls. Now she does. As for stimulation: "When breastfeeding, I talk to [my baby] a lot, while looking in his eyes."

Ms Perry wants nutrition to be a part of all health-care systems. Dr Shekar estimates it would cost $12bn a year to fight deficient nutrition "at scale". The benefits comfortably outweigh the costs. The World Bank estimates that each $1 spent curbing wasting generates $3.50 in returns. For stunting, maternal anaemia and promoting breastfeeding, the figures are $29, $8 and $11 respectively. Getting babies' diets right would make the next generation brainier and more productive, at a modest price tag. But for every cohort of children, the golden window closes fast. ■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United States

Joe Biden

The comeback kidder

WASHINGTON, DC

The president is resisting calls to step aside. For how long?

FEEL FOR Joe Biden. If you too had spent half a century coveting a job, you might be reluctant to give it up. When the octogenarian turned in the most disastrous debate performance in modern times on June 27th, alarmed fellow Democrats began agitating for him to gracefully withdraw from his re-election campaign. The confused guy who appeared on stage seemed in no state to defeat Donald Trump in November, let alone govern the country into 2029.

But Mr Biden is nothing if not stubborn. His campaign staff spent the week following the debacle trying to contain the fallout, urging elected Democrats not to go public with their calls for the president to stand aside. The Biden campaign then mounted a counteroffensive against those critics. "I'm not going anywhere," the candidate announced.

These efforts have had an impact. By mid-week prediction markets were giving Mr Biden even odds of staying in the race—double his chance of survival the previous week. Nevertheless, the trickle of Democratic lawmakers openly urging the president to abandon his campaign has not stopped: this week Michael Bennet and Peter Welch became the first Senate Democrats to say that Mr Biden could not defeat Mr Trump. Nancy Pelosi, a former House speaker and close ally of the president, implied that he should think again about his candidacy, saying in an interview on MSNBC that "time is running short".

George Clooney, an actor and donor, also disavowed Mr Biden and made disparaging remarks about his ability to do the job.

If Mr Biden faces down the rebels in his party, it would be a strange victory, achieved not by convincing his fellow Democrats that he has a good chance of beating Mr Trump, but by insisting he will not abandon power no matter how hard they push him. Because Mr Biden controls almost all of the delegates needed to secure the party's formal nomination in August, little can be done to force him out.

And Mr Biden insists he will not budge. "I am firmly committed to staying in the race, to running this race to the end," said a letter sent in his name to congressional Democrats and published on July 8th. In it he claimed that because he had won a competitive primary it would be anti-democratic for him not to be the party's nominee. "How can we stand for democracy in our nation if we ignore it in our party?" he wrote. In truth, the party treated the primary as a coronation, placing the president alone on the ballot in some states. No serious candidates challenged him.

Although few elected Democrats privately express confidence in Mr Biden, many have settled into learned helplessness. "The matter is settled," Alexandria Ocasio-Cortez, a congresswoman, declared. Though nine Democrats in the ▸▸

House of Representatives have publicly called for the president to stand aside, and many more have made statements expressing concern, Mr Biden has decided that he has an almost divine right to remain president. "If the Lord Almighty came out and said, 'Joe, get out of the race,' I would get out of the race," the president said in a closely watched interview on July 7th. But "the Lord Almighty is not coming down."

To understand what is happening, the best guide is not speculation about what Jill Biden or Barack Obama might be thinking, but game theory. The objective function, or goal, of Democrats is to minimise the chance of Mr Trump returning to the White House. Mr Biden's objective function is maximising his own chance of remaining there. Before the debate these two goals seemed compatible.

The payoff matrix

But now they are misaligned. And Democrats find themselves with a collective-action problem. If an individual comes out for Mr Biden to stand aside, but others do not, they will have harmed their party's nominee and their own career, to Mr Trump's benefit. This bind explains the indecision of the past weeks: the agonising private meetings that yield little consensus, the public statements of either feigned confidence or diplomatic concerns. If the president is not for turning, then what is there to be done?

When confronted with irrationality from the top, rational actors in the party ranks can be forced to submit. That has been the story of the Republican Party under Mr Trump. And so it is fitting that Mr Biden has recently begun to ape his rival in other ways too. He has announced his disbelief in polls that show him losing; taken to bragging about the size of his crowds and his golf game; turned to family members for advice, including his son Hunter, who was recently convicted of several felonies; claimed that he alone can beat his rival; and called in to his favourite morning television programme to denounce the party elites conspiring against him.

He calculates that the party will be forced to get over itself after he secures the nomination, perhaps as soon as August 7th by virtual vote (nearly two weeks ahead of the convention). This is a complete reversal of what Mr Biden's candidacy was supposed to be about: saving the soul of the nation from a self-aggrandising demagogue who puts himself before all others.

Mr Biden is the consummate Washington creature, first elected to the Senate before his 30th birthday more than 50 years ago. He has been part of the elite longer than most Americans have been alive. He owes his presidency to the same donors and columnists he is now denouncing. In 2020 they united around his flagging presidential candidacy to keep Bernie Sanders, a socialist-curious senator, from becoming the nominee. Mr Biden could force his party to stay with him the way marriages in places without no-fault divorce laws persist. But it will be a loveless arrangement.

Ignoring problems does not make them go away. Voters do not accept Mr Biden's claim that his debate performance was simply one bad night. They have since swung noticeably towards Mr Trump. The Cook Political Report with Amy Walter, a respected election handicapper, announced that it was downgrading the president's chances in three swing states, Arizona, Georgia and Nevada, all of which now lean Republican. And marginal headline polling shifts mask a bigger change.

Our poll with YouGov finds that Democrats are nearly evenly split: 42% say he should stand aside, compared with 45% who say he should stay (see next story). The American press feels lied to and is aggressively investigating the president's health. Because ageing cannot be overcome by grit, Mr Biden could stumble again in the next four months, perhaps when it is too late to replace him on printed ballots. Asked last week how he would feel if he lost to Mr Trump, Mr Biden answered: "As long as I gave it my all, and I did the—good as job as I know I can do—that's what this is about." ■

Polling

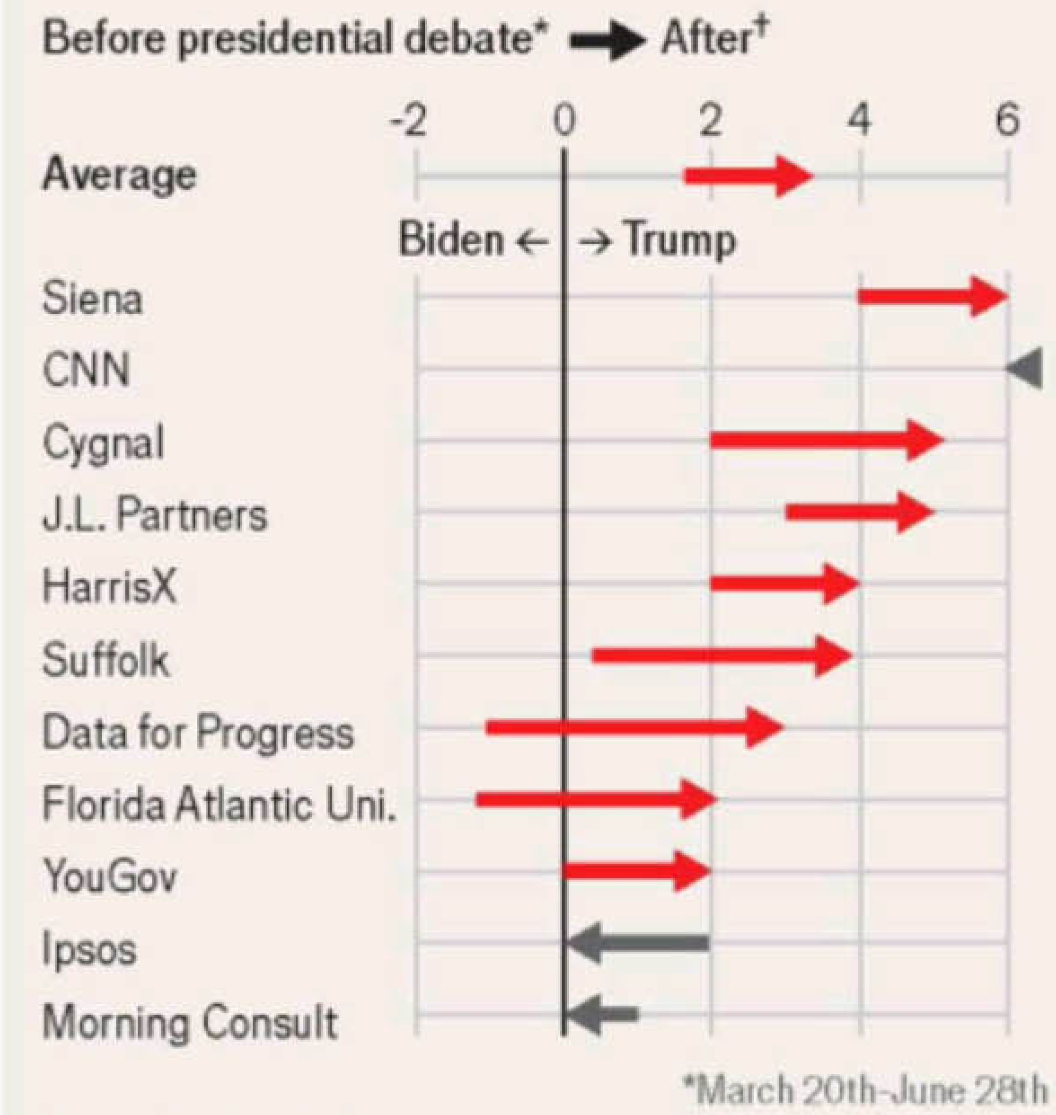
Marginal revolution

WASHINGTON, DC

The anguish about Joe Biden's candidacy is rational based on the data

Just a bad night

United States, change in polling margin, 2024, percentage points



Source: National polls *March 20th-June 28th †June 28th-July 5th

If Joe Biden and Donald Trump have one thing in common, it is that they don't trust the polls. During the Republican primaries, Mr Trump referred to polls that showed his opponent Nikki Haley too close for comfort as "just another scam". Now Mr Biden has cast doubt on polls that show him trailing Mr Trump in swing states or plagued by historically low approval ratings. "I don't believe that's my approval rating," he shot back at George Stephanopoulos in a prime-time interview on ABC, which was meant to assuage Democrats' anxieties after his terrible debate performance against Mr Trump. "That's not what our polls show," he added, referring to his campaign's internal polling.

Mr Biden did not elaborate on what exactly those more sympathetic polls show. But the public ones suggest that, on average, his polling deficit has increased by 1.7 points since the debate. Mr Trump's lead now equals the largest he has had in any of his three presidential campaigns. Even a small change is possible to detect because pollsters have consistently asked the public for their views on Messrs Trump and Biden, who have both campaigned as the presumptive presidential nominee for about four months. Unfortunately for Democrats who would like to identify the most electable alternative to Mr Biden, recent polls offer few clear answers.

Across 11 firms that polled voters both shortly before and after the debate, Mr Biden's support dropped by less than half a point while Mr Trump's rose by 1.3 points. There have been too few swing-state polls since the debate to build a robust average. But if this shift is replicated in battleground states, where Mr Biden already mostly trailed Mr Trump by a larger margin than nationwide, that will paint a still darker picture for Democrats. Mr Biden lags behind some Democratic senators running for re-election in states like Nevada and Wisconsin. That trend, if confirmed, would suggest that Mr Biden's unpopularity, not the Democrats' brand, is to blame.

If Mr Biden steps aside, how would his vice-president and heir-apparent, Kamala Harris, fare against Mr Trump? A handful of polls conducted after the debate show her trailing him by an average of 3.4 points. That looks bad for Ms Harris. But in the seven polls to ask about both Mr Biden and Ms Harris, she leads her boss in two and ties in one. Her average is worse because of two very bad polls which may be outliers.

In addition to their paucity, these polls tell us little. Ms Harris has not headlined a presidential campaign. She does not usually feature in the television adverts flooding the airwaves in battleground states (where in June the Biden campaign outspent the Trump campaign five-to-one). And though Ms Harris ran for president in the 2020 Democratic primary, where she polled in single digits by the end of her campaign, it is likely that voters do not remember, or never knew, her policy platforms.

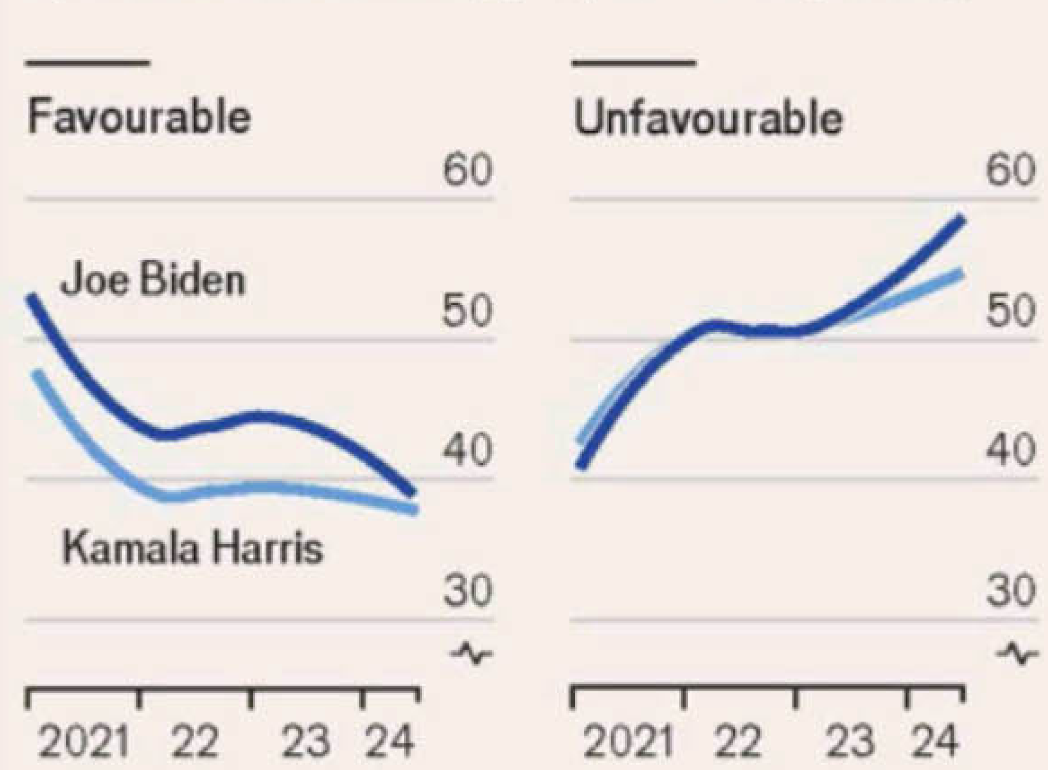
Until recently, the strongest piece of evidence against Ms Harris's electability was her favourability ratings. For much of Mr Biden's presidency, fewer Americans told pollsters at YouGov that they held a favourable view of Ms Harris than of the president, while the same number held an unfavourable view. In the past year this has shifted. The number saying they have a favourable view of Mr Biden has fallen—to match those with a favourable view of Ms Harris—while the number with an unfavourable view of him has crept up (see chart). A small portion of Americans say they "don't know" if they have a favourable view of Ms Harris, perhaps enough to give her wriggle room in an election that may be decided by a few thousand votes.

If Democrats decided that their familial strife is too dull, they could hold a rapid-fire primary, as Jim Clyburn, a Democratic congressman from South Carolina, mentioned recently (a spokesperson later said he was merely speaking about a hypothetical scenario). Polling can reveal even less about how candidates without the national profile of Ms Harris might fare. In a recent YouGov/*The Economist* poll, 26% of respondents said they had a favourable view of Gretchen Whitmer, the governor of Michigan. But 45% said they had no opinion at all. Some 30% said the same of Gavin Newsom, the governor of California, and Pete Buttigieg, the transport secretary.

Low name-recognition does not mean that the alternatives to Mr Biden would be poor candidates, just that many people have yet to form an opinion. But the polls cannot answer the real question at hand for the Democratic Party's elites: is Mr Biden fit to run a gruelling four-month campaign and then serve until he is 86 years old? The voters, it seems, have decided he can't—61% of respondents told YouGov that Mr Biden's health and age would severely affect his ability to fulfil his duties as president if he were re-elected. ■

Both alike, indignity

US, "Do you have a favourable or an unfavourable opinion of the following people?", % responding



Source: YouGov/*The Economist*

Republicans

The party line

WASHINGTON, DC

The GOP's policy platform previews the coming campaign

WHILE DONALD TRUMP was relatively quiet in the days after his debate with Joe Biden—preferring to let the president's troubles fill the headlines—he still posted steadily on Truth Social. Amid notes criticising the media and sharing favourable polling, Mr Trump made some noticeable attempts to soften his message for a general-election audience. He distanced himself from a controversial group of former staffers preparing an agenda for his second term and emphasised the official 2024 Republican platform.

"Ours is a forward-looking Agenda with strong promises that we will accomplish very quickly," Mr Trump wrote on July 8th, after the Republican National Committee's rules body approved the party platform with an 84-18 vote. "We are, quite simply, the Party of Common Sense!"

Party platforms are usually consensus documents only distantly related to the reality of governing, even if the presidential nominee has some influence over content. But one Republican National Committeeman observes that this year's document—a relatively brief 16 pages dedicated, "To the Forgotten Men and Women of America"—appears perfectly in sync with Mr Trump's messaging. As such, it provides some insight into how the former president plans to campaign and even lead.

The word "abortion" appears only once, between paragraphs about "left-wing gender insanity" and religious-liberty protections. "We believe that the 14th Amendment to the Constitution of the United States guarantees that no person can be denied Life or Liberty without Due Process," the platform reads. "The States are, therefore, free to pass Laws protecting those Rights." It also clarifies that the party opposes late-term abortion but supports access to birth control and treatments like in vitro fertilisation.

This marks a departure from more comprehensive anti-abortion platforms of the past. That won't satisfy many supporters of abortion rights, who see the 14th amendment reference as a wink to fetal personhood and believe states should not be able to legislate away core rights. On the other hand Mike Pence, Mr Trump's former vice-president and an influential social conservative, called it a "profound disappointment". The Trumpian strategy throughout the campaign has been to soften the blows of heretofore effective attacks against Republicans on abortion without entirely alienating the religious right. The platform is consistent with that aim.

If the document plays down abortion, no issue takes a more prominent role than immigration. The document includes familiar plans to secure the border and oversee a massive deportation programme, as well as to "keep foreign Christian-hating Communists, Marxists, and Socialists out of America". References to immigration are even included in sections on inflation ("Open Borders Policies...have driven up the cost of Housing, Education, and Healthcare") and national security ("Republicans will mobilise Military personnel and assets as necessary to crack down hard on the cartels that traffic drugs and people into our Country"). The word "deficit" appears only once, in relation to trade. The word "debt" does not appear at all.

Mr Trump, relatively indifferent to the 2016 platform, made sure that this document was peppered with his policy preferences even on relatively niche issues. The platform calls for the closure of the federal education department, with money redirected to states. The enactment of "baseline" tariffs, and the removal of taxes on tips, earn mentions, as does a call for America's allies to meet defence-spending obligations. An entire section focuses on the protection of the elderly, while vowing that Mr Trump "will not cut one penny from Medicare or Social Security".

Americans following the campaign so far will recognise the many distinctly Trumpian policies advocated in the party's platform. The tone is unmistakable to anyone vaguely familiar with Mr Trump's style. "We are a Nation in SERIOUS DECLINE," the preamble declares. Yet, the text assures voters, they ought not fret. "We will Make America Great Again." ■

Don't mention the war

Doug Burgum

North Dakota rising

BISMARCK

Meet a leading contender to be Donald Trump's vice-presidential pick

FEW CONSIDER North Dakota, home to just under 800,000 people, to be a political laboratory. Though a beautiful and pleasant place to raise a family, North Dakota lacks a tourist draw like South Dakota's Mount Rushmore. And it was the only state that saw its population decline between 1930 and 2000, while America's more than doubled in size. Yet the Peace Garden State has produced plenty of notable Americans. North Dakota's hall of fame, a collection of portraits on the ground floor of the state's 19-storey Art Deco capitol, honours authors, generals, Olympians, entertainers—and even some journalists. It also features the former CEO of Great Plains Software, Doug Burgum.

The 67-year-old from Arthur, a town of about 325 near the Minnesota border, was already famous by North Dakotan standards when he ran for governor in 2016. He has been the dominant figure in the state's politics ever since. Few Americans, however, had heard of him when he announced a long-shot Republican presidential candidacy in June 2023. His campaign focused on economic growth, energy production and national security—standard Republican fare. Yet to the surprise of many in Washington, Mr Burgum has emerged as one of the favourites (alongside Senators J.D. Vance and Marco Rubio) to be selected as Mr Trump's running-mate. Mr Trump has been teasing about the identity of his pick for months, but must end the sort-of-suspense when he accepts his party's nomination next week in Milwaukee.

Mr Burgum's full-blown entry into politics came relatively late in life. His mother served on the Republican National Committee during the Nixon era, but he was in no rush to dive in himself. After earning a bachelor's degree at North Dakota State University and an MBA from Stanford, he joined the accounting-software business memorialised in his Capitol portrait. The company went public in 1997, and Microsoft purchased it a few years later. Mr Burgum then went into venture capital, and his property-development firm helped revitalise downtown Fargo.

Crashing the party

Local Republicans knew of him as a businessman and donor. Then he crashed the party, largely self-funding a run for governor in 2016. Shane Goettle, a North Dakota Republican National Committeeman, says he got to know Mr Burgum during that campaign. "He was very inquisitive about politics," Mr Goettle recalls. "He's hungry for information. He absorbs it, and the process may change his outlook."

He is also happy to break with tradition. Typically North Dakota's Republicans pick their nominee at their convention, and the winner runs in a pro-forma primary. After Mr Burgum came in third place at the party confab he challenged the winner anyway. He traversed the state and overcame a 40-point deficit in the polls. "He took an unconventional approach, which was unpopular with a lot of people and was with me, because I'm a party guy," says John Trandem, the North Dakota Republican Party's first vice-chairman. "I like to honour our convention results."

Mr Burgum did not govern as a MAGA type. "We came in not as the establishment, but if you had to throw us into a bucket, it would be the Chamber of Commerce-type Republican," says Brent Sanford, lieutenant-governor from 2016 to 2023. He calls the governor a "pragmatist" who pushed deregulation and lower taxes. Allies and adversaries alike accept that social issues don't animate Mr Burgum as they do much of the Republican base. He signed a restrictive abortion law (admitting his position had "evolved" since 2016, when he said *Roe* protected women), but is more comfortable discussing economic development than waging culture wars. He wants his fracking state to become carbon-neutral through carbon-capture tech.

He didn't achieve his goal of reducing income taxes to zero, but he did sign a $515m income- and property-tax cut as part of a $19bn budget last year. His allies point to a state pension-system reform and his emphasis on infrastructure investment. North Dakota has the lowest unemployment rate in the country at 2%, and runs a budget surplus. *Forbes* ranked it the best state to start a business in 2023 and 2024.

Mr Burgum still has critics, particularly among party activists. They made their governor only an alternate delegate at the Republican National Convention, an obvious snub for the highest-ranking elected official in the state. Despite the tax cuts, government spending has grown on his watch. Some Republicans are critical of his pet project, a presidential museum for Theodore Roosevelt (a New Yorker who spent some formative years in North Dakota). Mr Burgum's response to the covid-19 pandemic, which included his promotion of a contact-tracing app, also angers party members like Lori Hinz, a Republican National Committeewoman. She says that she has yet to meet Mr Trump, but would recommend him to "steer clear".

For now, Mr Burgum remains a contender for the vice-presidential nod. He has developed a relationship with Mr Trump since endorsing him—campaigning around the country and appearing outside the Manhattan courthouse during the former president's trial. Mr Trump's choice could well surprise. But if it is Mr Burgum, North Dakotans who have watched his ascent won't be shocked. Any doubts about the governor are just a reflection of outsiders' own biases, reckons David Hogue, majority leader of the state Senate: "People consistently underestimate him, just because he's from North Dakota." ■

Las Vegas

From mafia town to metropolis

LAS VEGAS

The Goodmans were mayors for 25 years. Their evolution mirrors that of Sin City

CAROLYN GOODMAN had a big decision to make. Her husband, Oscar, a former defence attorney for reputed mobsters, was going to be term-limited after serving 12 years as mayor of Las Vegas. He wanted her to succeed him. It was 2011, and there were already more than a dozen candidates vying for the job. "I said, 'All right, I'll file. But under one condition,'" she recalls. She coveted the black and white $100 poker chips with Mr Goodman's likeness that he used as a business card. "I want my own chip if I win," she demanded, "and I want it to be $1,000."

Thirteen years later, Mrs Goodman finds herself in a similar position to her husband. She will leave office this year after serving three terms as mayor (plus an extra year when the city juggled its electoral calendar). But no other Goodman is waiting in the wings. When a new mayor is elected in November, it will mark the end of a quarter-century of Goodman rule in Las Vegas. The couple's time in office, and their lives, are worth considering. Now in their mid-80s, they are a bridge between the old Las Vegas—a sparsely populated playground for mobsters—and the modern desert metropolis.

When the couple arrived in Las Vegas in 1964—at the time just "a watering hole for cattle", in Mr Goodman's estimation—they had $87 between them. But Mr Goodman became America's most notorious lawyer, representing the likes of Meyer Lansky, the Syndicate's "chairman", and Tony Spilotro and Frank Rosenthal, who ran the Chicago mafia's racket at the Stardust hotel. He even played himself in "Casino", Martin Scorsese's film based on the lives of Spilotro and Rosenthal.

"I was 666. I was the prince of darkness," as far as law enforcement was concerned, says Mr Goodman. But he maintains that he was "doing the Lord's work" because every man, no matter how murderous, is entitled to a lawyer.

After 35 years of lawyering, he decided to run for mayor. "A lot of people thought it was the worst thing imaginable," says Michael Green, a historian at the University of Nevada, Las Vegas. The *Las Vegas Review-Journal*, a newspaper, christened him a "barrister to butchers". But, crucially, people knew who he was. "They're really an only-in-Las-Vegas story," says John Smith, who wrote "Of Rats and Men", a biography of Mr Goodman.

Mrs Goodman's decision to campaign to succeed her husband as mayor was not foretold. She had spent decades running an elite high school, and neither Carolyn nor Oscar was particularly political: they left the Democratic Party in 2009 to register as non-partisan. But she wanted to see her husband's visions for the city fully realised. In office she finished several projects begun on his watch, including a performing-arts centre, and, of course, a Mob Museum. But she was no slouch herself. Rather, she was the power behind the Goodmans, says Mr Smith, and a stabilising force for a man "full of bravado".

Viva Las Vegas

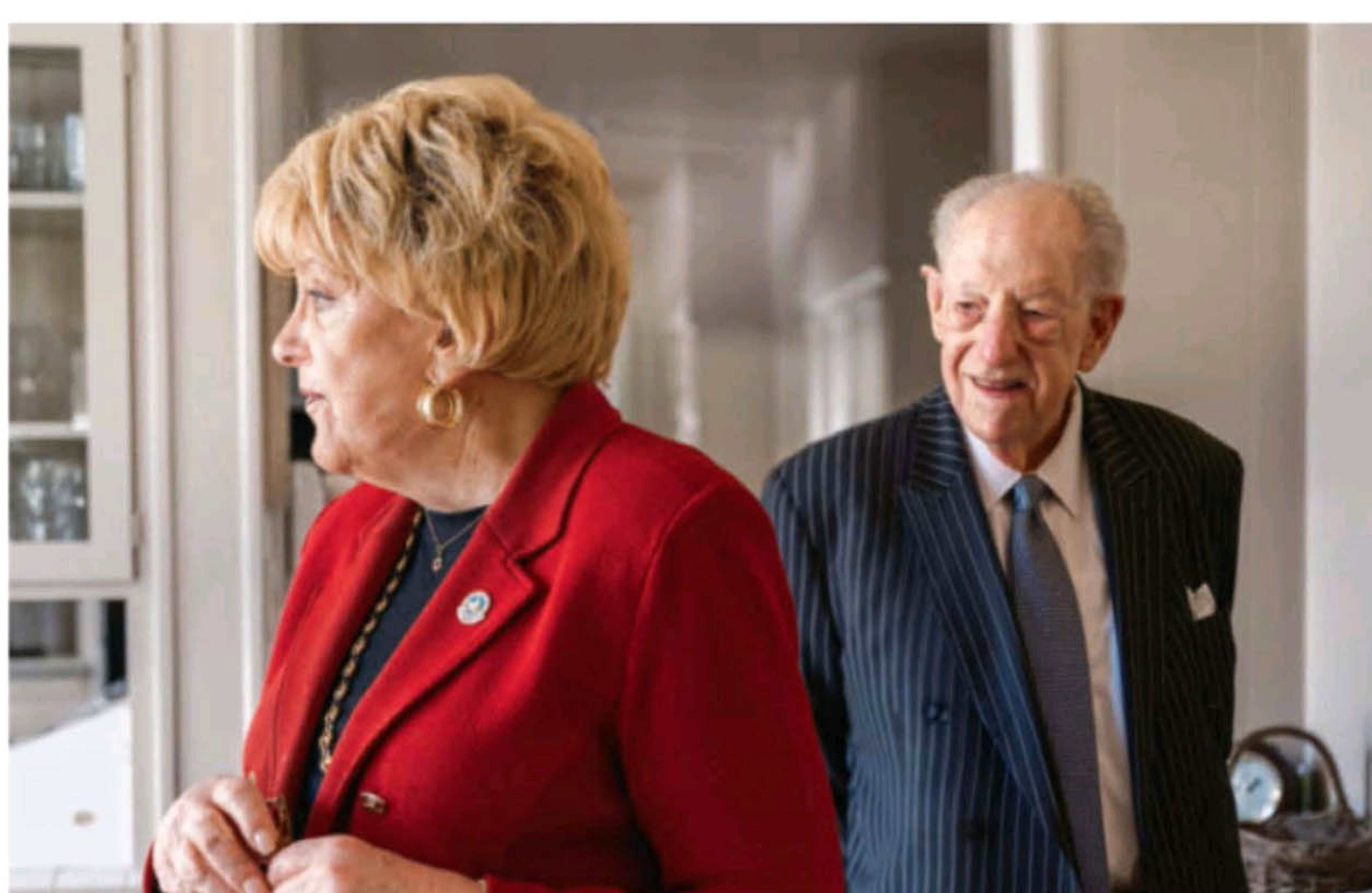
In December Mrs Goodman will leave office with the city and its surrounding metro area vastly changed. Where once there were private, mob-run casinos, there are now glittering towers owned by multinational corporations. Sports leagues that shunned Las Vegas for its gambling are now playing games on the Strip. The Tropicana, a hotel once run by gangsters, is set to be demolished this year. Its neon has gone dark, and its sign has been scraped from the building. A major-league baseball stadium is planned to rise in its place.

Sixty years ago Clark County, which includes Las Vegas, boasted about 200,000 people. Now it is home to 2.3m. The city is much less white than it used to be. The population boom in Las Vegas and its suburbs is also responsible for the county's outsize political importance this year. Nevada is one of six swing states expected to decide the 2024 presidential election, and nearly three-quarters of the state's voters live in Clark County.

To what extent are the Goodmans responsible for that growth? Las Vegas mayors are not very powerful. They are a figurehead, and preside over the city council. If the Goodmans had never decided to try politics, the region probably would have boomed anyway as Americans flocked to low-tax states in the sunbelt: indeed, a boom was well under way before Mr Goodman became mayor. But older Las Vegans remember when the Goodmans were lonely voices cheerleading for the city. For a long time they were leading a parade of two, says Mr Smith, "and now there are plenty of people in that parade."

Some Las Vegans are ready for the Goodman era to end. Locals bring up the couple's missteps. Mr Goodman once said those responsible for graffiti should have their thumbs cut off. He got into a public spat with Barack Obama. He can be Trumpian in his pugnacity. But the two men are alike only in style. (Mr Goodman was a defence lawyer, whereas Donald Trump just hires them.) In 2020 Mrs Goodman said Las Vegas, which was hurt when the pandemic closed hotels and casinos, could be America's "control group" to measure the effects of lifting restrictions. Many hope their next mayor is a technocrat focused on problems such as extreme heat, water scarcity and homelessness.

In retirement, meanwhile, Mr Goodman, ever the showman, is working on a book, a film and a musical about his life. He has two constant companions: his wife of 62 years—and a martini. ■

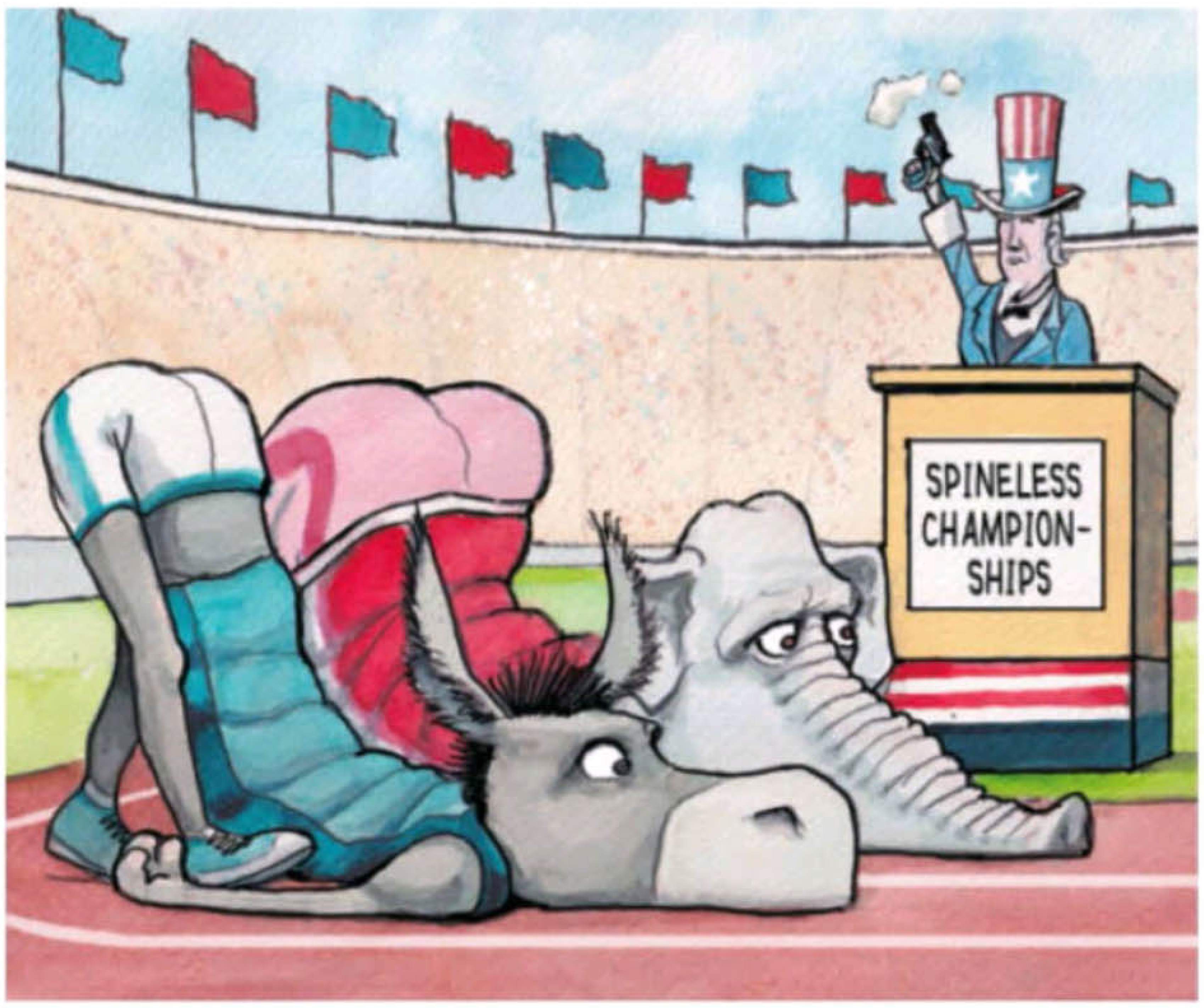


Leaving Las Vegas

LEXINGTON

How do you solve a problem like Joe Biden?

The uproar over his candidacy reveals dysfunction afflicting both major parties



It is as though a giant trap has sprung: Democrats suddenly find themselves faced with the prospect of losing the White House and both houses of Congress just as the Supreme Court's conservative majority has further empowered the presidency and hobbled the administrative state. Democrats' scorn for Republicans at choosing an unpopular nominee for president, a candidate compromised by criminality and extremism, has turned to panic as they realise they may have committed to a nominee even more compromised in the eyes of voters, by infirmity. How did the party get itself into this mess? How can it fix things?

The answers are it didn't and it can't—at least not in the short term. Indeed, these are trick questions, because they imply that a major party is capable of making independent decisions. Leaders of both parties long ago surrendered any decisive role in choosing nominees, which is why Donald Trump could conduct what his son-in-law, Jared Kushner, called "a full hostile takeover of the Republican Party". Since President Joe Biden sabotaged his candidacy in a fateful debate, the Democrats have revealed a comparable vulnerability: they cannot co-ordinate their various power centres in Congress and state governments to provide a clear vote of confidence, or no-confidence, in their candidate. "The signals are way way way more inefficient than most of us thought, and I thought they were pretty inefficient to start with," says Daniel Schlozman, a political scientist and the author, with Sam Rosenfeld, of "The Hollow Parties", a new book on the parties' decline.

That decline dates to the 19th century, but it accelerated in the 1970s with reforms meant to diminish the influence of party bosses, as well as changes to campaign-finance laws. These led donors to shift their giving from the parties to candidates and to new, often shadowy groups that advocated for particular issues or politicians. By 2020, candidates' campaigns and outside groups—connected to the parties only loosely, if at all—were spending three times as much as the national parties.

Amid the entropy Republicans have proved more directed, in part because wresting control of the courts gave them a strategic focus. That goal drew together the outside groups and officeholders, unifying social conservatives bent on outlawing abortion with corporate conservatives bent on deregulation. Their efforts have not just been aimed at the federal bench. Democrats dominated state Supreme Courts into the 1990s, but since 2013 Republicans have accounted for a majority of the state justices nationwide. It is no coincidence that, as Americans have polarised and sorted themselves geographically by party, Republicans have also done a better job of locking up state elective offices. Of states where one party controls the governor's office and both houses of the assembly, Republicans dominate 23, Democrats 17. Democrats have all but stopped competing in some rural states, conceding a head start to the Republicans in the Senate and electoral college.

Both parties have become weaker because of the well-intentioned reforms of the 1970s. Once upon a time, party insiders picked nominees. But after their divisive convention in 1968, Democrats instituted reforms, later adopted by the Republicans, to choose nominees only by means of statewide primaries. Now, "robot" delegates to conventions vote mechanically for whoever carried their state. The noble objective was to democratise the process, but it neglected a couple of considerations: a party apparatus without influence over the choice of leader has little influence over anything else; and party insiders, whatever their flaws, are particularly astute judges of fellow politicians.

"The two parties gave up their most important mission, which is the selection of the nominee, and they gave it up to primary voters in an age when whims can win," says Elaine Kamarck, a member of the Democrats' governing body, the Democratic National Committee (DNC), and the author of "Primary Politics". "What's absolutely clear in the case of both Trump and Biden is that it's important to have people in place who actually know the candidate and know something about governing." The alternative, she warns, is that "we could subject ourselves to a bunch of charlatans and authoritarians for the next decades."

Party all the time

Ms Kamarck proposes a system of "peer review" whereby, before the primaries, each party's congressional representatives and national-committee members would privately question candidates and issue votes of confidence or no-confidence to help guide primary voters. Another fix might be for the Democrats to restore and even enhance the power of "superdelegates", a group that includes governors, members of Congress and other party eminences. Such delegates are not bound to vote for any candidate, but a Democratic rule from 2018 bars them from casting votes unless the contest goes to a second round of balloting—a virtual impossibility. If Republicans had comparable numbers of superdelegates who could vote in the first round, they might have stopped Mr Trump in 2016, since he arrived at the convention with a slender majority in delegates and considerable opposition.

Fixing the Democrats' deeper problems would require nurturing local networks of activists across the country year in and year out, rather than leaping quadrennially to the service of that season's champion in a handful of swing states. When Howard Dean, a former presidential candidate, was elected chairman of the DNC in 2005, he invested in a "50-state strategy" to run Democrats at every level of government in every state. But once he was replaced the party drifted from that ambition. "They paid lip service to that, but they didn't invest in places like Texas and Mississippi," Mr Dean says. "And when you don't do that, you get the result that you've got. And it's getting worse, by the way." ■

The Americas

Venezuela

María Corina's voter army

CARACAS

Determined to cling to power, an unpopular government may find it hard to rig the presidential election

A CACOPHANY OF revving motorcycle engines, vuvuzela trumpets, salsa music and chants of "this government is going to fall" filled the streets of Caracas on July 4th at an opposition rally in the capital to mark the start of 24 days of official campaigning before the presidential election. Most in the crowd of several thousand were there to see María Corina Machado, Venezuela's popular opposition leader, who has become a symbol of resistance to the authoritarian regime of President Nicolás Maduro. Perched atop a lorry and dressed in jeans, she blew kisses of appreciation to her giddy supporters. "We are counting the days until we will be free," cried one woman, as the convoy passed.

At the last presidential election in 2018 Mr Maduro secured re-election by disqualifying the main opposition candidates and parties and by discouraging voting (turnout was 46%). This election looks trickier for the regime: stealing it against a united and seemingly mobilised opposition, and with palpable disillusion among many government supporters, might not be easy.

Last October the government and the opposition met in Barbados and agreed on rules aimed at guaranteeing a fairer election, with international observers. In return the United States lifted sanctions on Venezuela's oil and mining industries imposed by Donald Trump. But the government partially resiled from this. After Ms Machado overwhelmingly won a well-supported opposition primary, authorities confirmed her disqualification from office, for 15 years, on trumped-up grounds. It later withdrew an invitation to the European Union to send election observers, citing its sanctions against people in the regime.

In the past Ms Machado, a conservative from a once-wealthy family of industrialists, argued that voting against a dictatorship was pointless. Undeterred by her banning, this time she has urged everyone to vote for a substitute: Edmundo González, a 74-year-old former ambassador who has never stood for office before. In a survey last month by Delphos, a pollster, 52% backed him, with Mr Maduro on just 25%.

For months Ms Machado has criss-crossed the country holding rallies in provincial cities and rural towns. The government bans her from taking flights, so she travels by car, boat or even canoe. Now often accompanied by Mr González, she is met by teeming crowds at every stop. Her generally brief stump speeches focus on corruption and mismanagement by Mr Maduro's regime, whose rule has impoverished Venezuela and torn it apart: 7.7m, or a quarter of the population, have emigrated, according to the UN. Her message is that the election on July 28th is an opportunity: whatever fraud the regime might attempt, a massive protest vote could at last topple it, a quarter of a century after Hugo Chávez, Mr Maduro's predecessor and mentor, took power.

Chávez, who died in 2013, was blessed with charisma and a massive oil boom. He had little need to cheat. He used his electoral victories to centralise power, seizing control of the judiciary, the armed forces, most of the media and the electoral authority. Mr Maduro, a gruff former bus driver, has never enjoyed majority support. In 2015, when the opposition unexpectedly won an election for the National Assembly in the last reasonably fair vote held in Venezuela, the government used its puppet courts to castrate the legislature. In December it organised a referendum on whether Venezuela should annex two-thirds of neighbouring Guyana, in a bid to use jingoism to rally the masses. It was a flop. While the government claimed 10.4m voted, independent observers reckoned the figure was no more than 3m.

The government blames the economic collapse on sanctions (though it predates them) in which it says the opposition is complicit. But the regime's internal polling shows that in a fair vote Mr Maduro would be "totally doomed", according to a source in the ruling United Socialist Party of Venezuela (PSUV). Nevertheless it appears determined to cling to power—through intimidation. At least 37 opposition activists have been arrested this year. The tax authority has moved to close down any hotel or even snack bar which Ms Machado or Mr González uses while campaigning. One establishment, a family-run *empanada* shop in a village in Guárico state, was raided 30 minutes after Ms Machado had stopped for breakfast. "It's unfair because we welcome everyone who comes in," said the owner, Corina Hernández.

Left-wing governments in Brazil and Colombia, which have friendly relations with Mr Maduro, have publicly called for a fair contest. Among outsiders, only the Carter Centre, an NGO, has been invited to observe the voting. But there will be many other watching eyes, including thousands of volunteers organised by the opposition. Venezuela's electronic voting system, introduced by Chávez, makes ballot stuffing hard. "It is impossible to do an electronic fraud," claims Roberto Picón, who served as one of two opposition nominees on the electoral authority until 2023.

The government could try to change the rules. There are rumours that the election may yet be postponed, perhaps by the expedient of manufacturing a border incident with Guyana or even a purported assassination attempt against Mr Maduro. On July 8th the attorney-general, Tarek William Saab, alleged that a Colombian paramilitary group had been contacted by representatives of the opposition. The defence minister, Vladimir Padrino López, claimed that the opposition was trying to create an atmosphere of "civil war".

Some in the opposition fear that the government could also try to create confusion by disqualifying the main opposition alliance, known as the Democratic Unity Table (MUD). It is one of three parties backing Mr González. In that case, if a voter were to mistakenly press the MUD card on the touchscreen of the voting machines, their choice would be void.

Such deliberate deception would have a cost. "If they remove the MUD card, I cannot see how we can possibly recognise the result of the election," said a European diplomat in Caracas. The United States would probably follow suit. In April it reimposed some sanctions because of the government's failure to respect the Barbados agreement. In a renewal of direct talks with the government via a video call on July 3rd Joe Biden's administration again called for "competitive and inclusive" elections. Mr Maduro hopes for further relief from sanctions and for the administration to scrap a $15m bounty, imposed in 2020, for information leading to his arrest.

Blatant fraud might also create friction with the armed forces, the ultimate arbiter of power in Venezuela. The high command has long stayed loyal to the memory of Chávez, himself an army officer. Many generals have benefited from the crony capitalism that has flourished under Mr Maduro. Might there be limits to that loyalty? "If the elections are stolen, I am sure that the Bolivarian National Armed Forces will join civil disobedience," said an anonymous serving general, in a story reported in May by Sebastiana Barráez, a Venezuelan defence correspondent now in exile.

It is implausible but not impossible that the government loses and accepts defeat, opening what would be a complicated transition. At the opposition rally in Caracas, an elderly man watched as the crowd jeered at a passing car covered in PSUV logos. "Dictatorships here are all the same." he said. "They seem so powerful. And then they are not." In any event, at least Ms Machado has given many Venezuelans hope, however slender. ■

Religion in Argentina

Moses basket case

BUENOS AIRES

Argentine Jews have mixed feelings about their president's embrace

Arms spread with a black kippah on his head, Javier Milei, the Argentine president, presses his forehead against the Western Wall in Jerusalem (see picture) and begins to weep. Overwhelmed, he hugs his Orthodox rabbi, Shimon Axel Wahnish. Mr Milei's visit in February to one of Judaism's holiest sites was the most public moment yet in his embrace of the religion. At a rally last year in a Jewish part of Buenos Aires, the capital, the word *shofar* and an illustration of a man with the traditional Jewish ram's horn were projected onto screens as the sound of the horn blared. In April Mr Milei was made an "ambassador of light" in a ceremony conducted at The Shul, a Hasidic synagogue in Surfside, Florida.

Mr Milei, who calls himself an "anarcho-capitalist", has not officially converted to Judaism, but says he goes to synagogue and studies the Torah. His embrace of Or-

Seeking the forces of heaven

thodox Judaism is unusual for a global leader, and even more so in Argentina, where until 1994 the constitution required a president to be Catholic. The country's Jewish community, 171,000-strong, is South America's biggest and the world's fifth largest. But it forms a small minority of Argentina's 46m people.

Mr Milei's pious bent prompts mixed feelings among Argentine Jews. His Judaism seems to play a role in his messianic self-image. "My main reference…is Moses," he told *La Nación*, an Argentine newspaper. At his rallies some supporters, copying the president's sister, Karina, who is his closest aide, wear caps emblazoned with the phrase "The forces of heaven". That is a quote from the Third Book of Maccabees, an ancient Greek text which though about Jews is not canonical in Judaism: "In battle, victory does not depend on the number of soldiers, but on the forces of heaven."

Some Argentine Jews view all this with wry detachment. "I'm perplexed," chuckles Marcos Galperin, Argentina's richest man and a secular Jew. "It's discussed in the circles I move in with much irony; no one takes it very seriously," says Leiser Madanes, a Jewish retired philosophy professor. Mr Milei has sometimes fuelled suspicions that his Judaism might be faddish. He once called Pope Francis, an Argentine, a "leftist son of a bitch". Yet just days after his Jewish spiritual moment at the Western Wall he publicly reconciled with the pope and told Italian television, "I am Catholic. I also practise Judaism a bit."

Another reason for raised eyebrows is the awkward fit between the Orthodox Judaism he aspires to and his libertarianism. "If there is something that is absolutely contradictory to his ultra-liberal philosophy, it's precisely Judaism in its Orthodox form," says Mr Madanes. "Your life is ruled and regulated from the outside", he says, pointing out that there are rules and prayers for almost every moment of the day, from washing your hands to "doing a shit".

Amid the scepticism there is also admiration. "Some say it is good to make Jews visible, to educate people to better understand," says Daniel Pomerantz of AMIA, a local Jewish cultural and welfare organisation. "That lowers the level of prejudice." Many are delighted by Mr Milei's close alignment with the United States and Israel, whose war in Gaza he vigorously supports, as well as his plans to move Argentina's embassy to Jerusalem.

That also raises fears. In 1994 a bomb at the AMIA centre in Buenos Aires killed 85 people and injured 300. (Argentine courts have repeatedly blamed Iran.) The United States moved its embassy to Jerusalem in 2018. Some Argentines worry that a similar move could prompt another such attack. Moreover, the president is a polarising figure who is slashing the state to try to bring down inflation. That is painful. Frustration with Mr Milei could morph into anger against Jews, Mr Madanes says.

Some in Argentina's Jewish community have already distanced themselves. When Mr Milei compared Argentina's covid-19 pass to the yellow star that Jews had to wear in Nazi Germany, DAIA, a leading Jewish political organisation, said he was trivialising the Holocaust. Before last year's election several thousand Argentine Jews signed a letter saying he did not represent them and questioned his political use of Judaism.

Happily, this diversity of views among Argentina's Jews may help avoid an anti-semitic backlash if Mr Milei's popularity wanes but his Judaism does not. Indeed, one of Mr Milei's main rivals is of Jewish descent: Axel Kicillof, the Peronist governor of the province of Buenos Aires—a useful reminder that Moses was no more an anarcho-capitalist than a Peronist. ■

Mercosur's new nadir

Insults and irrelevance

SÃO PAULO

A once promising trade bloc declines

IT WAS AN especially pointed snub. Skipping the twice-yearly get-together of the presidents of Mercosur, Javier Milei, Argentina's president since December, chose instead to speak to the hard right at a Conservative Political Action Conference in Brazil. "If Mercosur is so important, all presidents should be here," huffed Luis Lacalle Pou, Uruguay's centrist leader, at the summit in Asunción, Paraguay's capital.

The reality is that Mercosur, a trade bloc that includes Paraguay, Uruguay and now Bolivia (formally admitted in Asunción) as well as Brazil, is no longer so important. Even the host, Santiago Peña of Paraguay, admitted that "Mercosur is clearly not going through its best moment." Mr Milei has never formally met Luiz Inácio Lula da Silva, Brazil's president, whom he slags off as "corrupt" and a "communist" (Brazil's supreme court quashed Lula's conviction—and he is a socialist). But political incompatibilities go back further: Jair Bolsonaro, Brazil's former leader, and Alberto Fernández, Mr Milei's Peronist predecessor, similarly shunned each other.

Trundling along

Intra-Mercosur trade*, 2023 prices, $bn

Source: IMF

*Argentina, Brazil, Paraguay and Uruguay

Created in 1991 as a free-trade area and customs union, Mercosur once promised much. Trade between members surged, in real terms, from $9bn in 1990 to over $31bn in 1996. Two things killed the promise. The first was macroeconomic volatility. Brazil devalued its currency in 1999; Argentina suffered a financial collapse in 2001-02. Second, widening trumped deepening, as political leaders including Lula and Argentina's Peronists sought to use Mercosur to attract ideological allies (such as Bolivia's leaders) rather than as a tool of economic policy. Protectionism grew: since the financial crisis of 2008, members have imposed over 400 non-tariff measures against each other.

Intra-Mercosur trade peaked in 2011 at $72bn (see chart). Though they have recently picked up thanks to the post-pandemic economic recovery, intra-block exports have fallen as a share of members' total exports from a peak of 24% in 1998 to around 11% in 2023. Farm exports to China have boomed in Brazil and Argentina. Managed trade in their car industries used to be at the heart of Mercosur, but in both countries manufacturing's relative importance has declined.

Further afield, Mercosur has only managed to conclude free-trade deals with Egypt, Israel and Singapore, though it is talking to others. Negotiations for a trade pact with the EU were at last concluded in 2019, 20 years after they began. But in an increasingly protectionist world, the agreement looks unlikely to be ratified by EU member countries. European leaders face pressure from farm lobbies, which oppose the accord. In turn, Brazil's government has doubts, especially about opening public procurement.

"What is the purpose of Mercosur if you can't expand market access?" asks Shannon O'Neil of the Council on Foreign Relations, a think-tank in New York. Mr Lacalle's answer is to seek bilateral deals. Uruguay is talking to China and Turkey and wants to join the CPTPP, an 11-member Pacific group. Mr Milei threatens to leave Mercosur, though Argentina's trade has received the biggest boost from the bloc. Mercosur was supposed to be a tool for its members' economic development and a way for them to carry more weight in the world. The bloc's decline conspires against achieving both those goals. ■

Political economy

No business like sow business

ARAKU VALLEY, ANDHRA PRADESH

Farming in India should be about profits and productivity, not poverty

FOR YEARS the Araku Valley, deep in the mountains on India's east coast, was mired in poverty and rocked by Maoist violence. The government classifies most of its inhabitants as "particularly vulnerable tribal groups"; for generations they relied on slash-and-burn farming to scrape by. But now locals grow high-grade coffee that is sold at high prices to posh Europeans. Araku Coffee, the company that processes and markets their berries, runs cafés in fancy bits of Bangalore, Mumbai and Paris. The valley's transformation is an agricultural success story. It is also a glimpse of what—with the right policies—the rest of rural India might achieve.

Indian agriculture has come a long way since the "ship-to-mouth" days of the 1950s and 1960s, when the country depended on food aid from abroad. It has long since become a net exporter of stuff people eat. Yet big inefficiencies persist. Although India has a third more land under cultivation than China, it harvests only a third as much produce by value, according to analysis by Unupom Kausik of Olam, an agri-business listed in Singapore. Agriculture employs almost half of all Indian workers—some 260m people—but contributes only 15% of output and 12% of exports (see chart 1 on next page). By contrast, business services such as call centres and IT companies employ less than 1% of workers but produce 7% of GDP and almost a quarter of exports.

Handouts of every kind warp incentives for farmers. These giveaways weigh down production and prop up practices that degrade the land, all without making anyone much richer. Farm incomes have hovered at around one-third of non-farm incomes for decades. A study published in 2018 by the OECD, a club of mostly rich countries, found that despite huge subsidies the net effect of regulations and trade restrictions was to lower gross farm revenues by 6%.

Making even modest progress might produce outsize gains. Yields in India are lower than the global average for almost all produce. Merely raising them to the average would make India a massive power in global commodity markets: India's excess rice production would be greater than the current global rice trade, reckons Mr Kausik. Should it raise yields to match the world's best, India would be producing twice as much maize, three times as much cotton and eight times as much rice and pulses as is traded across borders today.

Making farmers more prosperous would also have a big knock-on effect for the rest of India's economy. Agricultural employment figures mask huge underemployment. Pushing up incomes in the countryside would create demand for new goods and services, which would in turn create better jobs for India's many millions of surplus farmhands. They would have the chance to earn better wages without having to decamp to the country's booming but overcrowded cities.

Success in the Araku Valley (pictured) offers hints about how to proceed. In the late 1990s the state government of Andhra Pradesh, hoping to reduce deforestation and boost incomes, supplied farmers there with fast-growing silver oak trees. A few years later they were given coffee seedlings to grow in their shade. Locals such as Kora Venkatrao, who farms three acres, grew the berries as best they could. But they often sold their produce to unscrupulous middlemen at well below the market price.

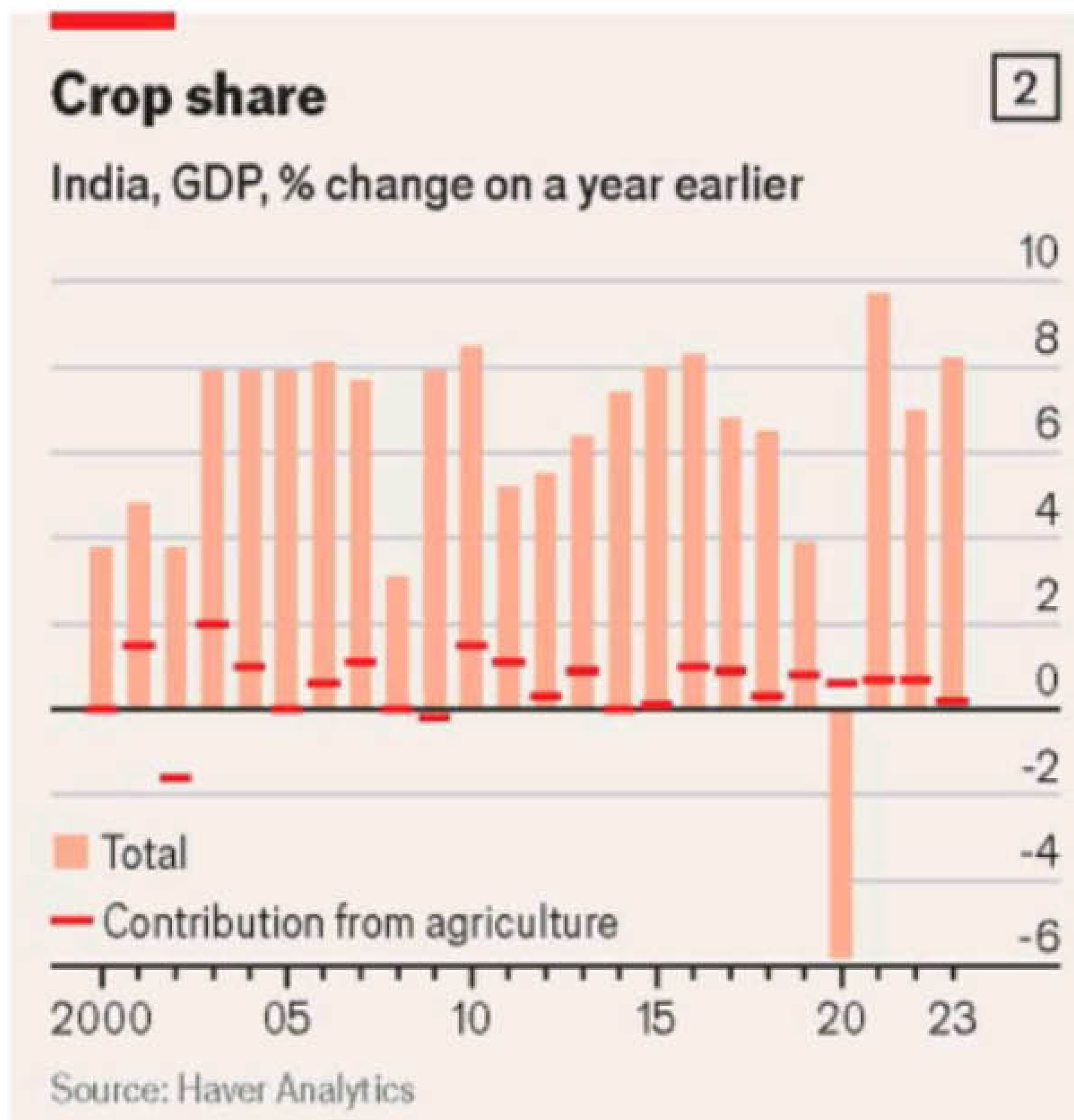
Mr Venkatrao's fortunes changed in 2016, when he joined a co-operative run by Araku Coffee that taught farmers how to grow higher-quality berries—then bought them for unheard-of prices. His income has since increased ten-fold to over 200,000 rupees ($2,400) a year. His thatched hut has become a concrete home with two bedrooms. He has bought a motorcycle and started building up savings. Manoj Kumar, Araku Coffee's boss, says that some 2,000 of his farmers have become rupee millionaires. His secret? "Seeing agriculture as a profit-making, revenue-making, export-earning sector."

The problem is that this is not how successive Indian governments have approached agriculture. Policymakers are inclined to view it as a conduit for welfare. They struggle to see it as an engine of growth. During his first term Narendra Modi, the prime minister, pledged to double farmers' incomes. Yet many of his policies have ended up working against this goal. Consider, for example, the decision in 2016 to stop recognising high-denomination bank notes that made up 86% of India's currency by value, for fear that they were enabling corruption and tax evasion. That extraordinary experiment damaged the cash-dependent rural economy.

A sudden lockdown at the start of the pandemic, in 2020, drove millions of workers away from cities and back to farms, reversing efforts to make agriculture more efficient. That same year, Mr Modi's Bharatiya Janata Party (BJP) produced a set of sensible agricultural reforms but rammed them through parliament without consultation, setting off a year-long farmers' protest that eventually forced their repeal.

Lately optimists have dared to wonder if the BJP—chastened by its poor performance in recent elections—might be stumbling towards a cleverer approach. Since his embarrassment at the polls Mr Modi has appointed a new agriculture minister, Shivraj Singh Chouhan, who previously served as chief minister of Madhya Pradesh, a state in central India. Under Mr Chouhan, Madhya Pradesh invested in irrigation, rural roads and warehouses. It sought to nudge farmers towards horticulture and made it easier for them to sell their produce in venues other than state-run agricultural marketplaces. All this bore fruit: the state's agricultural GDP grew at an annual average rate of 7% between 2005 and 2023, roughly the period of Mr Chouhan's rule, compared with 3.8% nationally.

Going to seed



Crop share

The question now is whether Mr Chouhan can drive similar progress at the national level. The BJP's previous, bungled attempts at reform have made large swathes of agricultural policy too toxic for the central government to tinker with. Mr Chouhan also cannot do much about the very big problem of small landholdings (the average Indian farm covers only a bit more than one hectare) and the resultant low rate of mechanisation.

But he could prioritise many other things. About half of Indian farmland has no access to water other than from the sky. India has enough cold storage for only about 10% of its perishable produce; the government reckons that up to 6% of cereals, 12% of vegetables and 15% of fruit are lost after harvest. Most of India's agricultural exports are raw, unbranded commodities. Less than 10% of food produced in the country gets processed, compared with 30% in Thailand and 70% in Brazil. So tackling patchy irrigation and weak infrastructure, and encouraging higher-value processing, would all be profitable moves. Boosting agricultural output would support overall growth, too (see chart 2).

Some problems could be fixed with the stroke of a pen. Each year India splurges about 2trn rupees on food subsidies and nearly as much again on fertiliser subsidies, but spends just 95bn rupees on agricultural research and development. Spending on research as a share of agricultural GDP is less than 0.7%. The coming ravages of climate change all but demand greater investment: farmers will find it impossible to adapt without scientific breakthroughs.

There are also things that the government should simply stop doing. It regularly intervenes when food prices rise, for example by imposing limits on stock accumulation or by suspending futures markets. It banned exports of wheat in 2022 and most kinds of rice in 2023. All this prevents farmers from making money when prices are high and discourages traders from taking risks. It is mostly the better off who benefit: the poorest 800m Indians get free grain from the government, so changes in its price affect them less.

Mr Kumar, Araku Coffee's boss, is about to open a second café in Paris. His company is expanding into other commodities. Many of its coffee farmers also grow pepper; the firm is encouraging people working in other parts of India to grow kidney beans and millets. But only the government has the power to truly transform Indian agriculture. The way to do that, says Mr Kumar, "is not loan waivers, it is not subsidies, it is to see how we can create an ecosystem which is conducive" to growth. In other words, to nurture conditions in which a million Arakus can grow. ■

India and Russia

Bear-hugging bros

India's prime minister glad-hands in Moscow

For two and a bit years India has walked a tightrope when it comes to Russia. Indian officials have refused to condemn its invasion of Ukraine, citing a history of close ties with the Kremlin, as well as India's need for cheap Russian weapons and oil. At the same time, India has tried to avoid Western criticism by consistently calling for peace, and by presenting itself as a trusted partner for the West in its efforts to manage China's rise.

Up to now this approach has paid off. But it came under unusual scrutiny when India's prime minister, Narendra Modi, visited Moscow from July 8th to 9th—his first trip to Russia since 2019. Mr Modi was filmed bear-hugging Russia's president, Vladimir Putin, before touring his residence in a golf cart, sharing a private dinner and watching a display by performers on horseback.

The timing made the bonhomie all the more striking. While Mr Modi and Mr Putin toasted their friendship and signed a slew of deals, leaders of NATO gathered in


Masters of misdirection

Washington for a summit that was focused primarily on Ukraine. NATO's partners in the Indo-Pacific—Japan, South Korea, Australia and New Zealand—attended. So did Ukraine's president, Volodymyr Zelensky.

Indian officials clearly consented to the schedule knowing that it would give the Kremlin an ideal opportunity to show that Western efforts to isolate it are failing. Mr Modi nonetheless appeared to have been caught off guard when, just before he arrived, Russia launched its deadliest missile barrage on Ukraine in months, killing 44 people at sites including a children's hospital in Kyiv. Mr Zelensky said it was "a devastating blow to peace efforts to see the leader of the world's largest democracy hug the world's most bloody criminal in Moscow on such a day".

Mr Modi addressed the missile attack obliquely the next day, telling Mr Putin that the death of innocent children was painful and terrifying. He called again for peace talks. But he did not assign blame for the strike on the hospital, which Russia attributed, without evidence, to a Ukrainian anti-missile system (Ukraine says it has recovered fragments of a Russian cruise missile at the site).

India's close ties with Russia are not merely a legacy of the cold war, when the Soviet Union provided critical economic and military support. Nor are they destined to wither as India expands defence and commercial links with the West. They are rooted in Mr Modi's "multi-aligned" foreign policy, which sees Russia as an essential partner in the years ahead. The aim, in part, is to prevent India becoming too dependent on the West and to help forge a less Western-dominated global order. But the objective is also to offset China's newfound clout with Russia. The regime in Beijing has become its main source of economic and diplomatic support.

Mr Modi's agenda in Moscow shone light on these ambitions. One priority was to expand India's exports, so as to balance out the recent increase in its imports of Russian oil and boost annual bilateral trade from $66bn now to $100bn by 2030. The two leaders discussed a new shipping route through the Arctic, and another between Vladivostok and Chennai. Describing Russia as an "all-weather friend" and "trusted ally", Mr Modi announced the opening of two new consulates in Russia and talked of co-operation in space exploration, nuclear energy and medicine.

As for defence, India has recently become less reliant on Russian arms, turning to France, Israel and other suppliers. Yet Mr Modi signalled that he had no intention of unwinding military ties. Ahead of his visit, a Russian state-owned arms manufacturer said it would make armour-piercing tank rounds in India to supply the Indian army. Mr Modi and Mr Putin agreed to pursue joint development of advanced weaponry and encourage more joint production in India of components for Russian-origin arms.

The relationship has its sticking points. Mr Modi requested the safe return of Indian nationals who had been forced to fight with the Russian army in Ukraine (Mr Putin agreed). India would like to pay for more of its oil in rupees. And it has been frustrated by delays in the delivery of Russian weapons. Nonetheless, Mr Modi has made it clear that India's ties with Russia are set to deepen. And neither Western pressure nor Russian atrocities seem likely to change that. ■

Politics in Japan

Negative nonsense

TOKYO

Social-media populists have arrived in Japan

POLITICS IN JAPAN can be a staid affair. The race to become the governor of Tokyo, which reached its climax on July 7th, was anything but that. Fifty-six candidates, many of them eccentrics, traded barbs. Pets featured on election posters; so, in one case, did pornography. A candidate dressed as the Joker from "Batman" spouted nonsense on national television. Another took off her clothes.

In the end Koike Yuriko, the incumbent governor, bagged herself a third term with some 43% of votes. Yet it was the second-place finisher—Ishimaru Shinji, an outspoken but little-known former banker—who stole the headlines. Up to now, Japanese voters have seemed curiously unmoved by the kinds of social-media-fuelled populism that have upturned politics in other countries. That no longer seems so true.

Most people expected that the race would be a head-to-head between Ms Koike, a former national legislator for the ruling Liberal Democratic Party (LDP) and Saito Renho from the Constitutional Democratic Party (CDP), the main liberal opposition (who goes by just her given name). Both Ms Koike and Renho gained fame as television newsreaders before they entered politics. Yet relative obscurity was no obstacle for Mr Ishimaru. His brief political career—four years as mayor of Akitakata, an unremarkable town in Hiroshima—did not produce any noteworthy achievements. His candidacy was not backed by any political party.

Instead, the 41-year-old used social media, especially YouTube and TikTok, to convey his messages. On YouTube Mr Ishimaru broadcast to around 300,000 subscribers, compared with 3,000 for Ms Koike and 10,000 for Renho. A video that showed him berating a snoozing council member in Akitakata went viral. He promised to clear out power-hungry politicians and mocked journalists from mainstream media. In a post-election appearance he accused an interviewer of asking "stupid" questions while a crowd of supporters cheered. Mr Ishimaru "mastered an important social-media skill", says Michael Cucek of Temple University in Tokyo. He appeared to "speak the truth to power when in fact just spouting negative nonsense".

For years voters in Japan have seemed to be mired in apathy. The LDP has dominated politics for a decade. Turnout at elections has declined. But Mr Ishimaru's strong showing suggests both that there is appetite for change, and that social media can indeed provide a path for outsiders. According to one exit poll he snatched 42% of the votes of people aged 18-29, compared with 27% for Ms Koike and 15% for Renho. "Most politicians say they care about young people, but I don't think they mean it," says Kiyono Misato, a 28-year-old who voted for Mr Ishimaru. She thought Mr Ishimaru "would be different".

Japanese voters are "fed up with existing politics" and feel "growing mistrust", reckons Uchiyama Yu, a political scientist at the University of Tokyo. Social-media rabble-rousers such as Mr Ishimaru will find it more difficult to make a dent in national elections than in local ones. They find it much harder to impress older, rural voters than young ones in cities. But that will not stop them from trying. After the election, Mr Ishimaru told journalists he may contest the seat in parliament that is currently held by Kishida Fumio, Japan's unpopular prime minister.

Ms Koike's victory, at least, is a relief for the LDP. But by-elections for the Tokyo assembly were held the same day as the vote for governor, and in those the LDP won just two seats out of nine. "The results are very severe," says Mutai Shunsuke, an LDP politician in the national parliament. Mr Kishida's approval rating may be as low as 16%, according to polling by Jiji, a newswire. Rivals are preparing to challenge his leadership at a party vote due in September. ■

BANYAN

The Rorschach nation

Singapore's foreign admirers see only the stuff they like

A CENTURY AGO a Swiss psychoanalyst called Hermann Rorschach pioneered a diagnostic test that would eventually become famous worldwide. Patients were shown a series of inkblot patterns on cards, and asked to describe what they saw. The result was thought to reveal much about their state of mind.

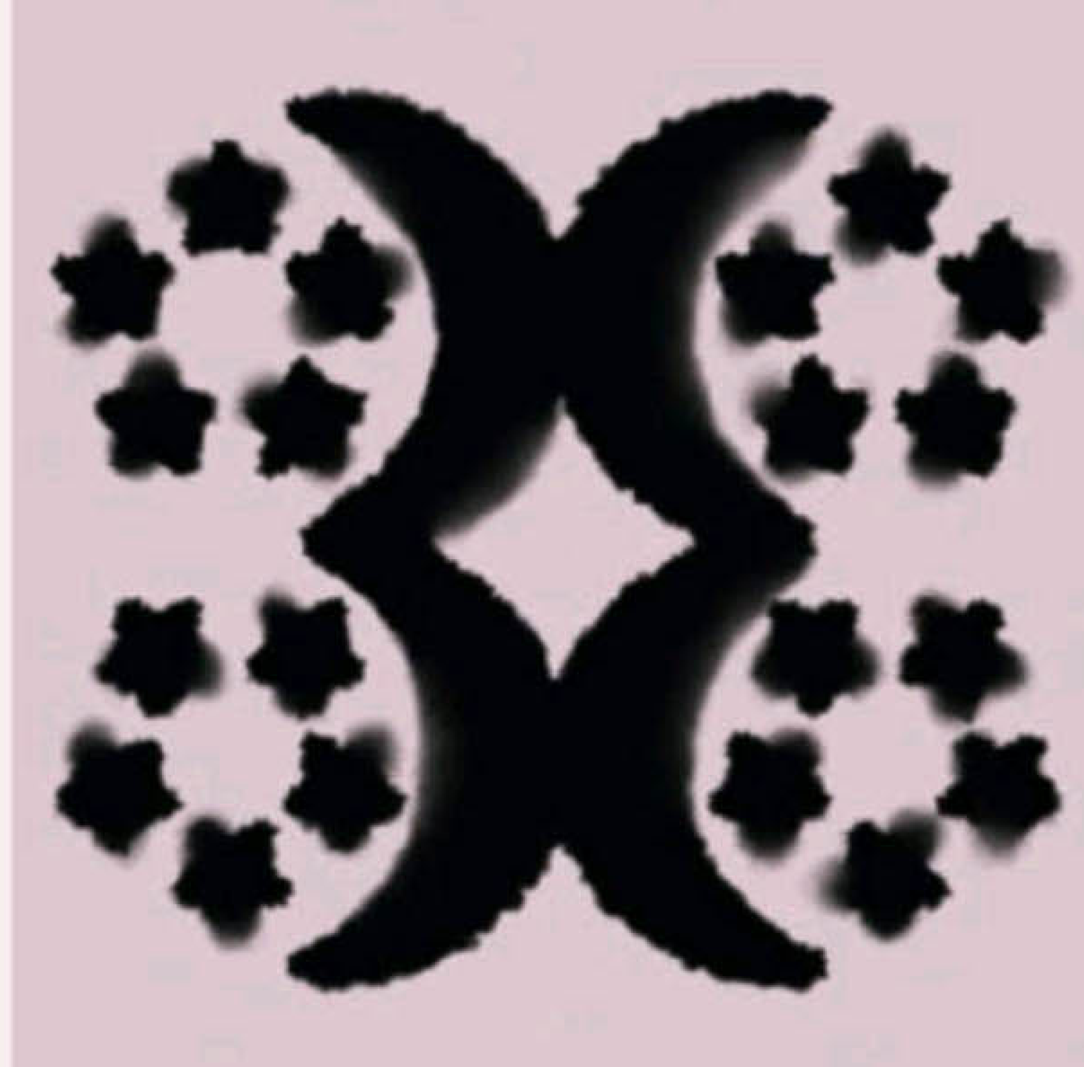
For fans of foreign affairs and students of public policy, here is another kind of Rorschach test: ask them about Singapore, and see what they say. The tiny nation's undoubted success is analysed endlessly. But the lessons drawn from it tend to reveal more about the viewer than they do about the city-state.

Observers from wildly different countries all agree that there is much to like in a country notable for its sparkling infrastructure, low crime, high social cohesion and sky-high GDP of $88,000 per person. Liz Truss, a former (and disastrous) British prime minister, has argued that her country should have become "Singapore on steroids" after leaving the European Union; by that she had in mind an economic model of very low taxes and ultra-light regulation. The respective presidents of Rwanda and El Salvador, Paul Kagame and Nayib Bukele—the one a stern authoritarian and the other a Trump-style populist disdainful of democratic checks on power—handily see proof in illiberal Singapore that Western-style democracy is not required to reach first-world prosperity.

Singapore is an easy place on which to project desires and even fantasies. An independent country since 1965, it has grown rich in a single lifetime. The universal use of English makes it superficially easy to engage with. Like a business-school case study, foreigners get the impression that they can take a pick-and-mix approach to Singapore's practices and innovations, a view they would not extend to nations with older histories and institutions.

Yet the individual preoccupations of the country's international fans clash with Singapore's more complex realities. For leaders in the developing world who love Singapore's tough-on-crime approach, its clean courts and low corruption are often far less of a priority. Those such as Ms Truss who fantasise about the city's light regulation ignore its active industrial policies, with much government support in chosen sectors. Small-state fans rarely mention the city's successful system of mass public housing—crucial to understanding why Singapore's population has remained content to host an international financial hub, even as property prices have shot up. Selective blindness prevails.

In truth Singapore's odd hybrid political system defies categorisation. It is pointedly not a liberal democracy (this newspaper's sister organisation, the Economist Intelligence Unit, places Singapore above Bangladesh but below Indonesia in a league table that ranks countries according to the strength of their democracies). Yet it sits alongside much freer places in corruption rankings maintained by Transparency International, an NGO. Though its global fans come largely from the political right, Singapore's housing policies have a socialist tinge. Joseph Stiglitz, a left-leaning economist and Nobel laureate, has said nice things about its low inequality. Meanwhile, its commitment to policing speech which might offend racial or religious sensibilities goes beyond what even the wokest Westerners might advocate. For overseas admirers who use Singapore as a rhetorical cudgel, digging too deep into the government's actual methods only ruins the effect.



It is hard to imagine that foreign leaders and bureaucrats will ever cease travelling to the city in search of lessons (among them, once, a Fuzhou city Communist Party secretary called Xi Jinping). But how many of the country's policies can other nations really borrow? Some Singaporean policymakers say that even Singapore would struggle today to replicate its earlier successes, achieved when strong-arm rulers simply laid down what must be done. Today, despite the sanitised politics, many voices contend over key policies.

In the future, popular visions of Singapore might only grow more detached from facts on the ground. Lawrence Wong, the country's new prime minister, has acknowledged new pressures from ordinary Singaporeans, such as a desire for less immigration and more welfare. He says that the government is ready to re-examine all of its assumptions, and advocates a softer, more consultative form of leadership. Students of Singapore could soon find that the inkblot itself begins to change shape.

China

China and America

Under Xi's gaze

BEIJING

In China the state of American politics is viewed with mirth and some disquiet

CHINESE OFFICIALS scorn President Joe Biden's view that the world is engaged in a "battle between democracy and autocracy". In their view this is dangerous cold-war talk. But they are tough fighters themselves, ever keen to sow misgivings at home and abroad about Western democracy's failings. The weaknesses revealed by America's presidential contest and, in particular, the debate between Mr Biden and Donald Trump on June 27th may help their case. The Communist Party's *Schadenfreude*, though, is mixed with apprehension.

Unlike Russia's president, Vladimir Putin, who was said to be asleep during the encounter (it began at 4am in Moscow), China's leader, Xi Jinping, was about to deliver a speech on Chinese diplomacy in Beijing (it was 9am there) as the debate began. He was in full flow—reading confidently from a script—as the befuddled American president struggled against his waffling, truth-dodging rival. Mr Xi did not mention America, let alone the debate, but took a swipe at American anxiety about China's rise. "Every increase of China's strength is an increase of the prospects of world peace," he said (see Chaguan).

Chinese netizens were quick to heap scorn on the Biden-Trump encounter. Clips showing Mr Biden's confused and fumbling remarks circulated widely on China's social media. "One is a 'mentally deranged felon' and the other is an 'elderly narcoleptic'," said one commenter on Weibo, an X-like platform. "Two people who are about to enter their coffins are fighting back and forth," said another. "Western politics is truly ruptured. There's no one left." Posts on Weibo with tags relating to the debate gained well over 100m views and attracted thousands of comments.

State media also weighed in. "This is entirely America's internal affair and has nothing to do with China, but the US election has exposed so many problems in America," said an article placed online by a senior journalist that was reposted on news websites. Xinhua, an official news agency, said the debate had "merely exposed the chaos and division of 'American democracy' to the world once again".

China's response revealed how much its own politics has changed in recent decades. In the 1980s, before the massacre in Beijing in 1989, the Communist Party had a far better relationship with America and tolerated more nuanced views of its politics. In his book, "Beautiful Imperialist", David Shambaugh, an American scholar, wrote that China's America-watchers deserved "high marks" for their coverage of the elections in 1984 and 1988. It was, he said, "non-Marxist and non-ideological in its tone and substance".

At that time, China was keen to learn more about how America worked. In 1988, during the race between George Bush senior of the Republicans and the Democrats' Michael Dukakis, the Democratic Party invited a 12-person Chinese delegation to observe its convention in Atlanta. "China can learn from some methods and forms in the US presidential election," said the group's leader, Gu Ming, who was a se- ▸▸

nior official in China's rubber-stamp parliament. "For example, there should be a higher degree of openness in the election of leaders at various levels."

In the late 1980s, as a visiting scholar in America, Wang Huning also watched American democracy in action. Today Mr Wang is the party's chief ideologue and its fourth-highest-ranking politician. Mr Xi's writings, ponderously referred to as "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era", undoubtedly involve his penmanship. As a young observer of America Mr Wang expressed pessimism about the country's future, but was clearly impressed by at least some aspects of its politics. "There's a wonderful thing about the American political system: you can't say it's undemocratic, and you can't say it's democratic," he wrote in "America Against America", which was published in 1991. "This procedure is very interesting and has a high degree of openness," he said of presidential debates.

Today the party's view of American democracy is clear-cut. Infuriated by Mr Biden's framing of global politics as democracy versus autocracy, and his convening of "summits for democracy" to rally world leaders to his cause, China has been flexing its own ideological muscles. In 2021, days before the first such summit (held online because of the pandemic), it published a white paper hailing China's political system as "democracy that works". It also issued another document, "The State of Democracy in the United States", excoriating the American version of it.

But while China delights in the grimness of America's political predicament, it is also wary of the outcome. Both American parties believe that China's rise is a challenge to American power and threatens the liberal order. Messrs Biden and Trump both favour tariffs on Chinese goods to protect America from what they see as China's unfair trading practices. Mr Trump's approach to foreign policy is more transactional, but is also less predictable.

Among those thought likely to get a job in a second Trump administration, should there be one, is Robert O'Brien, who served as national security adviser when Mr Trump was president. "Xi is China's most dangerous leader since the murderous Mao Zedong," wrote Mr O'Brien last month in *Foreign Affairs*. "As China seeks to undermine American economic and military strength, Washington should return the favour—just as it did during the cold war, when it worked to weaken the Soviet economy." To Chinese officials, eager to prevent further decoupling of the American and Chinese economies as their own falters, such words are not reassuring. One told *The Economist* that she would prefer Mr Trump to lose.

Some Chinese netizens see potential hope for Sino-American relations, should Mr Biden bow out and a contest ensue that results in Gavin Newsom, the governor of California, becoming the Democratic candidate. They have circulated clips of Mr Newsom visiting China last October. During his trip he became the first American governor to meet Mr Xi in six years. Mr Newsom stressed that "divorce" between the two countries was "not an option".

But given how deeply entrenched China-scepticism has become among Republicans and Democrats, Mr Newsom's fans in China may be clutching at straws. And Chinese officials may wince should pressures on Mr Biden result in his stepping aside. Some daring netizens might venture to point out that such a situation would be hard to imagine in what China calls its "true democracy". Like him or not, they may be stuck with the 71-year-old Mr Xi for as long as he lives. ■

China and Taiwan

Hot pot, pandas and propaganda

TAIPEI

The Communist Party tries to attract young Taiwanese to the mainland

Henry Wang enjoyed his recent trip to the province of Sichuan. The 22-year-old was in China to attend a camp for young Taiwanese. He spent seven nights in four-star hotels, feasting on hot pot, viewing pandas and visiting historic sites. The Chinese government paid for most of it. The only annoying part was the political indoctrination. He tolerated yammering about cross-strait unity, praise for China's leader, Xi Jinping, and songs about being one family. "I thought of it as the extra cost I had to pay for a cheap trip," he says. As long as you know you are on a "United Front tour", you can ignore the propaganda, he adds, referring to the branch of the Communist Party in charge of boosting its influence among Chinese abroad.

The United Front Work Department sponsors many such trips. They aim to immerse Taiwanese high-schoolers and university students in Chinese culture and to foster their sense of Chinese nationalism. Before 2020 several thousand Taiwanese students went to China each summer for internships and exchanges. These largely stopped during the pandemic, but the number is growing again. In 2023 Chinese officials boasted of all the Taiwanese young people attending summer camps and events in China. Around 1,300 Taiwanese are thought to be participating in a youth summit in Beijing this month. At its opening ceremony Song Tao, the head of China's Taiwan Affairs Office, called on them to become the "vanguard force against Taiwan-independence separatism".

All of this ought to please Mr Xi, who says young people in China and Taiwan should be the driving force for peaceful unification. In April, while welcoming Taiwan's former president, Ma Ying-jeou, to Beijing, Mr Xi introduced new slogans about cultivating Chinese nationalism in Taiwanese people. Xinhua, a state news agency, commented on the rhetoric: "Taiwanese youth are not 'naturally independent', but have the culture, history and values of the Chinese nation flowing in their blood and deeply hidden in their hearts."

China's leaders accuse Taiwan's ruling Democratic Progressive Party of promot-

Say Xi!

ing separatism. But the island's main opposition party, the Kuomintang (KMT), embraces Chinese nationalism. The KMT encourages cross-strait exchanges. During this month's youth summit, Mr Ma delivered a speech (over video) in which he called on young people in China and Taiwan to "build the Chinese nation's beautiful future together". At another event, in the Chinese city of Hangzhou, a former KMT chairwoman, Hung Hsiu-chu, warned that America was trying to drive Taiwan towards war with China and that youngsters in both places should unite to resist it.

None of this is winning over young Taiwanese. Polls show that more than 80% of those under the age of 35 consider themselves Taiwanese rather than Chinese. More than 90% of those in their 20s believe Taiwan and China are two different countries (see chart). Among this age group, the desire to work, study or invest in China is dimming, with the share of those expressing interest dropping from 33% in 2019 to 3% in 2022. Around 300 Taiwanese students a year go to China for university, compared with 1,300 in the mid-2010s. The number of Taiwanese under the age of 30 who work in China has declined by around 70% over the past decade, to 17,000 in 2022.

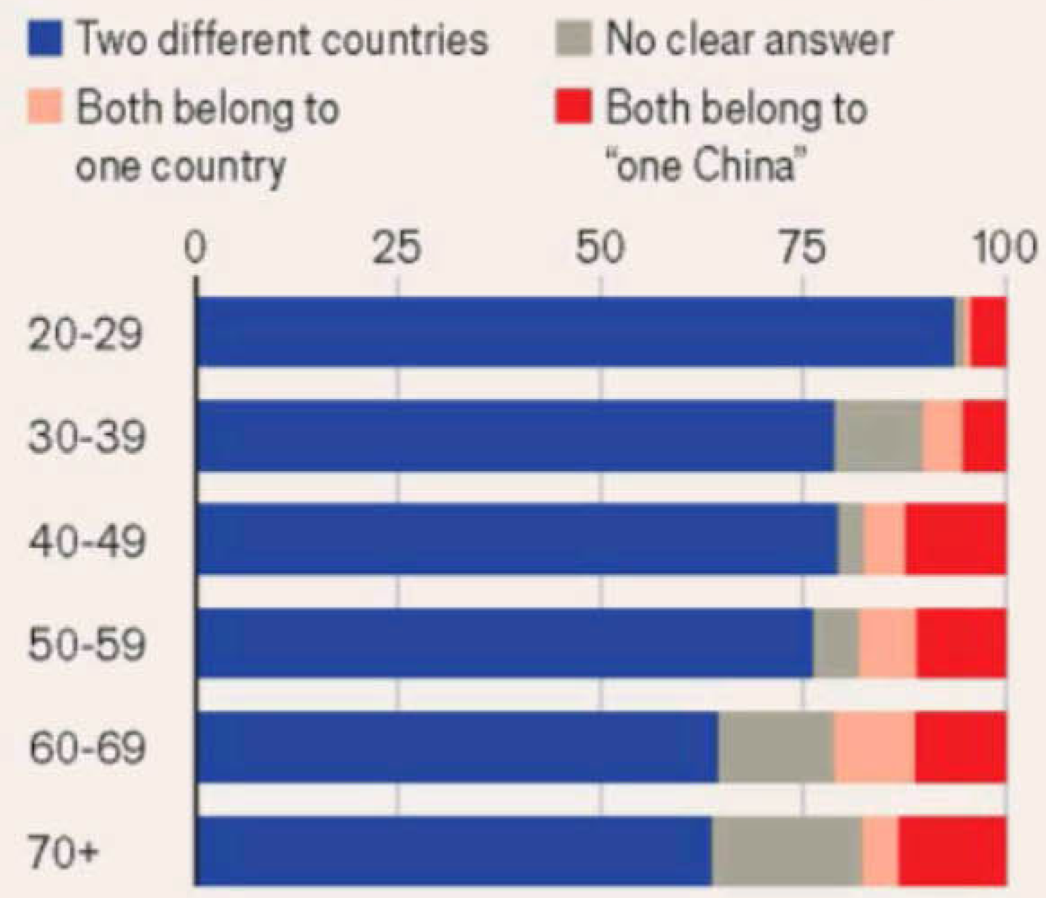
The declining appeal of China is easy to understand. Once seen as a land of economic opportunity for young Taiwanese, it now feels less dynamic as its economy slows. China's own young people spread memes about being unemployed, disillusioned or burned out. Then there is the threatening legal environment. On June 21st China's highest courts and security ministries jointly issued new guidelines "for punishing 'Taiwan independence' die-hard separatists for committing crimes of secession and the incitement of secession". The rules prohibit such activities as promoting Taiwan's inclusion in international organisations or suggesting in the media that it is not a part of China. Anyone seen to be breaking the law could be tried in absentia. Some violations, such as "plotting independence with the help of external forces", might carry the death penalty.

The Taiwanese government has called the guidelines a "crude provocation" and warned its citizens to avoid unnecessary travel to China. Taiwan's Mainland Affairs Council, which deals with China, says it still supports cross-strait exchanges, but wants young Taiwanese to be aware of the Communist Party's intentions. The council also notes that, since 2020, China has banned its own students from studying in Taiwan. And in the past year at least eight Taiwanese with military or police backgrounds have been detained in China.

Like Mr Wang, young Taiwanese may still see United Front trips to China as a good deal. But the excursions are unlikely to change their views. Past studies have shown that as Taiwanese people gain more exposure to China, they focus on the differences—and their Taiwanese identity grows stronger. Mr Wang, for example, felt no particular sense of belonging in China. "It's not like I become a Japanese person after visiting Japan," he says. He recommends the United Front tours as a way to experience an "unfamiliar culture", one that is "totally different" from Taiwan's. That is the opposite of what China hopes to achieve with such trips. ■

Separation nation

Taiwan, views on the relationship with mainland China, by age group, April 2024, % responding



Source: My Formosa

Archaeology and culture

Artefacts that serve a purpose

KASHGAR

China is unearthing ancient justifications for its rule over Xinjiang

IN THE DESERT outside Kashgar, an oasis city in the far-western region of Xinjiang, an ancient Buddhist stupa rises out of the sand. Because of its conical shape, it is known as Mo'er, the word for "chimney" in the language of the native Uyghurs. The stupa and a temple next to it were probably built some 1,700 years ago and abandoned a few centuries later. Chinese archaeologists started excavating the site in 2019. They have dug up stone tools, copper coins and fragments of a Buddha statue.

They also claim to have found clear proof that Xinjiang has been part of China since ancient times. According to official statements, artefacts discovered at Mo'er temple are similar to those dug up thousands of miles to the east in areas dominated by the Han, China's majority ethnic group. Parts of the temple were built in a "Han Buddhist" style. And its architectural features suggest that it was visited by a famous 7th-century monk from central China called Xuanzang. He is known for spreading Buddhism in the country.

These claims may sound academic, but China's government is using them to justify its brutal rule over Xinjiang. At the peak of a security campaign in 2018-19, perhaps a million Uyghurs and other Muslim residents of Xinjiang passed through camps where they were forcibly assimilated into Han Chinese culture. Critics accuse China of cultural genocide. Officials say they are trying to stamp out religious extremism. Moreover, if the inhabitants of Xinjiang have always been Chinese, then accusations of forced assimilation make no sense.

Last month China organised a conference in Kashgar that focused on the discoveries made at Mo'er temple and other sites. They prove that there is no separation between the culture of Xinjiang and Chinese culture, said Pan Yue, head of the state's Ethnic Affairs Commission. Those who criticise China's policies in the region reveal their "ignorance of history" and are peddling "baseless narratives", he added.

In fact, it is China's narrative that looks dodgy, say experts. The country's ancient dynasties had an on-and-off military foothold in what is now Xinjiang, says James Millward of Georgetown University. But from the 8th century to the early 18th century, they had little influence. Then in 1759 China's final dynasty, the Qing, conquered the region and turned it into a colony. That is what the Communist Party inherited when it came to power in 1949.

Sites like Mo'er temple are fascinating, but do little to strengthen China's claims. They demonstrate the globalising effect of the Silk Road, a network of trade routes that linked China with Central Asia and Europe. Just as money and commodities flowed along the road, so did religions such as Buddhism, picking up aspects of local cultures along the way. Many of the Uyghurs' ancestors were indeed Buddhist. But that hardly means Xinjiang was culturally or politically part of China. After all, Buddhism originally came from India.

In any case, since the 16th century most Uyghurs have practised Islam. But China has no interest in this later period. Instead, officials are trying to erase it. In recent years they have destroyed hundreds of mosques and Muslim shrines across Xinjiang. The museum in Kashgar barely mentions Islam, save for signs claiming that it was forced on Xinjiang and that the Uyghurs "are not Muslim by nature".

When your correspondent visited Mo'er temple this month, it was being turned into a tourist site. The ruins are surrounded by buildings with sloping roof tiles and red doors, mimicking those of Beijing's Forbidden City. The style is appropriate, said a Han construction worker. Buddhist culture is part of Han culture, he claimed, and Xinjiang has been part of China for thousands of years. ■

CHAGUAN

What China means by "peacemaking"

From Ukraine to Gaza, China sees a chance to promote an ultra-realist worldview

A SWIFT END to the Ukraine war on Russian terms would fill many governments with a sense of loss. In much of western Europe and beyond, a deal that rewarded Russia for its aggression—exchanging a ceasefire for vast swathes of Ukrainian territory, for instance, or a pledge that Ukraine will never join NATO or any other Western alliance—would feel like appeasement, not peacemaking. A pillar of the post-second-world-war order, involving a refusal to see borders redrawn by force, would have fallen.

China disagrees. For Communist Party bosses in Beijing, a quick Russia-friendly end to the fighting in Ukraine would be grounds for celebration. Most simply, it would humiliate the Biden administration and every power that backs Ukraine, while vindicating China's confidence that Western unity cannot last. More important, it would offer a glimpse of a future world order which, according to Chinese officials and scholars, already enjoys the support of most governments, notably in the developing world.

In effect, China's coldly realist version of international relations sees no meaningful distinction between appeasement and peacemaking. In such a world, conflict is avoided by balancing and respecting the interests of large and powerful countries, while lesser nations do what they must to accommodate them. This order has no patience with hand-wringing talk about values or freedom, or about individual rights and wrongs. What counts is preserving stability, order and economic opportunity for the many.

Increasingly, China is proud to promote this ultra-pragmatic global order. Officials in Beijing appear unembarrassed that Western governments have charged Chinese companies with propping up Vladimir Putin's war machine with vast flows of microelectronics, drone parts and other components vital for making Russian arms and ammunition. Since America went public with intelligence about Chinese sales of dual-use items to Russia's defence industry, "we have not seen any diminution" of the trade, says Nicholas Burns, America's ambassador in Beijing. Instead, Chinese officials blandly say that China has too many companies to track all they sell. Chinese diplomats continue to blame the conflict on NATO enlargement into eastern and central Europe, which they say pushed Mr Putin into a corner. In private, they have told Western counterparts that China favours an early peace in Ukraine but has few hopes of one, and is not greatly fussed about where Ukraine's borders end up.

China's public messaging is equally unabashed. "China has been actively promoting peace talks in its own way," the country's president and party chief, Xi Jinping, assured one of his (and Mr Putin's) closest allies in Europe, the Hungarian prime minister, Viktor Orban, on July 8th. A political agreement and early end to the war in Ukraine is "in the interests of all parties", but will require major powers to play a "positive" not a "negative" role, Mr Xi told Mr Orban, whose brief visit to Beijing followed stops in Kyiv and Moscow (see Charlemagne). Helpfully, the Hungarian leader spelled out the meaning of Mr Xi's veiled rebuke of America's role as a supplier of arms and aid to Ukraine. "China has a peace plan. America runs a war policy," said Mr Orban.

China is standing by a Russian leader seen in Beijing as a valued (if unpredictable) partner in a larger struggle with the American-led West. But this age of spiralling conflicts also offers China a chance to portray itself as a peacemaker—even if its version of peace involves cutting deals with aggressors, bullies and despots.

In June Mr Xi hosted a celebration in Beijing of a live-and-let-live diplomatic doctrine, the Five Principles of Peaceful Co-Existence. The young People's Republic of China endorsed the principles 70 years ago to soothe Asian neighbours alarmed by China's new revolutionary rulers. Seven decades later China's behaviour, starting with its bullying of maritime neighbours and land-grabs in the South China Sea, tramples the first of those principles, which pledges respect for the sovereignty and territorial integrity of others. Still, Chinese leaders praise the five principles as a system for resolving conflicts through the non-judgmental pursuit of shared interests. They say this approach is welcomed by developing countries sick of Western politicians delivering colonial-style lectures about democracy and human rights. At the anniversary gathering Mr Xi hailed China's "distinctive approach to resolving hotspot issues" and its "constructive role" from Ukraine to the Middle East and the Korean peninsula. He chided countries that try to achieve "absolute security and exclusive security": a coded attack on American-led defence alliances in Europe and Asia.

Talk of equality, swagger like a great power

Chinese officials and scholars elaborated on Mr Xi's pitch at the World Peace Forum, a geopolitics talkfest held each summer at Tsinghua University in Beijing. China's vice-president, Han Zheng, praised his country's "practical" proposals for a more just and equal multipolar world order. Speakers accused America of double standards over Ukraine and Gaza. They compared Europe's confrontation with Russia over Ukraine, unfavourably, with the consensus-based approach of ASEAN. That South-East Asian organisation and its ten member countries rarely confront China over its bullying of maritime neighbours, preferring to accommodate the region's hegemon and dominant trade partner. Strikingly, invited Asian speakers made no mention of Chinese coastguard ships currently harassing Philippine troops and sailors guarding a disputed reef near the Philippines. Nor was mention made of America's decades-long role as a security guarantor in the Pacific and as a hedge against Chinese aggression. Instead, the "ASEAN way" was called the key to regional peace and prosperity. The praise was revealing. If all multilateral organisations were like ASEAN, China would have the world order it wants. ■

Iran's president

A new hope, again

Iran's latest president promises change. Will he be allowed to deliver it?

THE ELECTION of Masoud Pezeshkian, a reform-minded cardiologist, as president of Iran on July 5th prompted jubilation. In the hours after the vote, men and women danced in the streets as if the country's strict dress code were no more. Some speculated that they would now escape the grip of their ayatollahs and of American sanctions. Hossein Derakhshan, a former political prisoner now close to Mr Pezeshkian, chirped that this was "the age of freedom from the cage".

Mr Pezeshkian's election certainly heralds change. After four decades of five clerics and one *hizbullahi* (a staunch supporter of the regime), ordinary Iranians at last have a president who looks and speaks like them. He articulates the concerns of the increasingly impoverished middle class. He comes from the marginalised north-west. He ran the university hospital in Tabriz, its main city, which he represented in parliament for 16 years. He is said to detest the capital, Tehran. The furniture in the flat he keeps there is tacky and unloved.

Muhammad Khatami, a popular reformist former president, emerged from a long purdah to endorse Mr Pezeshkian. Other veterans of the government of Hassan Rouhani, a former reformist leader, have joined his team. They include Ali Tayebnia, the former finance minister who a decade ago brought inflation down to single digits for the first time since 1990. Many Iranians hope he may repeat the trick; the price of chicken and tomatoes has risen seven-fold since the last presidential election, in 2021. Another Pezeshkian ally is Javad Zarif, who as Mr Rouhani's foreign minister was the architect of Iran's nuclear deal with America and the West but who has in recent years been under a travel ban imposed by the regime.

History, though, would urge caution. The presidency is among the weaker of Iran's institutions. Unelected bodies such as the state media, clerical establishment, and above all the supreme leader and his praetorian guard, the Islamic Revolutionary Guard Corps, limit its powers.

Instead, victory seems to belong to Ayatollah Ali Khamenei, Iran's supreme leader. The electoral stand-off between Mr Pezeshkian and Saeed Jalili, a hardliner, revived a modicum of engagement with Mr Khamenei's system, after the humiliating boycott of the first round, when turnout was 39%, the lowest on record. It rose to 49% in the second vote. "They feel this can win back the legitimacy that had leached away from the regime," says a Western former diplomat in Tehran.

The result has also checked the growing power of the far-right Paydari, or Stabilisation, Front—Shia zealots opposed to compromise with anyone inside or outside Iran. For most Iranians, their recent rule brought economic mismanagement and Talibanisation. For Mr Khamenei, it meant a threat to his power. The Paydaris had ▸▸

seized control of the presidency and parliament (Ebrahim Raisi, the president who died in a helicopter crash in May, was a stalwart). They threatened both Mr Khamenei and the prospects of his son, Mojtaba, becoming his successor. The Khameneis "feel happier with a president who's not a cleric," says the same diplomat.

Whether Iranians will also benefit depends on how much leeway Mr Khamenei offers Mr Pezeshkian. Voters will hold the new president to his promise to keep the morality police off the streets and to allow women to dress as they choose. They will watch re-engagement with the West.

His choice of cabinet will be an early test. Mr Pezeshkian has promised to be inclusive. His team speaks of a government of *vahadat-e millei*, or national unity. That may mean recruiting pragmatic conservatives to stave off the Paydaris. The sole cleric in the poll's first round, Mustafa Pourmohammadi, is tipped to be intelligence minister. A better sign of inclusion would be ending the Islamic Republic's taboo on female and minority representation. In its 45 years since the revolution, Iran has not had a single Sunni minister and only one who was a woman.

Mr Pezeshkian's advisers suggest he will change that. "Know-how, expertise, meritocracy and collective participation will be the four principles for selecting cabinet ministers," says his spokeswoman, Hamida Zarabadi. But the supreme leader and the Guardian Council, non-elected notables who vet official posts, must first approve his presidency. And then parliament must vote on his choices. The clerics are already muttering about their opposition. Mr Pezeshkian, a religious man who has sworn loyalty to the supreme leader, may buckle.

Re-engaging with the West will also prove fraught, especially if Donald Trump is re-elected. "No," said John Kirby, a White House spokesman, on July 8th, when asked if Mr Pezeshkian's victory would tempt America back to the negotiating table. Meanwhile, Iran's proxies are on the rampage in the region. And Iran has crept up to the threshold of weapons-grade uranium, dramatically shortening the time it would take to produce a bomb's worth of fissile material.

There are a number of immediate steps that Mr Pezeshkian might take to reduce tensions, should he want to, notes Eric Brewer, an American former intelligence official who is now at the Nuclear Threat Initiative, an NGO. These include increasing co-operation with the International Atomic Energy Agency, the UN's watchdog, whose access to Iranian sites has been curtailed over the past year, and slowing the accumulation of uranium enriched to 60% purity, which is close to weapons-grade. Such steps would be "tactical adjustments", notes Mr Brewer, rather than a dramatic shift. Mr Pezeshkian's real value is that he is not associated with, nor tarnished by Mr Raisi's failed efforts to revive the nuclear deal last summer. "He's positioned to help shift the conversation internally," argues Mr Brewer. "And, presumably, in a constructive direction."

Whether he can do so will depend on his domestic room for manoeuvre and willingness to challenge orthodoxies. Mr Pezeshkian is nominally the head of the Supreme National Security Council, Iran's top security body, but he has made it clear he will bow to the deep state's bidding. During his campaign he vowed to uphold a law committing Iran to accelerate nuclear enrichment. And no sooner was he elected than he wrote a public letter to Hassan Nasrallah, the head of Hizbullah, the Lebanese Shia group that is Iran's most powerful proxy, stating his unwavering support "against the illegitimate Zionist regime". "We'll see what this guy wants to get done," said Mr Kirby. "But we are not expecting any changes in Iranian behaviour."

So Mr Pezeshkian's term may be defined by his struggle to satisfy both the regime and those who voted for him. The surgeon may be able to diagnose Iran's ills, but he lacks the medicine to cure them. ■

Aid to Gaza

Why food is piling up at the border

Don't expect it to cross freely into Gaza until there is a ceasefire

JUDGING BY the amount of aid that has arrived at the Egyptian side of the border with Gaza, the embattled Palestinians should be well catered for. Canvas warehouses rise out of the desert, piled high with blankets and tents. Depots are packed with medicines and sanitary kits. Lorries loaded with food line the roadsides in their thousands. And a floating hospital with 100 beds, courtesy of the United Arab Emirates, is docked at a nearby Egyptian port.

Yet all of this stuff, worth millions of dollars, waits in vain. Since early May, when Israel launched its assault on Rafah, Gaza's last city still standing, it has controlled the crossing to Egypt and kept traffic through it to a bare minimum (see chart). "They're women and children who are dying and we can't get to them," says a doctor on the hospital ship. "We're just watching."

It is not just the Rafah crossing that is a problem. The offshore pier that America built at a vast cost will soon be closed permanently. Israel has also declared the skies a closed military zone, halting humanitarian air drops, says a Gulf aid official. Israel points out that it has kept crossings from its own land open, but traffic has thinned and much of it is private commerce. "There's been a drastic drop in aid," says Tania Hari of Gisha, an Israeli human-rights organisation. "People can't afford to buy what's coming in to the private sector."

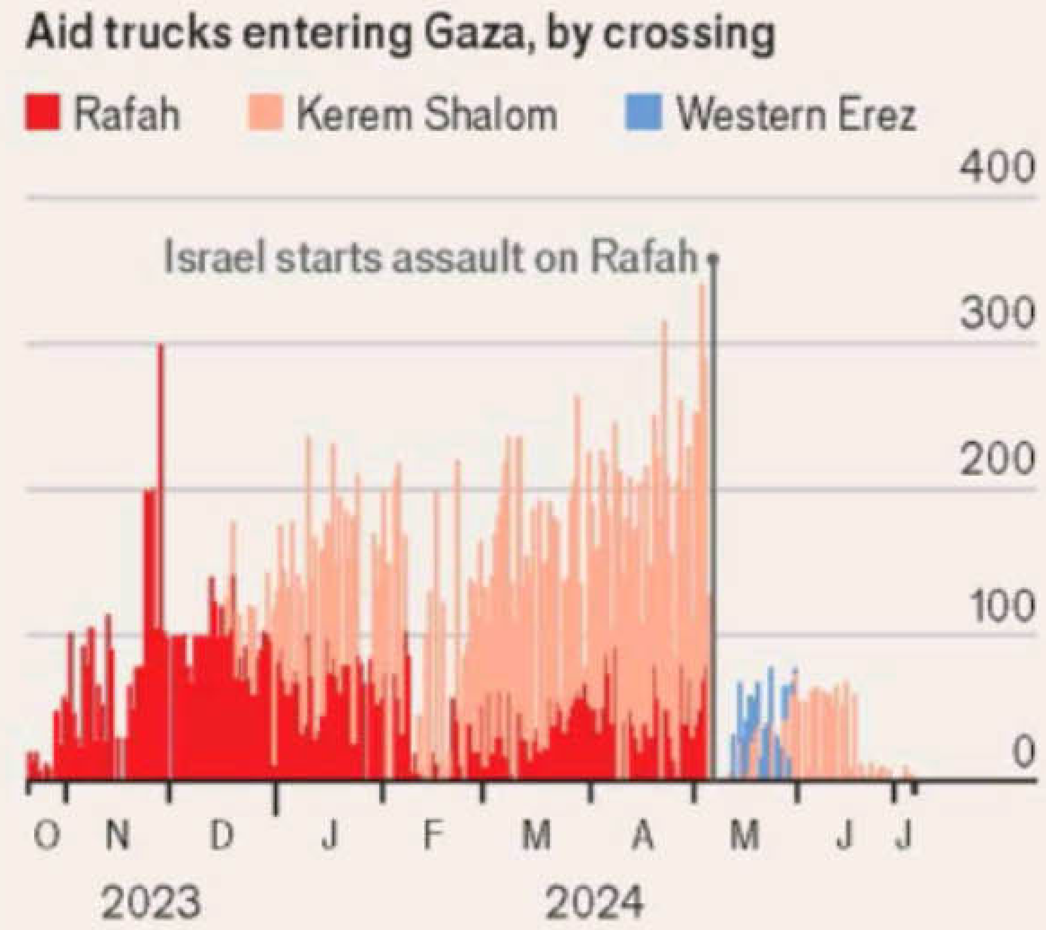
Inside Gaza, say aid officials, starvation beckons. The main threat to life was bombs. Now it is untreated wounds—and famine. "The first question every morning is the same," says an aid worker. "What are we going to eat today?"

Israel argues other factors are to blame. UN agencies fight turf wars and wrangle over contracts, causing bottlenecks. Looters run riot as prices soar and shortages grow. Hamas nabs aid convoys, feeding its own fighters first. Many aid workers refuse to travel except in armoured vehicles because 197 UN people have been killed since October. The security wall Egypt has put up makes the crossing almost impenetrable. Israel also says that the UN does not count all aid entering Gaza because it does not have people at all crossings.

Though Israel says it has wound down its military operation in Rafah, it keeps the gate on the southern border shut. Aid workers say this is to squeeze Hamas into agreeing to the terms of a ceasefire. "They won't open Rafah until they get back the hostages," says the same Gulf official at the crossing.

Start, stop

Aid trucks entering Gaza, by crossing



Source: UNRWA

Jordan and Gaza

On a tightrope

AMMAN

The king is caught between his peace treaty with Israel and his angry people

THE MINI-MARKETS in Amman, Jordan's capital, have banished Coca-Cola, a brand long associated with America, Israel's closest ally. Local franchises of other American firms have printed leaflets stressing their support for the Palestinian cause, especially in Gaza. But such virtue-signalling hardly helps King Abdullah, who is awkwardly caught between growing popular support for Hamas and the peace treaty with Israel signed by his father, King Hussein, back in 1994.

Islamists have long been entrenched in Jordan under the aegis of the Muslim Brotherhood, of which Hamas is a branch. Opinion polls conducted a month after Hamas's attack on October 7th (and Israel's retaliation) suggested that 66% of Jordanians approved of the group's actions.

King Hussein had a stick-and-carrot approach to the Brotherhood, sometimes co-opting it as an ally against communism; in the 1990s he asked it to join a national-unity government. King Abdullah has been less keen to co-operate with it, though he has never outlawed it: in parliament it sits as the Islamic Action Front. However, he long ago kicked Hamas's leadership out of Jordan for interfering in domestic affairs.

Since the wave of revolutions across the Arab world that began in 2011, he has weakened Jordan's Islamists, partly by playing them off against each other. This reflects the age-old faultline between Jordanians of Palestinian heritage, who are at least half of the population, and the indigenous Bedouin, who are the bedrock of the Hashemite monarchy. Palestinian Jordanians tend to be more hardline.

But the war in Gaza has reunified the movement. The streets near the Israeli embassy have become a battleground between demonstrators and the security forces. Almost every night crowds chant the names of Yayha Sinwar and Muhammad Deif, the Hamas leaders in Gaza.

The king's government has tried to outflank the Islamists. Ayman Safadi, the foreign minister, has repeatedly denounced Israel's campaign as genocide. Queen Rania, who is of Palestinian origin, has castigated it on television. Jordan has taken a lead in trying to send aid to Gaza.

For many Jordanians this is not enough. "There is a genuine feeling that the country is selling out the Palestinians," says a Western ambassador. Islamists prominent in the demonstrations have been stoking anger against Jordan's intelligence services and even against the monarchy. Some Islamists in Jordan have called for Hamas's external headquarters to be relocated to Jordan if it is kicked out of Qatar. The king's men were particularly irked when Khaled Meshal, a Hamas figure based in Qatar, told the demonstrators by video that Jordan should unite behind Hamas in Gaza. Since March the regime has got tougher against the demonstrators, beating many of them up, arresting dozens and accusing them of getting foreign help, including from Iran, to topple the monarchy.

Israel has not helped by airing reports that Jordan helped defend it in April from a barrage of missiles and drones launched by Iran. Social-media reports that King Abdullah's daughter, a fighter pilot, took part in downing some of the drones were rife. In the eyes of Jordan's Islamists, that was another royal betrayal. ■

Food security in Nigeria

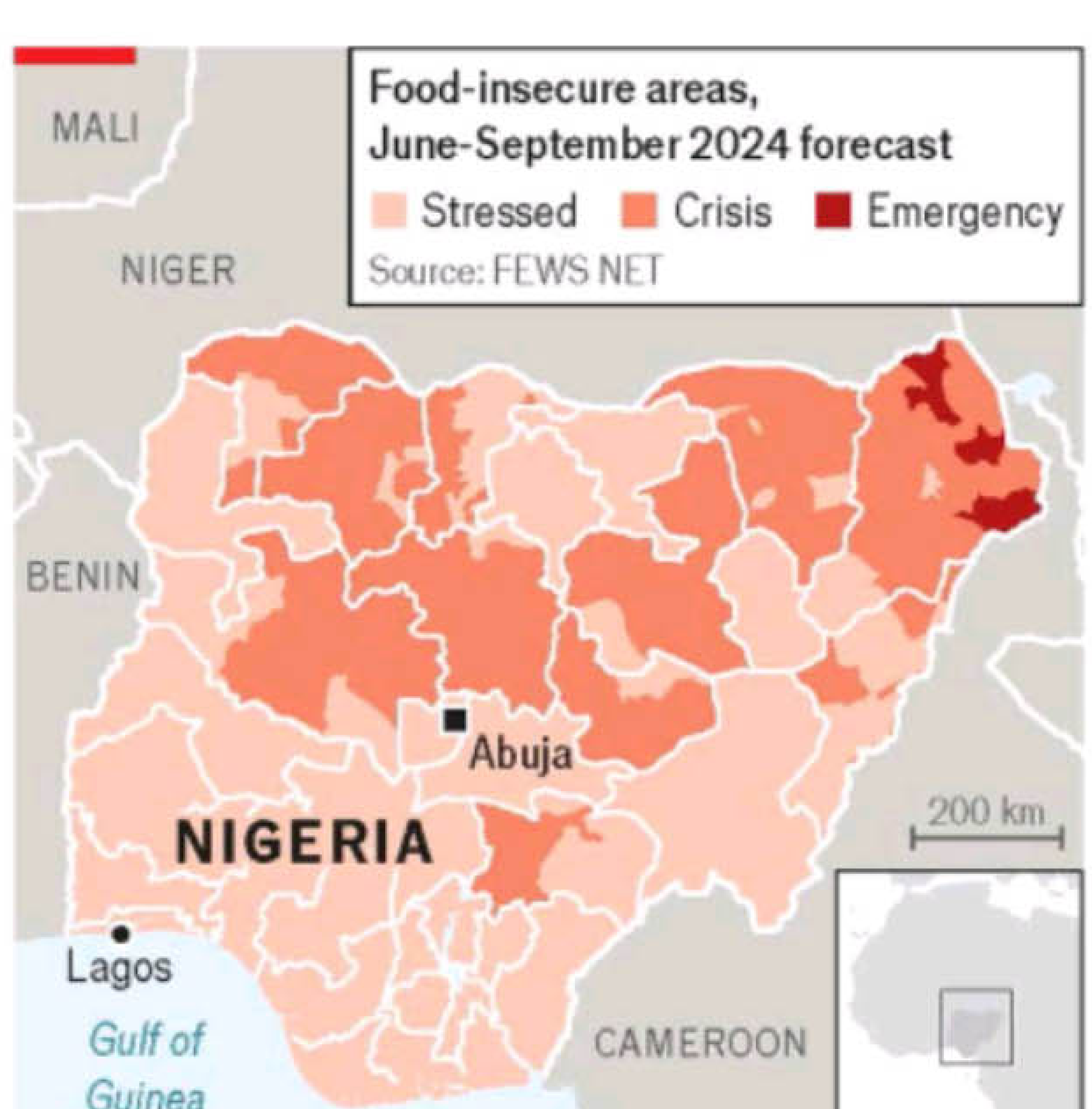
Half a bowl of stew

LAGOS

Soaring food-price inflation is hurting Nigeria's poor

IN A VIDEO on social media, Amarachi makes a stew that replaces pricey tomatoes with more affordable watermelon chunks. "Today we say bye-bye to tomatoes," she says. As Nigerians adjust to soaring food prices, the video has gone viral.

Tomato prices that fluctuate with the seasons are normal in Nigeria, but the record annual pace of food inflation, which hit 41% in May, is not. Most pinched are the poor. Staples such as beans and maize cost 400% more than they did a year ago, while a 100kg bag of sorghum has more than tripled in price. Since wages have barely moved, the result is a deepening food crisis. Whereas hunger was once concentrated in conflict-ridden areas in northern Nigeria, now it affects poorer households nationwide (see map). Of the 44m people in west Africa and the Sahel who do not get enough to eat, more than half are Nigerian.



Much of the blame should be heaped on the government. A haphazard introduction of new banknotes under the previous administration led to a shortage of legal tender. This caused most hardship in the countryside, where penetration of bank or mobile-money accounts is lowest. With cash scarce, farmers charged middlemen a premium if they used electronic payments, pushing up prices in the markets.

A weakening naira dealt another blow—its 40% fall against the dollar made it the worst-performing currency in the world in the first half of this year. That has pushed up the cost not only of imported foods, but also of seeds and fertiliser. The government's removal of fuel subsidies, though necessary, further raised the cost of running farming machinery and taking harvests to markets.

Even after the effects of these short-term problems have passed, Nigeria will still face the longer-term challenges posed by climate change. Most crops in Nigeria are rain-fed, which makes them vulnerable to drought. Meanwhile desertification is causing nomadic pastoralists to move their herds onto arable land, where the animals trample or eat crops, leading to conflict with farmers. Terrorism in the north-east, farmer-herder conflict in the north-west and criminality in Nigeria's "middle belt" have all kept farmers away from their lands in the country's breadbasket.

To ease the suffering, the UN's World Food Programme is helping more than 1m of the most vulnerable people a month in northern Nigeria. And the World Bank has provided $800m for a conditional cash-transfer programme targeting 15m households. Though the programme has been launched and then relaunched, it remains stalled by bureaucratic inertia.

A year ago Bola Tinubu, the president, declared a state of emergency for food insecurity. Yet promises that savings from the fuel-subsidy removal would be reinvested into farming have not materialised. A programme to give free fertiliser to farmers to boost production was subverted by politicians, who put their faces on the sacks and gave them to loyal voters.

This week the government announced plans to waive import duties on maize and wheat and to set a recommended retail price. The government itself also plans to import 500,000 tonnes of grain. But so far Mr Tinubu's administration has been unable to stop prices from soaring. Last year Nigerians were already spending 59% of household incomes on food, a higher share than in any other country. How much harder can they be squeezed? ■

Unrest in Kenya

Zacchaeus climbs down

NAIROBI

The "Gen-Z" protests have weakened the president but may benefit the country

FOR WEEKS Kenya has been mired in unrest. Confronted with demonstrators denouncing the tax policies of William Ruto, Kenya's president, the security forces responded ruthlessly. They have killed at least 39 people, most of them in Nairobi on June 25th, when protesters briefly overran Parliament and set a portion of it ablaze. Looting has also erupted in several towns and cities, though it is unclear whether this was by state-backed provocateurs, as the protesters allege, or by opportunist criminals, as Mr Ruto claims.

Yet far from provoking fear among Kenya's better-off, the unrest has inspired wild optimism. Unlike most protests in recent decades, these are led by young, eloquent, educated Kenyans who are unsullied by political or tribal allegiance. Their cause—an end to corruption, injustice and inequality—seems noble rather than tawdry. Instead of championing a self-serving political leader or faction, they have denounced the entire political class. These protests have consequently united rather than polarised people. Perhaps the only parallel that can be drawn is with the protests led by the present lot's parents, who also braved police bullets in 1990 to demand, successfully, an end to dictatorship and the restoration of multiparty elections.

The reverberations of the "Gen-Z protests", as they are known in Kenya, could be as profound. Mr Ruto has been weakened and humiliated. Could the chastening of the political class lead to a cleansing of corruption and fairer politics? Stung by the extent of the unrest, Mr Ruto has capitulated on tax. Much will depend on whether Kenya's people and its rulers can overcome the challenges and seize the opportunities created by past weeks' events.

Mr Ruto's first task will be to find a way of getting Kenya to live within its means. He came to power in 2022 with an ambitious poverty-alleviating agenda yet inherited a wodge of debt from his free-spending predecessor. Faced with rising borrowing costs, a public debt equivalent to 68% of GDP, conditional IMF support and the expectations of his voters, Mr Ruto had little choice but to put up taxes. The latest rise triggered the unrest, with protesters nicknaming the president "Zakayo", the Kiswahili name for Zacchaeus, a biblical tax-collector.

Kenya is not the only country to suffer debt distress. But it seems to have a lower pain threshold than others on IMF lifelines, such as Pakistan, Egypt and Nigeria, notes Charlie Robertson of FIM Partners, who draws parallels with the Greek financial crisis of 2009. Like Greece, Kenya built up debt when borrowing was cheap and paid little heed to current-account and budget deficits. Now it is struggling to pay up.

Facing a $2.7bn hole in his budget this year after abandoning the tax increases, Mr Ruto has to cut spending and raise borrowing. Kenya is likely to miss its target of cutting its fiscal deficit to 4.7% of GDP this year. Mr Ruto also faces a potential mutiny from MPs who are enduring the fury of their constituents. "His legislative agenda is dead," one says. "He is a lame duck."

Mr Ruto could possibly have avoided this pickle. While anger over his fiscal policy exists, the president's tax rises became a tangible hook on which to hang more nebulous grievances, primarily over corruption and unemployment. Kenya's young are more educated than ever before, but 67% of those under the age of 34 are not regularly employed.

Many are angry that while they struggle to survive, Mr Ruto's allies have flaunted their wealth. "The finance bill wasn't the root cause of the protests," says John Githongo, a former anti-corruption tsar. "The biggest grievance is the conspicuous consumption of the Ruto regime."

Addressing corruption is where the real opportunity for change comes. MPs who supported the tax rises have had their offices, businesses and homes attacked. Congregations have walked out when some have tried to address church services. "We have become pariahs," grumbles one lawmaker. MPs who used to swank about their wealth are now cultivating new images as humble servants of the people.

This is a start, but the protesters frequently demand two things. The first is to end a culture of nepotism in which cushy sinecures are bestowed on politicians' relatives. Mr Ruto has responded by scrapping state funding for his wife and slashing the number of special advisers whom cabinet ministers can appoint.

The second is to end community fundraising drives, known as *harambees* (Kiswahili for "let's pull together") because they incentivise political corruption. One of the reasons politicians flaunt their wealth, for example by arriving at rallies by helicopter, is to prove that they are rich enough to hand over bags of banknotes at these weekly events, as is commonly expected of them. (In March Mr Ruto donated $389,000 to the Salvation Army.) Activists see these donations as little more than a tax on corruption, with politicians encouraged to steal in order to return a portion of their ill-gotten gains to the public.

On July 5th Mr Ruto banned public officials from taking part in *harambees*. Whether that will last is another question. One county governor predicts that the ban will begin to unravel by the end of the school holidays in August, when *harambees* are called to provide bursaries for pupils whose parents cannot afford fees.

The biblical Zacchaeus was redeemed by climbing down from the tree from which he could view Jesus and giving half his money to the poor. Kenyans would rather Mr Ruto and his colleagues stopped giving cash away and instead prevented officials from stealing it in the first place. If he heeds their call, he may yet survive. ■

No room for disagreement

France's parliamentary election

The elusive art of compromise

PARIS

France rejected the hard right. Now what?

AFTER THE relief, the confusion. France pulled back from the brink on July 7th when it rejected Marine Le Pen's hard right at a final parliamentary vote. The electorate instead relegated her alliance to third place, and returned a hung parliament in which no bloc is close to holding a majority. But this has plunged France into new uncertainty. "Now what do we do?" asked the front page of *Le Parisien*, a daily paper, above a photo of a perplexed-looking President Emmanuel Macron.

In other European countries, the response is simple: rival parties sit down to hammer out a coalition agreement. But France has a weak culture of political compromise. The country has entered a period of bluff, posture, muddle and manoeuvring while it tries to work out who can govern.

The final vote in this snap election confounded the polls and dismayed Ms Le Pen's National Rally (RN) and allies. They ended up with 143 seats, a big jump on the 88 the RN held in the outgoing 577-seat National Assembly. But under France's two-round system, the hard right fell well short of the 289 seats it needed to govern, despite attracting some 10m votes in the second round. Pre-vote chatter about who might get ministerial jobs ended in silence. Jordan Bardella, Ms Le Pen's 28-year-old candidate for prime minister, admitted to "casting errors" that may have cost seats; in the rush, some dodgy candidates were selected. Ms Le Pen declared simply that "victory has been postponed".

The good news for liberal democrats, at least in the short run, is that the "republican front", an electoral alliance to keep out the hard right, held. Tactical deals between Mr Macron's centrists and Jean-Luc Mélenchon's left-wing New Popular Front (NFP), to withdraw candidates in over 200 constituencies in order to avoid splitting the anti-RN vote, paid off. Sports stars, including Kylian Mbappé, a footballer, rallied round, urging the French not to vote "for the extremes". Turnout, at 67%, was the highest for a second-round legislative vote for 27 years. Nearly two-thirds of voters cast a non-RN vote.

Yet if Mr Macron sought clarity at the ballot box, it has provided little. Voters have elected a fragmented assembly that reflects a fractured country. To the surprise of even those on the left, the four-party NFP has emerged as the biggest group in parliament. It holds 182 seats, next to 168 for Mr Macron's centrist alliance, Ensemble. The president's group was severely weakened, losing nearly 100 seats. But Ensemble was far from wiped out, and now holds the balance of parliamentary power.

Three scenarios lie ahead. The Fifth Republic's constitution gives the president the power to name the prime minister, but does not specify the criteria or a timeline for doing so. Mr Macron has kept on Ga- ▸▸

briel Attal (pictured) in the job, as a caretaker. The first option, in line with precedent, would be to name his replacement from the biggest parliamentary bloc, even without a majority. That is what happened in 2022, when Mr Macron lost his.

Yet the NFP, a disparate crew of Mr Mélenchon's Unsubmissive France (LFI), Communists, Greens and Socialists, has struggled to agree on a candidate for the prime ministership. Moreover its LFI elements, soaked in revolutionary rhetoric, are adamant that the bloc should govern alone. On election night, a triumphant Mr Mélenchon, a former Trotskyist, claimed victory and announced that his bloc would "implement its programme, nothing but its programme". This includes pledges to raise the minimum wage by 14%, restore the wealth tax, freeze energy bills and basic-food prices, and lower the pension age.

A hike in the minimum wage could be passed by decree, without consulting parliament. So, possibly, could the abrogation of Mr Macron's pension reform, which raised the minimum retirement age from 62 to 64 years—although it would still require legislation to finance the budgetary hole this would leave. Such measures would be "fatal for the French economy", said Patrick Martin, head of MEDEF, the employers' federation. The French public finances are already stretched; the budget deficit is set to exceed 5% of GDP in 2024.

The markets might help to discipline extravagant spending plans. Moody's, a ratings agency, warned in a note on July 9th that a reversal of the pension reform could imperil France's sovereign rating. The European Commission could also act as a brake. As Mujtaba Rahman, European director of Eurasia Group, a consultancy, points out: "The commission's decision to put France into an excessive-deficit procedure is a reminder that Brussels and Berlin want France's deficit and debt to fall, not rise." Either way, a minority NFP government could be toppled by a no-confidence motion at the first opportunity, at the latest when the budget is due in September.

A second option, which Mr Macron said in an open "letter to the French" on July 10th he is now seeking, is to forge a coalition government that could command a stable majority. The numbers, on paper, add up. A German-style coalition, reaching from the Greens and Socialists on the left, via Ensemble, to the Republicans on the right, would command a majority. The president, says an aide, considers that no bloc won a mandate to govern alone. In his letter he urged politicians who share basic republican and pro-European values to take "a bit of time" to forge a compromise.

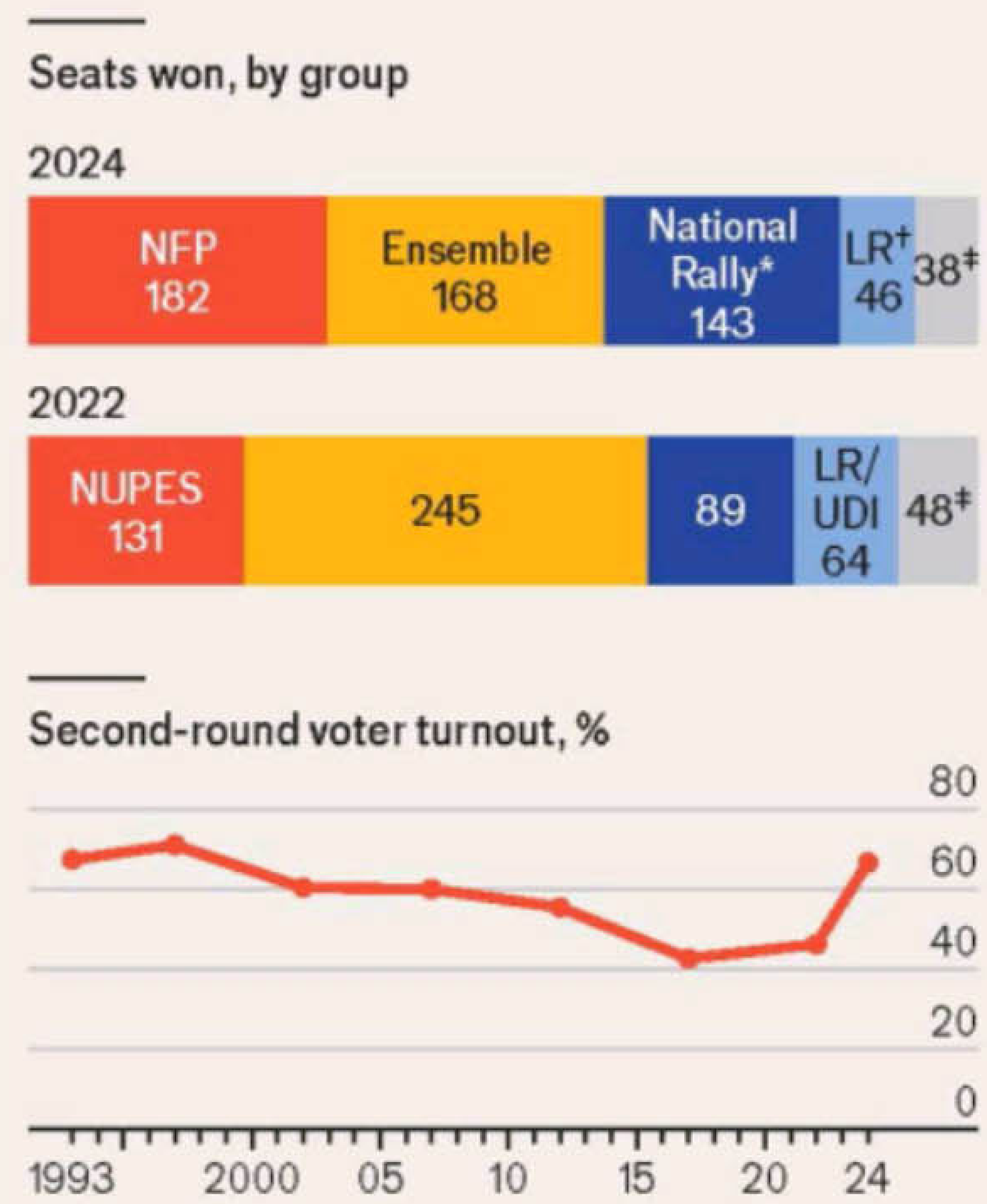
The trouble is that the politics are very tricky. France is capable of building coalitions at local level, and in the European Parliament, but has a collective mental block at national level. Compromise is seen as weakness; outreach to rivals, betrayal. Ensemble deputies who hail from the right would prefer an alliance with the Republicans. Those from the left of Ensemble think the conversation has to start on the left, but cannot include Mr Mélenchon's party. Unless the NFP collapses, however, neither option could produce a majority. Nobody wants to be the first to jump in with the unpopular Mr Macron.

A few cracks in the NFP edifice have begun to appear. In a scathing interview in *Le Monde* this week, François Ruffin, one of Mr Mélenchon's re-elected LFI deputies, broke with the party. He called its firebrand leader "a force of repulsion" during the campaign, comparing Mr Mélenchon's influence to "carrying a backpack full of stones". In the Socialist Party, some figures even mutter about co-operating with the centre. Carole Delga, president of the Occitanie region, this week called for a government centred on the Socialist Party, but which could reach from the Communists on the left to "an element" of Mr Macron's Ensemble. Much of the left, however, will be infuriated that Mr Macron now seems to be ruling out giving them the chance to govern alone.

If all else fails, Mr Macron could resort to a third option: a "technical" government, run by a technocrat, as Italy did when it called on Mario Draghi. This would keep government ticking over until fresh elections can be held in a year. Such a move could bring stability, but at a price: enraging voters who sense a stitch-up in Paris. "It's all very fluid," says a senior figure in Mr Macron's party, still hopeful for a coalition. "We can see the solution, but not the path to getting there." ■

Squeezed middle

France, National Assembly election



*And allies †The Republicans and allies ‡Others
Sources: French Interior Ministry; *Le Monde*

The NATO summit

A bridge too far?

WASHINGTON, DC

Western leaders tell Ukraine its road to NATO is "irreversible". Not quite

NATO'S LEADERS gathered in Washington this week to overcome a big gap in their Ukraine strategy—between the principle that Ukraine is free to join the alliance with no veto by Russia and the reality that few are ready to let it in while it is at war with Russia. That proved impossible, so NATO made do with lots of smaller commitments of weapons, money and training, and many warm words for Ukraine.

A twisted metaphor stood out: the allies had built "a bridge" to NATO membership. This was a "strong, robust, well-lit" thing, declared Antony Blinken, the American secretary of state, adding that it was "short", too. In their communiqué, moreover, the allies declared that Ukraine's progress towards NATO was "irreversible".

Diplomatic phrases cannot stop the brutality of a war now in its third year. Arriving in Washington for what was intended to be a celebration of NATO's 75th birthday, leaders were greeted by news of a Russian missile strike on a children's hospital in Kyiv on July 8th (see next article). Of some comfort in the short term were weapons for air defences. Allies announced they would provide five more medium-range systems—four American-made Patriot missile batteries and one Franco-Italian SAMP/T system. America, Denmark and the Netherlands were also delivering F-16 fighter jets that would soon be flying over Ukraine. There was no sign, however, that America was yet prepared to let Ukraine use ATACMS missiles to strike at airfields deep inside Russia.

NATO promised to provide at least €40bn ($43bn) in military aid in the coming year—short of the multi-year support several allies had advocated. About 20-odd countries have signed their long-term bilateral security assistance deals with Ukraine. The summit also decided to transfer part of the job of co-ordinating arms supplies and training for Ukraine from the Pentagon to a new NATO headquarters.

The leaders celebrated the longevity of the alliance. Born in the cold war, it has become the world's most enduring military pact, outlasting even the Delian League of ancient Greek city-states, noted Jens Stoltenberg, the outgoing secretary-general. In an echo of the cold war, America and Germany announced that, from 2026, America would begin "episodic deployments" of new long-range missiles for exercises in Germany. They include SM-6, Tomahawk and "developmental" hypersonic weapons with a range that would have been banned under the now-defunct Intermediate-Range Nuclear Forces treaty.

All this highlights the fact that NATO membership remains a binary question. Some countries are allies, enjoying the protection of Article 5, which holds that an attack on one is an attack on all, backed by America's conventional and nuclear might. And other countries are not allies. NATO leaders were at pains to say that all the help they are giving Ukraine does not "make NATO a party to the conflict." For Mr Stoltenberg, membership is for the day after the war, to seal any peace.

NATO's promises about Ukraine's future were weakened by caveats, for example, the demand that it make further "democratic, economic and security reforms". Moreover, Ukraine would be invited to join NATO only "when allies agree and conditions are met". The biggest ally, President Joe Biden, is anyhow sceptical. Earlier this year he said he opposed "the NATOisation of Ukraine". In his opening speech he did not mention Ukraine's membership at all.

Given Mr Biden's political weakness at home, all know that Ukraine's road to membership is all too reversible if Donald Trump returns to the White House. The Republicans' presumptive nominee has criticised aid to Ukraine. Moreover, if Mr Trump is serious about his threat not to protect allies who don't spend enough on defence, there might not be much of an alliance left for Ukraine to join.

The spectre of Mr Trump haunted the summit. Mr Biden invoked the spirit of Ronald Reagan, an earlier Republican icon, to underscore the importance of the alliance. Mr Stoltenberg attributed to Mr Trump the surge of allies—23 of the 32—who would reach or exceed the target of spending 2% of GDP on defence this year. "The clear message has had an impact," he said. The transfer of logistical and training functions to NATO was intended in part to protect the process from the whims of a second Trump administration. The idea of providing long-term assistance to Ukraine is intended to tell the Kremlin it cannot outlast NATO, for instance by holding out for Mr Trump to impose a diplomatic settlement favourable to Russia.

The broader pitch to Republicans is that NATO is central to America's global power and its effort to confront China. The NATO summit—which was to be joined by leaders from Japan, South Korea, Australia and New Zealand—expressed "profound concern" about China and issued a stern warning about its support for Russia's military industry. China, they said, could not "enable the largest war in Europe in recent history without this negatively impacting its interests and reputation." ■

Ukraine

The latest outrage

KYIV

A Russian missile hits a children's hospital

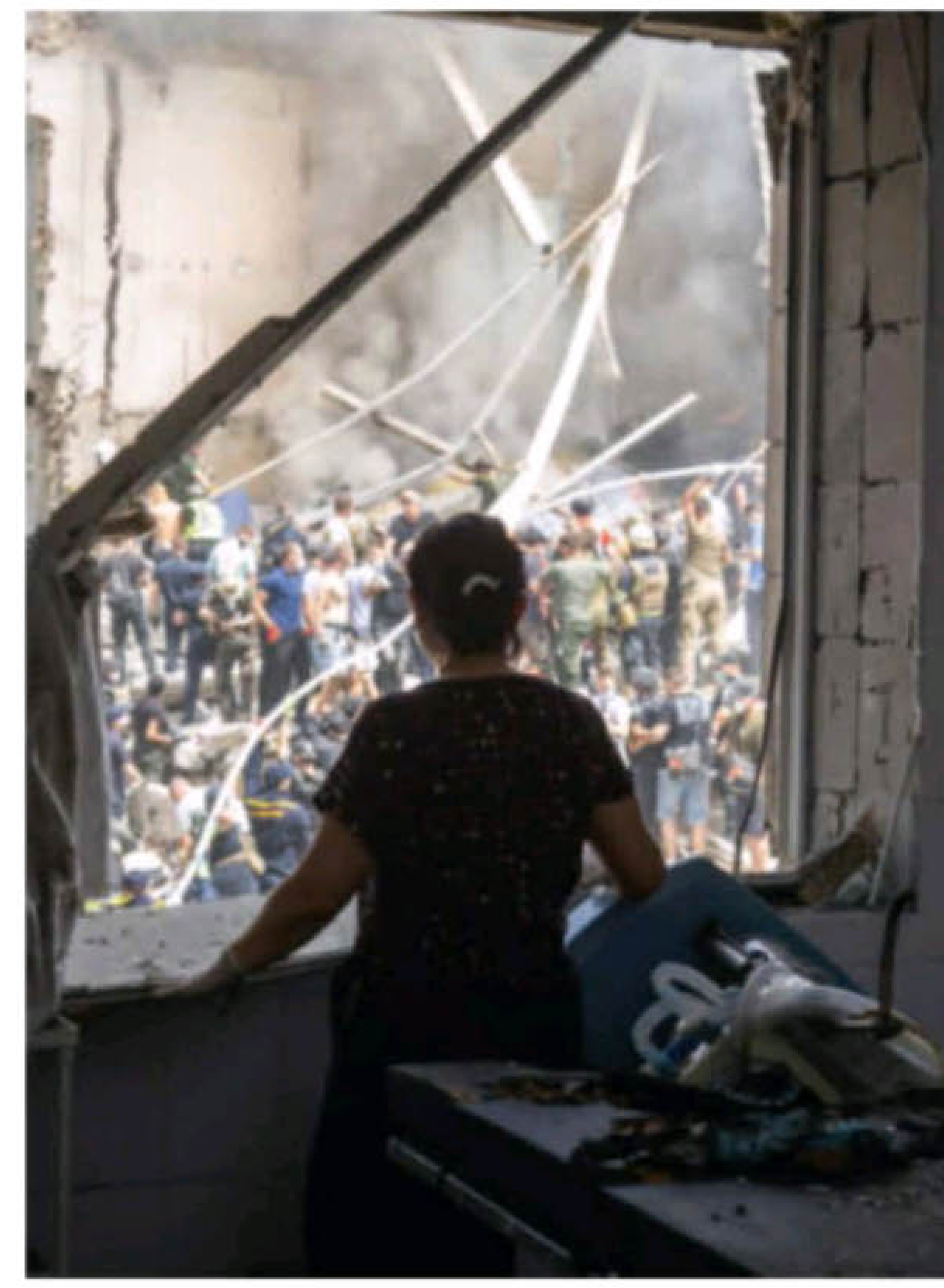
SERHIY, A CARDIAC surgeon, stepped out from the Okmatdyt's main building at about 1.30pm local time. He had spent the previous two hours stabilising his patient, a little girl who had been in the middle of open-heart surgery when the blast ripped through the children's hospital. "There was chaos, glass flying everywhere," he says. The surgeon and his patient were lucky. Across the yard the toxicology unit at the centre of the strike was in ruins. Amid the foliage in between lay a woman's corpse, bloody legs sticking out of the carpet that had been wrapped around her lacerated body.

The missiles that hammered down on Kyiv just before 11am on July 8th jolted the capital out of its sweaty summer daze. At least six missiles initially hit a military site 1.5km north of Ukraine's leading specialised children's hospital, piercing the sky in a terrifying staccato. But it was the missile that landed in Okmatdyt that was more shocking. Approximately 600 patients were in it at the time of the impact; the vast majority of the children were, thankfully, in bomb shelters.

An evacuation began almost immediately, with 100 of the most seriously ill transported to other hospitals in Ukraine. Above ground, they waited for transport in stunned silence, many attached to drips and life-support devices. For some, it was the second evacuation, having arrived in Kyiv from hospitals nearer the front line. The destruction of the hospital has left a serious gap in Ukraine's health-care provision for the young.

The rescue effort was aided by volunteers who swiftly organised themselves like so many ants, removing bricks, cots, cladding material and corrugated roofing, piece by piece, in a desperate attempt to reach bodies trapped under the rubble of the toxicology unit. Medics distributed masks to journalists and rescuers.

A military source said the capital's air defences had been overwhelmed by a meticulously planned barrage. The Russians had successfully overloaded Ukrainian systems, attacking from multiple directions and at multiple times. Many missiles flew together, making them hard to track. That meant the official estimate of 38 Russian missiles was probably a large undercount. "The fundamental problem is we don't have enough interceptor rockets," says the source. "We try to cover as best we can, but we just don't have enough." At least 44 people were killed in the Russian missile barrage in Kyiv, Dnipro, Kryvyi Rih and other Ukrainian cities on July 8th.



Moscow rules

Amid growing international outrage, the Kremlin has tried to distance itself from blame. Dmitry Peskov, a spokesman, has blamed a Ukrainian anti-air missile. The video evidence, which shows an intact cruise missile striking the hospital, is incompatible with that claim. What is less clear is whether the Russian missile was deliberately aimed at the hospital, or missed another target nearby.

For the cardiac surgeon, it is irrelevant. "When you fire missiles on a multimillion city, you need to assume that it could fall on a child's head in a park, or on a hospital. You need to think. You are responsible for the outcome." ■

Germany's budget

Wriggling out of the straitjacket

BERLIN

The absurd consequences of Germany's debt brake

LIKE A SQUIRMING Harry Houdini, Germany's government has once again wriggled its way out of a straitjacket it applied to itself. On July 5th, having blown through one self-imposed deadline to conclude a draft budget for 2025, the coalition's negotiators pulled an all-nighter to avoid missing a second. The result, said a bleary-eyed Olaf Scholz, Germany's chancellor, was a "work of art".

That may be pushing it. But in the run-up to the talks, estimates had circulated of a fiscal gap of over €40bn ($43bn, about 1% of GDP) for the year. Closing it came close to blowing up the government. But in the end money was found for various pet projects and even some tax breaks. If the budget is not as austere as some had feared, that is in part because Christian Lindner, the finance minister, belied his reputation as Germany's fiscal hawk-in-chief with a quiet flexibility in negotiation.

Two lessons may be drawn from the experience. The first is that Germany's unpopular three-party coalition has become so fractious that routine negotiations become moments for high drama. The process was politicised from the start, with Messrs Scholz and Lindner, plus a senior Green, spending countless hours trying to make the numbers add up. MPs from Mr Scholz's Social Democrats, smarting from a dismal European election result, picked a very public fight with Mr Lindner's Free Democrats over the debt brake, which limits borrowing. After the summer break and difficult state elections in Germany's east in September, parliament will set to work on passing the budget. That will provide the next occasion for rows.

The second lesson is that the debt brake itself, a 15-year-old constitutional provision that limits annual structural deficits to 0.35% of GDP, is pushing the budgeting process to ever-greater heights of absurdity. With Germany's sluggish economy leaving revenues flat, the complex provisions of the rule force politicians into endless accounting wheezes: disguising subsidies as loans, say, or rescheduling interest payments. Mr Lindner says the debt brake avoids burdening future generations. But Holger Schmieding, the chief economist at Berenberg Bank, reckons Germany could run deficits of 1.5-2% without markedly adding to its not-very-high debt load.

Binding its own hands seems unhelpful when Germany faces a municipal public-investment backlog of nearly €190bn, huge challenges decarbonising heavy industry and questions over long-term defence financing. "Far from forcing politicians to prioritise, the debt brake encourages them to play fantasy economics and ignore Germany's actual challenges," says Philippa Sigl-Glöcker of Dezernat Zukunft, a fiscal think-tank.

Everyone from the IMF to German industry now wants to reform the debt brake. The two-thirds majority needed to amend it can probably not be found this side of the next general election, due in autumn 2025. But if, as polls suggest, the conservative Christian Democrats return to government, expect them to open discussion on reform to ease their passage to sensible budgeting, and that of their premiers in Germany's states, where the brake squeezes even tighter. Unlike Houdini, Germany is tiring of straitjackets. ■

Russia

Ignorance is strength

A Kremlin-friendly Wikipedia takes shape

WIKIPEDIA HAD faced trouble from the Kremlin before, with Russian censors threatening it almost from the start of the Ukraine war in 2014. But it was only in late 2023, with the appearance of glitzy ads across Moscow, that a serious plan to replace it became clear. RuWiki, as the censors' project is known, is mostly a straightforward copy of Wikipedia. But the most sensitive moments of history have been left out or rewritten. The Kremlin's ideologues hope that millions of Russians will now embrace these new versions as the truth.

The RuWiki project might be called Orwellian, if the author were not himself occasionally censored. The entry on "Nineteen Eighty-Four", for example, omits the regular site's description of Winston Smith's Ministry of Truth, where historical records are "corrected" (though Smith's job gets a mention elsewhere). RuWiki's rewriters hack their way through the sensitive zones of Putinist ideology: LGBT rights, oral sex, Soviet history and the war in Ukraine.

Russian atrocities in Bucha, near Kyiv, in 2022 are reimagined as a "Ukrainian and Western disinformation campaign". Kherson, a Ukrainian city being destroyed by Russian bombs, is mentioned without a word about the war. The execution of 22,000 Polish officers at Katyn in 1940 is rewritten to cast doubt on the archive documents proving it was done by Soviet secret services. And all references to Russian opposition leader Alexei Navalny, who was killed in prison in February 2024, are altered to describe him as a mere "blogger".

A forthcoming analysis of the site by Mediazona, an independent Russian media outfit, shows the vast majority of the new edits are being made during weekday working hours. They reckon that shows teams of paid writers are doing the edits, unlike Wikipedia's volunteer model.

Despite long-running disagreements, Russian authorities have not yet blacklisted Wikipedia as they have dozens of other media. For the time being the two exist side by side. But the heavy investment in RuWiki suggests that Wikipedia's days are numbered. Sergei Leschina, a member of the original Russian Wikipedia team, who left in 2015 after earlier attempts at censorship, says the Kremlin views such resources as bricks in a Chinese-style wall around the truth. The Russian internet is slowly being cleaned of foreign sites, he says, and local search engines and AI models will soon be compelled to prioritise the new fake history. "The Russian internet isn't yet built like the Chinese one," he says. "But it's the direction we are heading, and quickly."

Doubleplusungood

CHARLEMAGNE
Lights! Camera! Diplomatic blundering!

Viktor Orban's antics solidify his credentials as the EU's pantomime villain

Europeans, with their art-house sensibilities, can rarely match the dramatic heights coming out of Hollywood. At last the action blockbuster genre has crossed the Atlantic, in a series of short films released on social media in recent days. Their unlikely star is one Viktor Orban. Set to rousing music the producers of "Top Gun" might recognise, the clips feature the portly Hungarian prime minister as a latter-day Jason Bourne, striding decisively from motorcade to conference table, then back to his motorcade. Rapid-fire shots leave no doubt as to who is in charge. What the videos lack in terms of explosions and fight scenes they make up for with plenty of world leaders' hands manfully shaken, documents assertively signed and platitudes emphatically uttered. The impossible mission having been completed, our Hungarian saviour stares into the distance, no doubt ready for a sequel.

The pound-shop James Bond remakes are designed to flatter Mr Orban as he tries to big up his new gig as leader of the country that holds the rotating presidency of the Council of the European Union starting on July 1st. Alas, they are not the only consequence of the EU's longest-serving national leader taking up the mantle until the end of the year. In what his official videographer has dubbed "Peace Mission 3.0", Mr Orban has used his new position to engage in some freelance diplomacy in Kyiv, Moscow and Beijing before attending a summit of NATO leaders in Washington. The backdrops of the action-hero videos thus feature cameos by Xi Jinping and Vladimir Putin as Mr Orban dropped by China and Russia after visiting Volodymyr Zelensky in Kyiv.

Mr Orban is not the first European leader to wilfully confuse being the leader of the country holding the rotating presidency for a job as "EU president". In fact the gig is largely a ceremonial one, if that. While Hungarian officials and ministers chair meetings of their peers, Mr Orban as national leader has no such responsibilities (since 2009 that job has gone to the president of the European Council, a former national leader who is appointed for five years). But the media-savvy Mr Orban rarely lets a spotlight go to waste. Convinced he holds a special role in the world as a bridge between East and West, democracy and autocracy, he is determined to wade into situations his supposed European allies would rather he stay out of. In a show of solidarity with Ukraine, no EU leader had deigned to visit Moscow since the opening salvoes of its full-scale invasion in February 2022. Now, one has.

To the rest of Europe, the Hungarian showman is not so much James Bond as pantomime villain. The union's 27 members spend interminable hours finessing joint positions on dealing with Ukraine, Russia and China—only to have this diplomatic Johnny English stumble around the diplomatic scene with his own "EU" line. Mr Orban gave no heads-up of his visits and nobody knows quite what their point was. He parroted Russian claims about heavy Ukrainian losses and lauded Mr Putin as "100% rational"—the kind of assertion the International Criminal Court in The Hague would probably be keen to get to the bottom of, given the chance.

There is an irony in the career of Mr Orban. He was once part of a generation of activists who bravely denounced the Hungarian regime under the thumb of Soviet Russia. These days it is he who is repeating Kremlin talking-points he surely cannot believe to an audience he must know does not find them credible either. Like an internet troll who says he is "just asking questions", Mr Orban has said he is "just making suggestions" and opening lines of communication for a future peace deal. As the action videos came out on Mr Orban's X feed, so did gruesome ones of a children's hospital bombed in Kyiv, the doing of one of Mr Orban's co-stars.

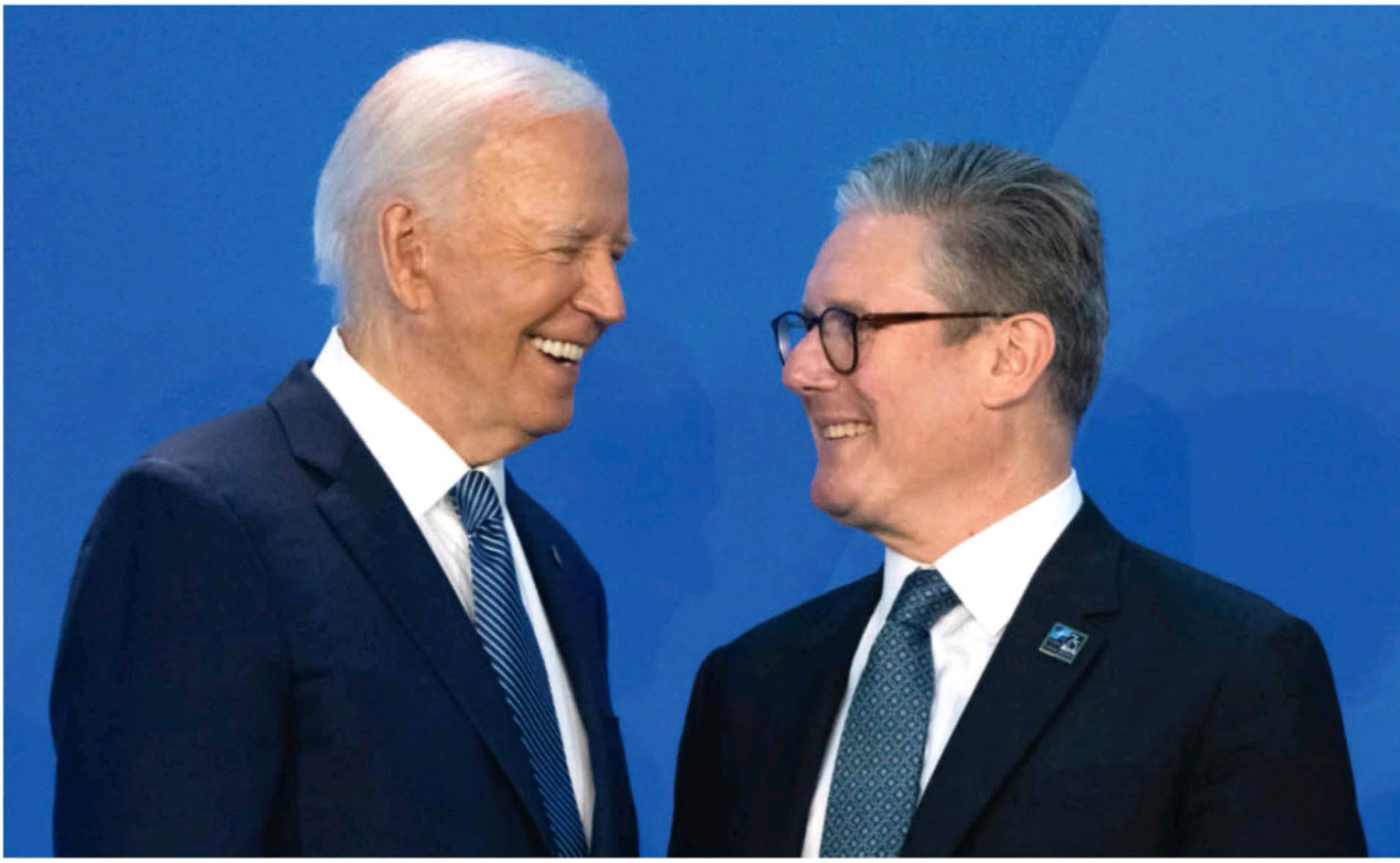
The slapstick diplomatic initiative was greeted in the same manner in which snooty European film critics pan yet another Batman remake. Ursula von der Leyen, president of the European Commission, accused Mr Orban of appeasement; the Czech foreign minister dubbed him a "useful idiot". But the most worrying review of all came from Donald Trump Jr, son of America's past and perhaps future president, who lauded the trip. Mr Orban is a star in America's conservative circles; the Hungarian picked "Make Europe Great Again" as the motto for his council presidency. "The fear is that Orban is acting as a messenger for Trump, who would endorse his efforts", says Gergely Polner of Forefront Advisers, a consultancy.

The name is Orban, Viktor Orban

The Hungarian presidency was always going to feature a heavy dose of unwelcome drama. As well as his Ukraine-related antics, Mr Orban is busy mounting an internal offensive against the EU. In the run-up to the presidency he unveiled a new political group in the European Parliament, "Patriots for Europe", which hopes to unite parties of the hard right into a force that can take on the liberal centre. Soon derided as "Putinists for Europe", its members feature parties like France's National Rally and the Freedom Party of Austria with past (if not current) affinities to the Kremlin. Its first task will be to try to prevent Mrs von der Leyen securing a majority in the European Parliament for a second five-year term. The vote is expected on July 18th and will be close, despite the fact that she is backed by the main centrist political groups.

Europeans tired of Mr Orban and his videos may yet try to rein him in. Over the years they have found ways to reprimand him, for example by cutting off some EU funds in response to his government's hobbling of the rule of law, thus weakening Hungary's already fragile economy. (By threatening to veto EU business, notably sanctions against Ukraine, Hungary has unlocked some of that money.) Peeved diplomats in Brussels are floating legal plans to bring the Hungarian presidency to a premature end, should the antics continue. *Aaaand cut!* ■

Britain



Foreign policy

Labour and the world

Continuity on NATO and Ukraine, and hopes for a reset with Europe

SIR KEIR STARMER enjoyed many strokes of luck en route to becoming Britain's prime minister on July 5th. The diary of diplomacy has handed him two more. On July 9th Sir Keir and some of his most senior ministers left for a summit in Washington, DC, to mark NATO's 75th anniversary. And on July 18th, just a fortnight into the job, Sir Keir will host a meeting of the European Political Community (EPC), a loose gathering of states in and around the European Union, at Blenheim Palace, a vast Baroque edifice where Winston Churchill was born.

These two events, and the EPC in particular, will give the new Labour government an immediate stage to signal where Britain's foreign policy will stay the same and where it will shift. They will also reinforce the biggest change of all, to the country's reputation. Almost overnight an exaggerated image of Britain as a chaotic clown-show—true under Boris Johnson, a bit less so for Rishi Sunak—has flipped to an idealised image of stable government led by a serious-minded centrist.

On most of the foreign-policy fundamentals—principally NATO, Ukraine and the relationships with America and China—there is lots of continuity between the new government and the old. In Washington, Sir Keir affirmed Britain's "unshakable" support for the alliance. Re-embracing NATO was an essential part of his project to make Labour fit for power again after the tenure of Jeremy Corbyn, his leftist predecessor.

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Nor will British support for Ukraine waver, Sir Keir told Volodymyr Zelensky, the country's president. The new government says it will stick with its predecessor's promise to spend £3bn per year ($3.8bn; 0.1% of GDP) on the country "for as long as needed". As an early signal of intent, on July 7th John Healey, the new defence secretary, marked Ukrainian Navy Day in Odessa with Mr Zelensky, where he announced a new shipment of Brimstone anti-armour missiles, AS-90 self-propelled artillery pieces and other kit.

Labour is an Atlanticist party, and it is determined to keep the Anglo-American relationship on the road in the event that Joe Biden loses power in November. The risks of a flare-up with Donald Trump are real: he developed a fixation with Sadiq Khan, the Labour mayor of London, in his previous administration. But David Lammy, the new foreign secretary and a frequent visitor to Washington, has sought to build bridges with Mr Trump's circle and has said that European states will be required to contribute more to the continent's defence whoever wins. "I tell my European friends, don't personalise this. 'Do more' is the American ask whoever wins," he said recently. The new government has promised to increase defence spending to 2.5% of GDP, without pledging to do so by 2030 as the Tories had.

As for China, Labour has said it will conduct a full audit of its relationship with the country. In reality the trajectory of the Tories' policy is likely to continue. That implies an attempt to maintain openness towards consumer-goods trade (although Rachel Reeves, the new chancellor, has made hawkish noises about imports of subsidised Chinese-made electric vehicles), while taking a sceptical view of Chinese investment in nuclear, telecoms and other sensitive areas.

If the continuities are many, the breaks with the past are also real. The most immediate shift is in relations with the EU, where Labour hopes for much warmer ties. The new government has not wasted time: at the weekend Mr Lammy visited his counterparts in Germany, Poland and Sweden. But the EPC meeting is the real gift.

The EPC is more an event than an institution; no formal communiqué means no late-night haggling over texts. Instead there will be discussions on migration, energy and European security, and hours of bilateral meetings—the perfect occasion for a new government to turn the page on the introspection and discourtesy that marked the Brexit years.

Labour has ruled out rejoining the EU, the single market or the customs union (were that even on offer). But as well as deals on cross-border trade in food, and closer ties in education and research, it does want a new form of security-and-defence co-operation agreement. There are signals the EU's leadership are keen to talk: Josep Borrell, the EU's foreign-affairs chief, has suggested that Mr Lammy should attend a gathering of the bloc's foreign ministers. The problems will come over issues such as supply chains and energy, which risk brushing up against the single market, says Charles Grant of the Centre for European Reform, a think-tank.

Europe is not the only area where a change in tone will be apparent. Labour was wounded by a marked loss of support among British Muslim voters in the election, triggered by the party's perceived equivocation over Israel's war in Gaza. Sir Keir told Mahmoud Abbas, the Palestinian president, on July 7th that statehood is Palestinians' "undeniable right".

Labour hopes for better relations with the global south, too. Among other critiques of the Tory government, Mr Lammy points to a troubled merger of Britain's aid ministry and the Foreign Office, and to Mr Johnson's tin-eared recitation of a colonial-era Rudyard Kipling poem while visiting a temple in Myanmar. A descendant of enslaved people in Guyana, Mr Lammy has spoken candidly of Britain's colonial past. Labour also plans a greater emphasis on climate diplomacy; Mr Sunak was reluctant to attend COP, an annual global emissions-reduction summit.

This blend, of greater activism in some areas and marked continuity in others, reflects an approach to foreign policy that Mr Lammy has called "progressive realism"—an attempt to revive the crusading optimism of Sir Tony Blair's administration while recognising that Britain is less influential, and the geopolitical backdrop less benign, than it was back in 1997. But the immediate change is less about Labour's doctrine, more about Britain's international standing. Policy will move a bit. Perception will shift faster and further. ■

Planning reform

The enemy within

BUCKINGHAMSHIRE

Labour's battle with NIMBYs will define its government

STAND ON THE bridge where Iver lane crosses the M25 and look north. Eight lanes of traffic hurtle along London's orbital motorway beneath you. Shift your gaze east of the roaring stream, between the motorway barriers and an industrial estate, and you will see a former landfill site that happens to sit in the green belt (protected land that surrounds many English cities).

In 2022 Buckinghamshire council blocked a proposed data centre here, saying it would harm "the ecological value of the site". Last year the Tory government threw out an appeal, in part because the site would have been visible "above the vegetation along the motorway". A smaller scheme was nixed by the council in June.


The hard-hatted approach

Bizarre decisions such as these exemplify the paralysing effects of Britain's planning regime. They are now firmly in the cross-hairs of the new Labour government. In her first speech as chancellor on July 8th, Rachel Reeves said that two blocked data centres, one in Buckinghamshire and another in Hertfordshire, would be called in for reconsideration; more projects are expected to follow. She announced that the government had ended an "absurd" de facto ban on onshore wind farms in England and would reimpose housing targets on local authorities. "The system needs a new signal," said Ms Reeves. "This is that signal."

Ms Reeves's speech recalled another, four decades earlier. In the 1980s Margaret Thatcher did not consider the main opposition to her economic reforms to be the parliamentary Labour Party, which had been humbled. Instead the prime minister saw her fight as being with hard-left councils and the National Union of Mineworkers, says David Willetts, who worked in her policy unit. In a speech in 1984 she labelled them the "enemy within".

Ms Reeves, too, is focused less on the rump of Tory MPs, more on "voices of local opposition". Where Thatcher singled out Ken Livingstone and Derek Hatton, leading figures at councils in London and Liverpool respectively, Ms Reeves might have mentioned the likes of Martin Tett. As Tory leader of Buckinghamshire council since 2011, Mr Tett has a reasonable claim to being Britain's most successful NIMBY. Responsible for an almost 1,900-square km county nestled between London and Oxford, his administration has turned blocking development into an art form.

The data centre is but one in the catalogue. In May Buckinghamshire blocked a plan backed by Sam Mendes, a British film director, to build a £750m ($960m) studio in Marlow, also on a former landfill site. It was also by far the most obstructive council along the route of HS2, insisting that much of the high-speed railway be buried in tunnels and cuttings and then using legal challenges to hold up the lorries needed to remove rubble. It has failed to produce an up-to-date plan for making land available for housing. All of this goes down well with local voters, of course.

Ms Reeves outlined three ways in which Labour will take on the blockers. The first is the use of "call-ins". The proposal near Iver lane was for a £2.5bn data centre, which the developer argued would bring investment in Britain's tech sector. Ms Reeves says that she and Angela Rayner, the deputy prime minister, "will not hesitate" to review such decisions. The government can simply decide that Britain will start saying "yes". One test will be whether it is as keen to overrule Labour councils.

Data centres are the most obvious big investments that have been gummed up. But in recent weeks Labour aides have been asking around for other blocked projects. According to the British Venture Capital Association, a trade body, there is more than £145bn of "dry powder" ready to be invested in Britain in the next three to five years. Flexing the government's muscles on "call-in" powers offers a boost to developers and a warning to local councils. Decisions on large onshore wind farms will be taken nationally, said Ms Reeves.

The second strand is that Labour will reimpose top-down housing targets on councils. That will reverse the changes brought in under Michael Gove, the former housing secretary, and put more pressure on councils like Buckinghamshire to come up with local plans.

Third is building on the green belt. Labour had already promised to review the policy, which has throttled cities for decades. In her speech Ms Reeves offered little extra detail other than saying that councils would be expected to review green-belt boundaries and prioritise housebuilding on the "grey belt"—low-quality land such as former landfill sites. Labour could overhaul the policy to make councils take "confident bites" out of the green belt, says David Rudlin, a planning expert. Railway stations near cities are often surrounded by empty fields, for example.

One concern raised since the election is that its success in winning seats across the south of England will crimp Labour's boldness. But most constituencies with green-belt land remain Tory-Lib Dem marginals or safe Labour seats, says Sam Dumitriu of Britain Remade, a think-tank. And bluntly, Labour can afford to sacrifice some of its new MPs to achieve its principal objective of boosting growth. The real risk is that a top-down approach—in which ministers browbeat councils into action—relies on spending a lot of political capital. That becomes harder once the shine comes off a new government. Local authorities will return fire with judicial reviews, a way of challenging the legality of official decisions, which can take years. Councils can be steamrollered; courts less so.

Ms Reeves's speech is therefore best understood as a "very well-constructed day-one package", says a former minister. She has pulled together the rapid measures available to her within the existing system. But it is not a plan for building the 1.5m homes over the next five years that Labour has promised. That will require trickier reforms, like adopting a more rules-based approach to planning and tackling knotty issues such as land-value capture and compulsory purchase—areas where Labour has only begun to set out its ideas. The government has fired an opening shot. Its battle with the blockers has just begun. ■

Electoral reform

Disproportional representation

Britain's general election was its least representative ever

IT CAN SOUND like so much bleating from bad losers. Some members of the Conservative Party, which has dominated elections since the 19th century by mastering Britain's first-past-the-post (FPTP) electoral system, do not much like being on the other end of a drubbing. Labour's majority is a "mile wide and an inch deep", grumbled Boris Johnson, a former prime minister. Other Tories gripe that there isn't "any enthusiasm" for the party that just routed them in the general election on July 4th. The implication is that voters have handed Sir Keir Starmer, the new prime minister, a huge majority by accident.

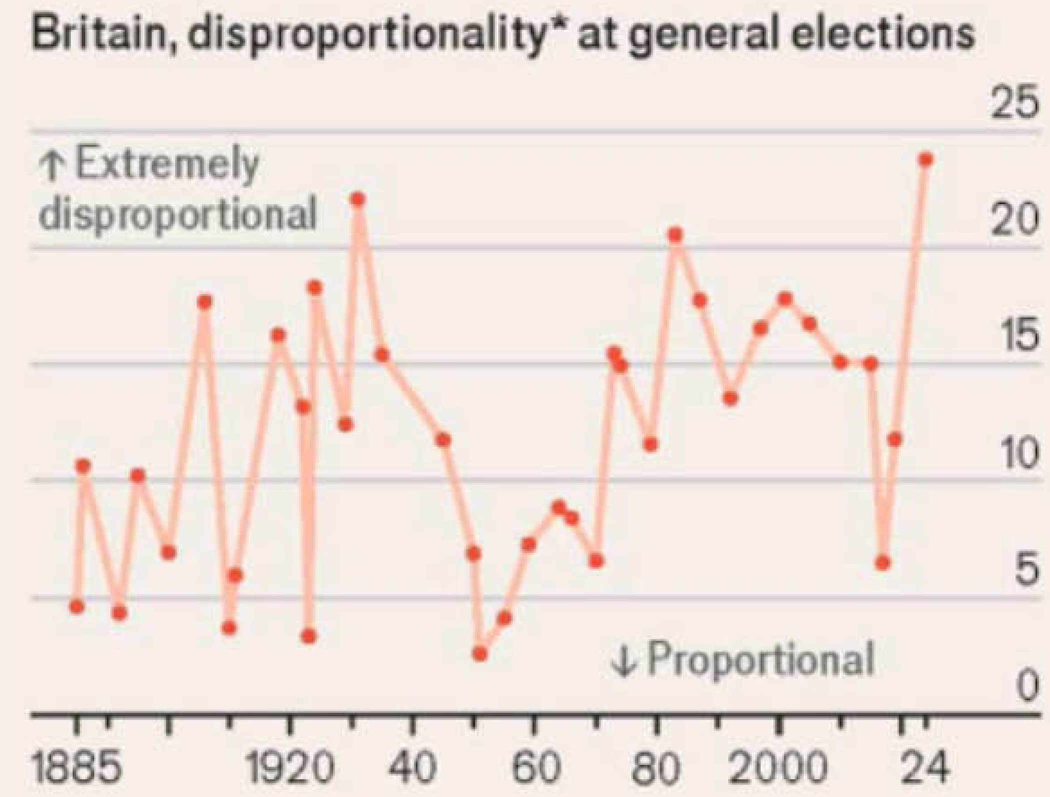
On one level, this is nonsense. The rules of the game are clear. The aim, in FPTP, is to come first in as many constituencies as possible; votes for losing candidates do not count. Labour's critics on the left, who carp that the party won more votes nationally under the leadership of Jeremy Corbyn in 2017 and 2019, similarly struggle to grasp this basic fact.

Still, even by the standards of FPTP systems, this result was extraordinary. Labour won 63% of the seats on 34% of the vote; it garnered 42 seats for every 1m votes it received. The Liberal Democrats were similarly ruthless, taking 72 seats with just 12% of the vote. But what did Reform UK get for its 4.1m votes, almost 600,000 more than the Lib Dems? Five seats. Some 58% of voters backed a candidate who did not win; the average across post-war elections has been 47%.

By any measure, this was the least proportional result in British electoral history. According to the Gallagher index, which looks at the difference between vote share and seat share for each party, it comfortably beat previous records (see chart). Dylan Difford, a political scientist, calculates that the 2024 election was the least representative in an advanced Western democracy since the second world war, with the sole exception of the French legislative election of 1993.

Asymmetric outcome

Britain, disproportionality* at general elections



*Gallagher index, a measure of the differences between vote share and seat share for each party

Source: Make Votes Matter

The next election is unlikely to be quite as distorted. This result was driven by some unusual factors, most obviously the strength of the anti-Tory tide. One reason that so many people felt they could vote for Reform UK and the Greens may have been that they were comfortable with the idea of Labour being swept to power.

Yet the longer-term trend is clear: Britain's electoral system is creaking as party loyalties fragment. In the 1950s the two main parties regularly won more than nine in ten votes. Since then, barring the odd election, their combined share has been in decline. This time smaller parties took a record 42% of the vote. Britain has become a de facto multi-party system.

One of the main advantages of a FPTP voting system is that it is meant to produce stable majority governments. But if party fragmentation is here to stay, as looks likely, Britain's electoral system will exaggerate the volatility of voters by producing outsized changes in parties' seat share, says Jess Garland of the Electoral Reform Society, a campaigning think-tank. Rather than stability, that may result in increasingly unpredictable outcomes. Politicians will also find it hard to persuade voters that they are being listened to if the voting system means that more and more of them are being ignored.

Is electoral reform likely? The public roundly rejected change when it was last offered, in a referendum in 2011 on whether to adopt the alternative-vote system. But since then support for proportional representation has increased from around a quarter of Britons to more than half. Other countries, faced with similar pressures, have changed voting systems: New Zealand, one of a handful of other countries that have used FPTP voting, switched to a proportional system in the 1990s. Britain's bevy of smaller parties will now cheerlead for change of this sort.

None of this will matter much for as long as both Labour and the Tories oppose it. Sir Keir implied that he was keen on electoral reform when he campaigned for the Labour leadership in 2020. Strangely enough, his view has changed (just as Sir Tony Blair's did after winning a similar landslide in 1997). But most Labour Party members have long been in favour. And it is less hard to imagine Labour or Tory politicians judging that they might be better off under a different system. In the short term, electoral reform is not on the cards. In the long run, it may be inevitable. ■

BAGEHOT
From the "left-behind" to the "well-ahead"

The new frontline of British politics is just lovely

PICTURE AN IDYLLIC British summer scene and the mind will generally conjure up an image of rich people having a lovely time. It might be a pink-faced crowd watching tennis at Wimbledon. Maybe it is men in blazers cheering rowers at Henley Royal Regatta. It could be horsey people roaring on their four-legged cousins at Glorious Goodwood, a fancy race meeting. In other words, you are picturing a Liberal Democrat constituency.

On July 4th the Lib Dems gutted the Conservatives in their prosperous heartlands across southern England, cantering to victory in seats such as Wimbledon, Henley and Thame, and Chichester. The electoral consequences were profound: the Liberal Democrats gained 61 seats almost entirely from the Conservatives, enough to condemn the Tories to opposition even before Labour bulldozed through more marginal seats on the way to a landslide victory. The political consequences will be profound, too. There is a new frontline in British politics—and it is just *lovely*.

For years British politics has focused almost entirely on rather grim places. Bellwether seats can be unappealing. Few tourists visit Harlow in Essex. People live in Dartford, a town in Kent, because of its convenience for London rather than because it is particularly nice. After the 2019 general election political attention turned to poorer seats in "left-behind" post-industrial regions such as Teesside, which are tough to love.

Now some of the fiercest political fighting will take place in Cotswold villages, in towns with £4m ($5.1m) homes overlooking the Thames and in small cathedral cities with fancy private schools. The richest voters in the country are up for grabs. By all means pay attention to the left-behind. But do not forget the "well-ahead". No voter likes being overlooked, no matter how rich.

Henley and Thame was a typical gain for the Liberal Democrats. The constituency had been Tory since 1910 and once counted Boris Johnson, a former prime minister, as its MP. It ranks 643rd out of 650 for levels of deprivation. Life by the river is lovely for nearly everyone. Then again, so is life in almost every Lib Dem constituency. The Liberal Democrats control five of the ten most prosperous constituencies in Britain, according to Alasdair Rae of Automatic Knowledge, a data-analysis company. Almost half of all Lib Dem seats—33—are in the top decile. Among the 325 least prosperous constituencies, it has just seven MPs.

This was by design. Lib Dem strategists invented a rule of thumb: any town outside London with a branch of Gail's, a bourgeois bakery chain, had activists hurled at it. It worked. The result was a vote of extreme efficiency, concentrated in Britain's lovelier parts. In 2019 the Liberal Democrats won 11 seats with 3.7m votes; this time around they managed 72 seats from 3.5m.

After the Tory victory in 2019, prole-whispering became a full-time job for some: northern Leave voters were treated in the same way that 19th-century anthropologists approached indigenous tribes in Borneo. After 2024 well-ahead-whisperers will be asked to work out what these strange creatures have to whine about. Materially, things are fine in lovely land. Six out of ten Lib Dem voters say they are financially comfortable, according to More In Common, a pollster. (Four in ten Labour voters say the same.) On a wet Tuesday lunchtime in Henley-on-Thames a new Italian restaurant is rammed with well-to-do pensioners, enjoying a menu that includes sea bream at £33.50 and steak and lobster for £95.

The concerns of these lovely corners of England can seem piddling. Sewage became a political issue because Britain's well-aheads decided swimming in waterways was fun; Sir Ed Davey, the Lib Dem leader, spent half the campaign falling into bodies of water to highlight the problem. In Henley the bunting from the regatta is still hanging across the high street. Poo matters here; even the sturdiest rower is no match for *E. coli*.

But the well-ahead can have real problems, too. Lousy public services puncture any bubble of wealth. Private health care might enable a speedy hernia operation; but snap an ankle and someone with comprehensive cover will find themselves slumming it in an NHS A&E. Suffering is always relative. Complaints about the "cost of living" may seem ridiculous in Henley-on-Thames. Yet a luxurious life costs more than it did. It matters little whether someone has a mortgage worth £250,000 in Harlow or £800,000 in Henley-on-Thames: both types of voter are livid that housing costs shot up when interest rates rose. And each was happy enough with the idea of Sir Keir Starmer as prime minister to kick the Tories out.

Let them eat Gail's cinnamon rolls

Do the Conservatives still understand this lovely England? Some do. In the run-up to the election Jeremy Hunt, then the chancellor, said that £100,000 was "not a huge salary" in his plush corner of Surrey. It was seen as a blunder. In fact, it was a stroke of genius. In most parts of the country, that is an enormous salary. But in most parts of the country, houses do not cost an average of £660,000. Mr Hunt looked at some of the richest, most fortunate people in Britain and said: "I feel your pain." He survived the Lib Dem onslaught and is still the MP for Godalming and Ash, scraping home by 891 votes.

Other Conservatives are much further away from understanding the concerns of England's nicest parts. Suella Braverman, a right-winger who sees herself as a future Tory leader (even if few colleagues do), this week gave a speech ranting about the threat of the LGBT pride flag. Voters thought the Lib Dems "were just more normal than the Tories", says Luke Tryl of More In Common. The Liberal Democrats, a party that was once a haven for cranks, Celts and non-conformists, are now the party of royal regattas and lawn tennis. Until the Conservatives once again learn to speak for the well-ahead, the Lib Dems will do it for them. ■

International

Securing the world's digital arteries

The ties that bind

Why prized undersea cables are becoming military targets

NOT LONG ago a part of the British government asked RAND Europe, a think-tank in Cambridge, England, to conduct some research on undersea critical infrastructure. The think-tank studied publicly available maps of internet and electricity cables. It interviewed experts. It held focus groups. Halfway through the process Ruth Harris, the leader of the project, realised that she had inadvertently unearthed many sensitive details that could be exploited by Russia or other adversaries. When she approached the unnamed government department, they were shocked. The reaction, she recalls, was: "Oh my god. This is secret." When they learned that Ms Harris's team was drawn from all over Europe, they demanded that it be overhauled, she says: "This needs to be UK eyes only."

Western governments have been quietly concerned about the security of undersea cables, which carry most of the world's internet traffic, for many years. But only recently has the issue come into sharp focus, owing to a series of murky incidents from the Baltic Sea to the Red Sea and a wider realisation that infrastructure, of all sorts, is a target for subversion and sabotage.

Across Europe, Russian spies and their proxies have attacked Ukraine-linked targets, hacking into water utilities, setting fire to warehouses and plotting to strike American military bases in Germany. The fear is that underwater communications could be crippled in a crisis or in wartime, or tapped for secrets in peacetime. And as America and China joust for influence throughout Asia, undersea cables have become a crucial part of their competition.

More than 600 active or planned submarine cables criss-cross the world's oceans, running for more than 1.4m kilometres in total, enough to go from Earth to the Moon more than three times, according to TeleGeography, a data company. These carry the vast majority of internet traffic. To take one example, Europe is connected to America by some 17 cables, mostly via Britain and France (see map on the next page). More than 100 cables are damaged each year around the world, very often by errant trawlers and ships dragging their anchors.

The trouble is that it is hard to distinguish accidents from sabotage. Take the damage inflicted on the Balticonnector gas pipeline and a nearby communication cable in the Gulf of Finland in October 2023. Regional officials suspected the involvement of the *Newnew Polar Bear*, a Chinese-owned container ship which had earlier swapped its crew in Kaliningrad, a Russian exclave, and later turned up in Archangel with its anchor missing. Nine months later, Finnish authorities believe that the incident was probably a genuine accident. Other Western officials continue to suspect Russian malfeasance.

Below the surface

That is understandable. Russia has invested heavily in naval capabilities for underwater sabotage, primarily through GUGI, a secretive unit which operates deep-water submarine and naval drones. "The Russians are more active than we have seen them in years in this domain," warned NATO's intelligence chief last year. A report published in February by Policy Exchange, a think-tank in London, claimed that since 2021 there have been eight "unattributed yet suspicious" cable-cutting incidents in the Euro-Atlantic region, and more than 70 publicly recorded sightings of Russian vessels "behaving abnormally near critical maritime infrastructure". In its annual report in February, Norwegian intelligence said that Russia had also been mapping the country's critical oil and gas infrastructure for years. "This mapping is still ongoing, both physically and in the digital domain [and] could become important in a conflict situation."

The problem is not confined to Europe. In February three submarine cables running through the Red Sea were damaged, disrupting the internet across east Africa for more than three months. The cause was probably a missile strike on the *Rubymar*, a fertiliser ship, by the Houthis, a Yemen-based rebel group that has been menacing shipping in solidarity with Hamas in Gaza. When the *Rubymar* was abandoned by its crew, later sinking, its anchor is thought to have dragged along the seabed and cut the cables. In March similar disruption occurred across west Africa when another crucial cable system was severed off the Ivory Coast, possibly due to seismic activity on the seabed.

American strategists worry about a potential Chinese threat to cables in Asia, too. Taiwan, in particular, is overwhelmingly dependent on undersea cables for international communications, and has a relatively small number of terminals, where they come ashore. In a war, writes Elsa Kania of the Centre for a New American Security (CNAS), a think-tank in Washington, the People's Liberation Army would seek to impose an "information blockade" on the island. Severing cables "would almost certainly be a component of that campaign". In February 2023 a Chinese cargo ship and a Chinese fishing vessel were suspected of cutting the two cables serving Matsu, an outlying Taiwanese island, six days apart, disrupting its connectivity for more than 50 days—though there is no hard evidence of skulduggery.

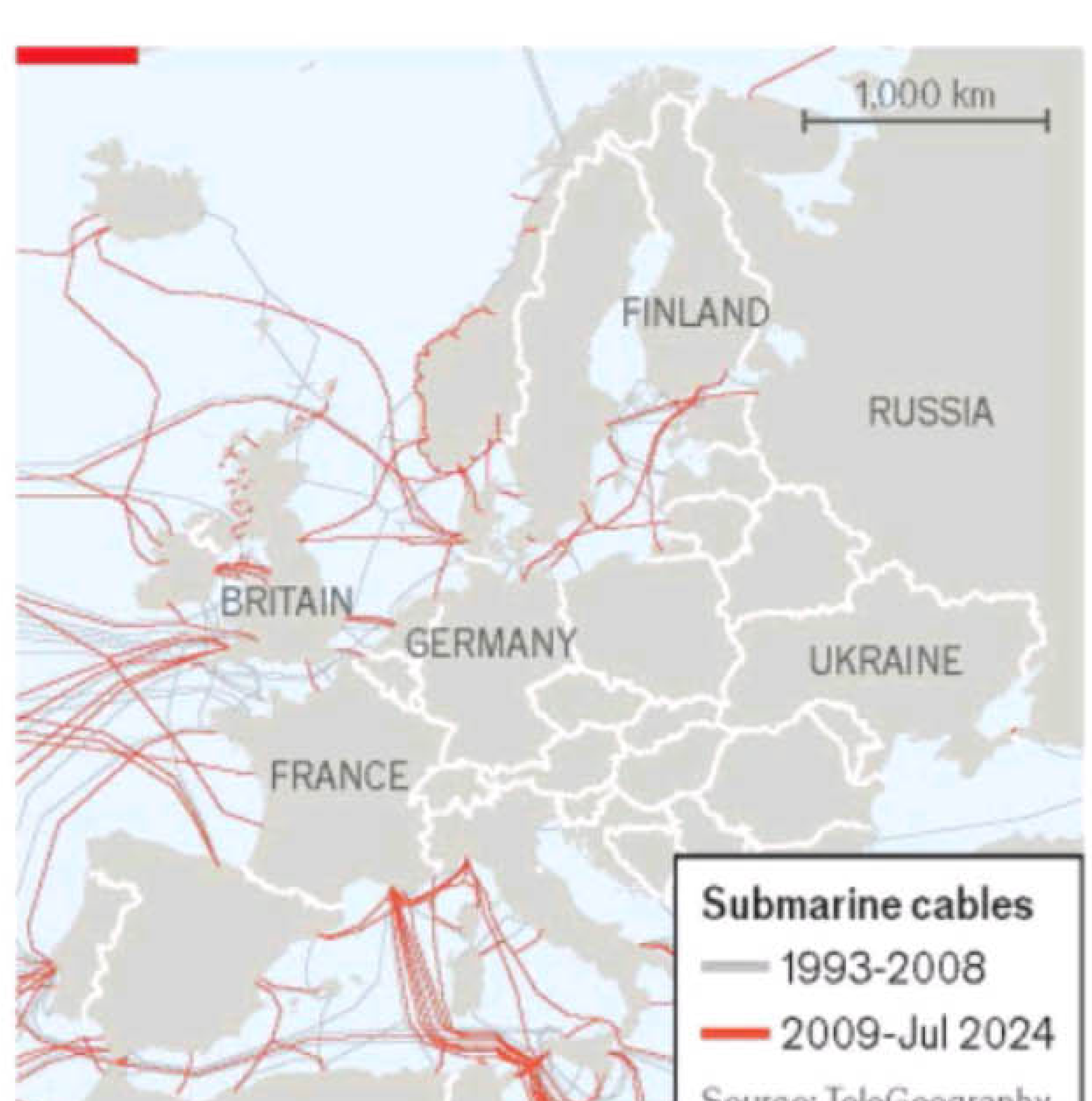
Cable-cutting may also serve broader war aims. "The best way to bring down the US drone fleet, or indeed to undermine the Five Eyes intelligence system, which is hugely dependent on internet surveillance," write Richard Aldrich and Athina Karatzogianni, a pair of intelligence historians, "would be to attack submarine cables." War games run by CNAS in 2021 found that Chinese cable attacks "often resulted in the loss of terrestrial internet connectivity on Taiwan, Japan, Guam and Hawaii and forced these islands to rely on lower bandwidth and more vulnerable satellite communications". (In contrast, the same war games found that Russia, with limited specialist cable-cutting units, "could not quickly eradicate the dense cable communications between North America and Europe".)

Western governments are scrambling to erect better defences. Their priority is to understand what is actually happening underwater. NATO states have already increased air and naval patrols near critical infrastructure, including cable routes. In May the alliance convened a new Critical Undersea Infrastructure Network for the first time, with the aim of sharing more information between governments and with the private firms which tend to operate the cables. A "digital ocean concept" in October also envisaged "a global scale network of sensors, from sea bed to space" to identify threats. A European Union initiative is contemplating a network of "underwater stations" on the seabed which might allow drones to charge batteries and transmit data on what they have seen.

Once damage occurs, repairing it is hard. The world has only 60 or so repair ships, which means that breaks may not be mended for months. Many are flagged neither to America nor one of its allies, notes Evan D'Alessandro of King's College London who studies undersea cables. The challenge would be compounded in wartime, where Chinese cable-cutting would focus on heavily contested areas near Taiwan's coastline.

Cable-repair ships had to be escorted by warships in the first and second world wars, observes Mr D'Alessandro. In a Pacific war, he notes, America and allied navies would have few spare ships for that task. In part to mitigate that problem, the Pentagon established a Cable Security Fleet in 2021, in which American-flagged and crewed cable-ship operators received a $5m annual stipend in exchange for being on 24 hours' notice in a crisis and being ready to serve in wartime.

The concern is not just sabotage, however, but also snooping. America and its allies know the threat better than anyone, because for decades they have embodied it. In the 1970s America conducted audacious operations to tap Soviet military cables using specially equipped submarines that could place and recover devices on the seabed. As the internet went global, the opportunities for underwater espionage rose fast. In 2012 GCHQ, Britain's signals-intelligence service, had tapped more than 200 fibre-optic cables carrying phone and internet traffic, many of which handily came ashore on the country's west coast. It also reportedly worked with Oman to tap others running through the Persian Gulf. The lesson—that the route and ownership of cables can be vital to national security—was not lost on others.



Indeed, fear of Chinese espionage is one reason why America has taken such a keen interest in Asia's rapidly growing cable infrastructure. Between 2010 and 2023, about 140 new cables were laid in the region, compared with just 77 in western Europe. China has become an important player in the cable spree through HMN Technologies, a company which was previously known as Huawei Marine Networks. The firm boasts that it has laid more than 94,000km of cables across 134 projects.

In 2020 America, alarmed by this trend, blocked HMN's involvement in a proposed $600m cable from Singapore to France, via India and the Red Sea, known as SeaMeWe-6, by offering grants to competing companies and threatening sanctions on HMN. These would have prevented American firms from using the cable. That was one of at least six cable deals in Asia disrupted by America between 2019 and 2023, according to a recent investigation by Reuters, a news agency.

Trouble in paradise

America's regional allies are similarly keen to curb Chinese influence. In 2017 a Chinese effort to connect Australia and the Solomon Islands in the South Pacific was countered by Australia's government, which established an alternative project involving Nokia, a Finnish firm. Australia is now funding two other cables to Palau and East Micronesia, a pair of archipelagoes where China, America and Australia have jostled with each other for influence in recent years. These efforts have dramatically slowed China's cable ambitions. HMN is still a minnow compared with America's SubCom, Japan's NEC Corporation and France's Alcatel Submarine Networks, the trio of firms that dominate the global cable-laying market.

Even with better undersea surveillance and more redundancy in routes, the threat is unlikely to abate. Deep-sea cable cutting once required large naval investments. Increasingly capable naval drones are changing that. "The ability to operate at extreme depths may not be the sole preserve of major powers anymore," says Sidharth Kaushal of RUSI, another think-tank. The challenge for smaller powers, he says, will often be identifying the precise route of cables. That can take years of peacetime surveillance. It is no wonder, then, that many Western governments would rather keep such details tightly under wraps. ■

Business

The military-industrial complex

Past their prime

WARTON

America's giant armsmakers are being outgunned

ARMSMAKING IS NOT like other businesses. It is impervious to macroeconomics and sheltered from fickle consumer tastes. Its prospects are determined by one factor—how militarily threatened its government customers are feeling. With wars blazing in Ukraine and Gaza, another on the brink between Israel and Lebanon, and more conflict looming as China eyes Taiwan, the perceived threat level as leaders of NATO countries gathered for a summit in Washington from July 9th to 11th was through the roof.

Last year NATO's 32 members spent \$1.3trn on defence, a record high after adjusting for inflation at least since the fall of the Soviet Union. America, by far the biggest spender, is budgeting \$842bn this year. Historically more peacenik Europeans, spooked by Russian tanks on their doorstep, are undoing decades of stinginess that has resulted in accumulated underinvestment in equipment of about \$600bn. This year NATO expects 18 members to meet the target of dedicating 2% of GDP to defence, up from three in 2014.

Not all of this money is going on kit—soldiers must be paid, bases operated and gear maintained. But last year 28% of NATO's collective defence budget, or around \$360bn, was spent on weapons systems, vehicles and other major equipment.

→ ALSO IN THIS SECTION

That was more than double the share ten years ago. And the sums will continue to grow. Charles Woodburn, the chief executive of BAE Systems, the British maker of the Typhoon fighter, among other things, foresees "a long runway of increased defence spending".

This sounds like a bonanza in the making—especially for America's "prime" contractors at the heart of the military-industrial complex. American giants such as Lockheed Martin, RTX and Northrop Grumman dwarf their European rivals in terms of sales (see chart 1 on next page). The lion's share of the \$315bn that the Pentagon plans to spend on procurement and research and development (R&D) this year will end up in their pockets. Lockheed alone raked in sales of \$68bn last year.

Instead, American defence bosses appear subdued, and not just because no one likes war. Their firms' market values have barely risen since Russia invaded Ukraine in February 2022. Lockheed, RTX and Northrop have all done worse than the S&P 500 index of big American firms, which they had outpaced for decades, even as European counterparts have gone ballistic. The share price of Thales of France is up by 82% in the period. BAE's has doubled. That of Rheinmetall, a German firm, has more than quintupled. The age-old gap between the valuations of American and European armsmakers (measured as a ratio of market value plus net debt to gross operating profit) has narrowed, calculates George Zhao of Bernstein, a broker (see chart 2).

One explanation for the primes' underperformance is that they are stretched. As Ron Epstein of Bank of America points out, there are "capacity constraints across the board". After the cold war Western defence budgets dwindled, procurement decisions were put on hold and the industry scaled back production. Following the terrorist attacks of September 11th 2001, America's priorities swung towards counterterrorism, leading to a slow decline in the manufacturing of hardware. China's maritime sabre-rattling in the Pacific moved America's strategic emphasis away from land systems such as armoured vehicles. No one thought to add capacity to supply a ground war in Europe.

Such capacity will take years to restore, and this will happen only if companies can be assured of continued demand. As Mr Woodburn of BAE explains, defence firms need a "reasonable business case to put the balance-sheet to work". And that business case is, for now, clearer in Europe than in America. A year ago BAE struck a deal to replenish the British army's stock of artillery shells. Last month Rheinmetall won a contract for munitions from the German government worth up to €8.5bn ($9.2bn).

Meanwhile, America's already gargantuan military budget is barely growing. A fiscal-responsibility law enacted last year could freeze spending in real terms until 2033. Procurement and R&D are set to fall in real terms next year. In April the chief executive of Northrop Grumman, Kathy Warden, warned of "slower top-line growth" in American defence spending in the short term. Lockheed's sales last year grew by a meagre 0.8% in nominal terms, compared with 2021—and fell by perhaps one-ninth after adjusting for inflation.

The primes' problems also have to do with changes to how and what the Pentagon buys—and whom it buys from. The Department of Defence (DoD) has long talked about squeezing more value for money from its procurement. Now it is actually doing something about it. Fixed-price deals are replacing cost-plus ones, whereby the state would cap companies' profits from production but underwrite their R&D costs.

The model, in which companies bid to develop a weapons system for a specified fee and bear the risk of cost overruns, has caused Northrop Grumman and Boeing, a planemaker with a large defence arm, to lose billions of dollars. The danger of over-optimistic bids prompted Jim Taiclet, boss of Lockheed Martin, to declare in January that his company, which used to make it a point of pride to bag certain contracts, no longer has "any must-win programmes".

Mobilised capital [1]

Defence companies

	Revenues, 2023, $bn	Market capitalisation, July 10th 2024, $bn	Share price, % change Feb 23rd 2022-Jul 10th 2024
Lockheed Martin	67.6	110.6	19
Northrop Grumman	39.3	63.1	10
BAE Systems	28.7	49.8	113
RTX	26.4*	133.8	9
Boeing	24.9*	113.1	-7
Thales	10.6*	34.9	82
Rheinmetall	7.76	23.6	420

Sources: LSEG Workspace; company reports

*Defence division

The DoD's frugal new ways are combining with a fresh emphasis on nimbler smart systems rather than main battle tanks, nuclear submarines, stealth fighters and the like. This combination, in turn, is attracting competition in a market that the primes had previously more or less stitched up—one more reason for the old-school contractors' relative retreat.

Palmer Luckey, founder of Anduril, a seven-year-old startup in Silicon Valley which makes autonomous drones and other software-driven systems, says that the Pentagon is at last embracing "non-traditional" defence firms. He contrasts his company, a "cost-efficient, fast-moving guy", with "cost-irresponsible" primes, whose main skill seemed to be understanding the labyrinthine procurement process. Anduril can now compete for almost any defence contract by putting its own capital at risk, he says. And, he adds, it no longer employs more lobbyists than engineers as it did in the early days.

Startup-in-arms

Anduril's most significant victory came in April when in concert with General Atomics, another newish armsmaker, it beat Boeing, Lockheed Martin and Northrop Grumman in a contest to develop the Collaborative Combat Aircraft, a self-flying aeroplane, for the US Air Force. Other newcomers are notching up wins, too. In March the US Army chose Palantir, a technology firm founded in Silicon Valley (and now based in Colorado), to develop TITAN, a lorry stuffed with software to process battlefield data. The following month Sierra Nevada, another startup, was chosen over Boeing for a $13bn contract to replace the E-4B "doomsday" aircraft, which can serve as an airborne command post for the president and senior officers in the event of a nuclear attack.

The other missile gap [2]

Selected US and European defence companies, one-year forward valuation multiples*

Sources: Bernstein; Bloomberg

*Enterprise value/EBITDA. Based on consensus estimates

It would be foolish to count the primes out. Long-standing legacy programmes such as the Lockheed F-35 fighter jet have years to run. Even Mr Luckey concedes that cost-plus deals will endure for complex systems such as aircraft-carriers and submarines. The primes remain the masters of both the engineering and the paperwork involved in these. In April Lockheed won a $17bn contract to develop a system to shield America from ballistic missiles. They are also likely to benefit from ballooning defence budgets abroad. American firms' sales to foreign governments rose by 16% in 2023, to a record $238bn.

Uncle Sam may yet loosen the purse strings, too. Already money is coming through "supplementals"—additions to annual appropriations requested by the president. In April Congress approved $95bn, mostly for Ukraine and Israel. Perhaps a quarter of that will go directly to the primes. Donald Trump, who in his first term presided over large increases in military spending, may do so again if he returns to the White House next year. Steve Grundman of the Atlantic Council, a think-tank in Washington, foresees real-terms increases in total military expenditure of around 4% annually in the coming years—no match for the soaring budgets of the cold war, but "reasonable".

And though they may prefer multibillion-dollar platforms with 30-year lifespans, the primes are also perfectly capable of developing smaller smart systems, notes Mr Grundman. If armed forces' appetite for such kit keeps growing, the primes will not sit idly by. But they are no longer the only big guns in town. ■

Battery-making

Power drain

Why a critical industry struggles to make money

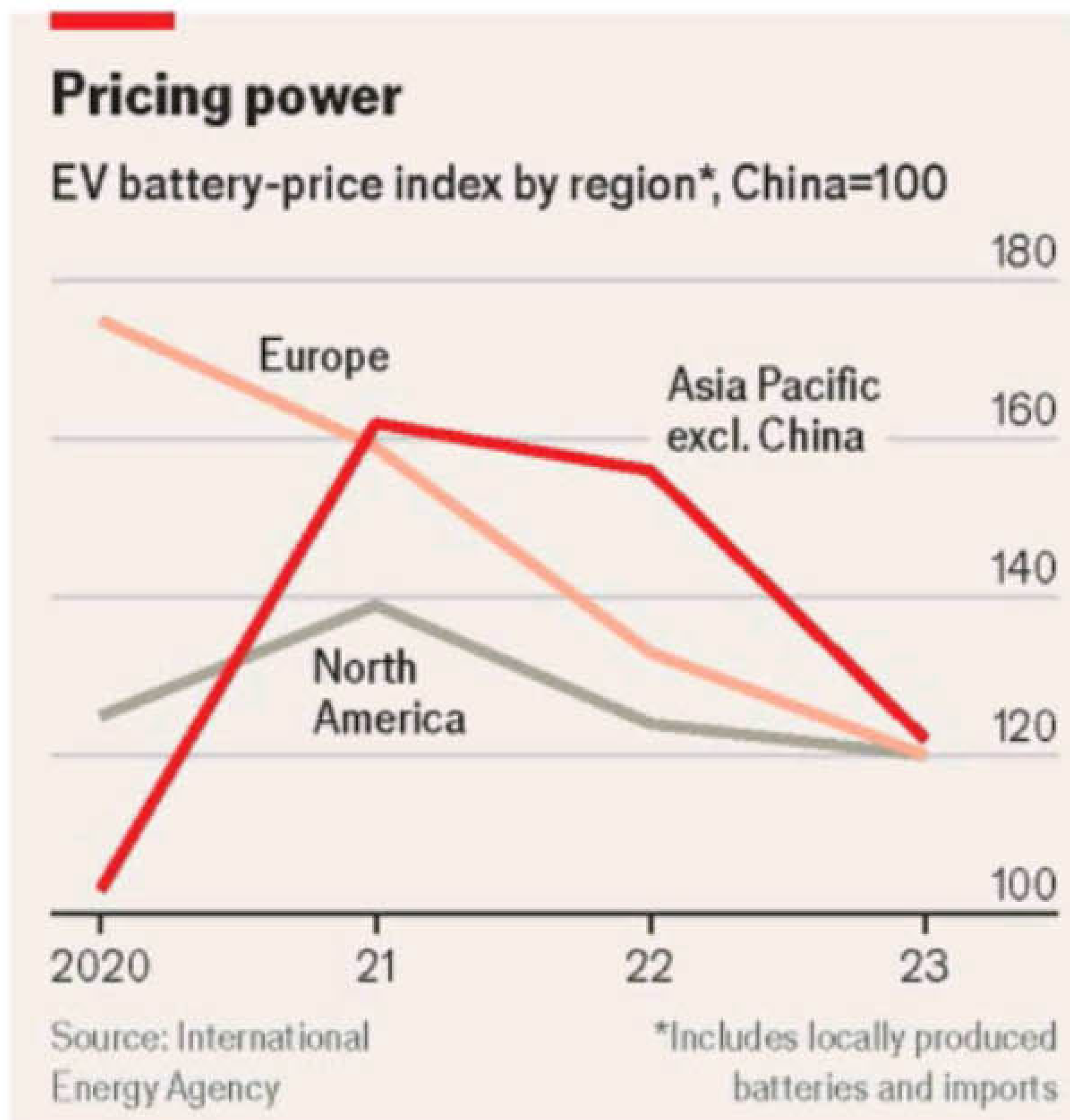
BOOM-AND-BUST cycles all tend to look the same. A consumer fad or industrial urgency fuels demand for a product. Prices rise. Producers invest in capacity. By the time new supply materialises it outstrips already sated demand. Prices crash. Then, at some point, things get so cheap as to set off another demand upswing. And so on.

The inevitability is comforting for bosses in industries from mining to chipmaking. Not, though, in battery manufacturing. Anticipating booming demand for electric vehicles (EVs), since 2018 companies around the world have ploughed more than $520bn into battery-making, according to Benchmark Mineral Intelligence, a research firm. Sure enough, the investments (plus improvements in technology) have pushed down the prices of batteries and, since these make up a third of the cost of an EV, of battery-powered cars. But not sufficiently to entice motorists to go electric. And so the industry is facing a bust without ever having had much of a boom.

On July 7th SK On, a giant South Korean battery-maker building factories in America to supply Ford and Volkswagen, said it was in a state of "emergency management". A few days earlier Northvolt, a European rival, announced a strategic review, potentially delaying new factories. LG Energy Solution, another South Korean firm, has paused work on part of a $5.5bn factory in Arizona. Its ratio of capital spending to sales rose from 10% in 2020 to almost 30% in the 12 months to March.

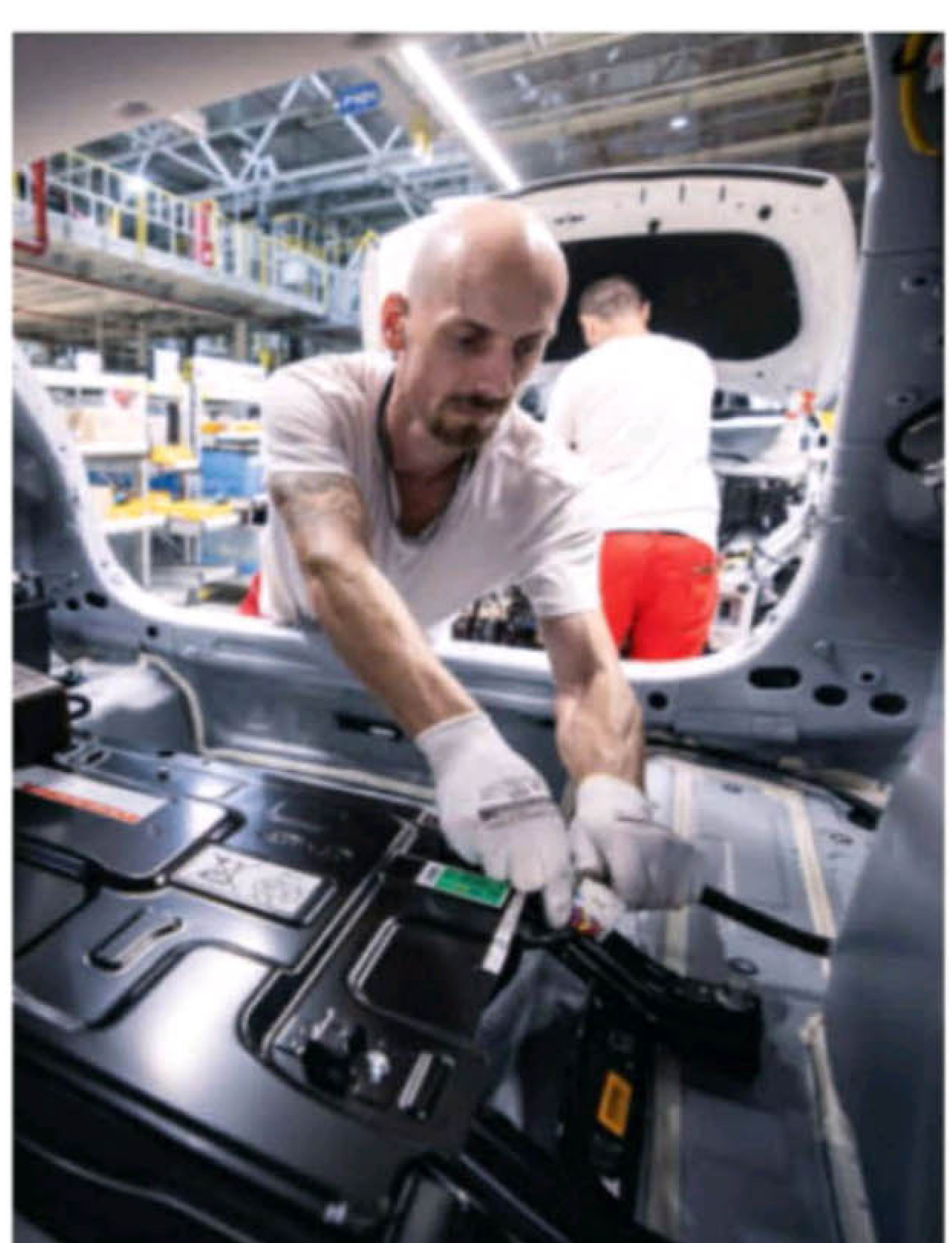
In contrast to more mature businesses with high upfront costs, such as semiconductor manufacturing or shipbuilding, long-term returns on investments in battery-making are hard to predict. The technology is evolving fast. More important, in the absence of historical demand trends, forecasts rely on consultants' projections of EV uptake.

These appear to have been far too rosy, partly owing to overoptimistic assumptions about just how energetically governments would go about promoting electrification with carrots (such as subsidies for producers and buyers) and sticks (for example, carbon taxes and fuel-economy standards). In the absence of potent policies, carmakers are delaying their electric ambitions. Mercedes-Benz, which had hoped that half the cars it sells will be battery-powered or hybrid next year, has pushed that goal back to 2030.



One way to solve this problem—and turn battery-making into a more normal industry—would be for companies to invest in inventing cheaper batteries rather than making pricier ones at greater scale. Another solution is freer trade. Prices in China, where most of the world's EV batteries are manufactured nowadays, are down sharply. This helps explain why around one in two new cars sold to Chinese buyers is electric or hybrid, compared with less than one in five in America. In 2023 a benchmark cell manufactured by CATL, China's battery champion, cost less than half what it did the year before.

Yet these price drops have not spilled over to the rest of the world, where batteries still cost a lot more than in China, according to the International Energy Agency, an official forecaster (see chart). Many countries are putting up barriers to Chinese imports, often in the name of promoting domestic manufacturing. The result is that, outside China, battery-makers have not grown strong enough to stomach a bust—with no immediate boom in sight. ■



The battery business needs a tune-up

European business

Peering across the Rhine

BERLIN

What German bosses make of France's leftward turn

GERMAN POLITICS is followed closely in Paris. So is French politics in Berlin. Olaf Scholz, the German chancellor, said on July 8th that he was "relieved" that the far right failed to win the French parliamentary election on July 7th. What Mr Scholz did not mention were worries in German companies about what the New Popular Front (NFP), the leftist alliance which won the most votes and includes a hard-left element led by a former Trotskyist, have in store for business.

What happens to French business matters to Germans because ties between Deutschland AG and France SA are closer than ever. Germany is France's biggest export market and its biggest trading partner. France is likewise among the largest recipients of German goods and services. Businesses in each country invest a lot across the Rhine. Airbus, a Franco-German planemaking Goliath worth over €100bn ($108bn), is among Europe's most valuable companies. Siemens, a German engineering conglomerate, and Alstom, a French one, were blocked by EU trustbusters from creating an Airbus for trains but still plan to build locomotives together.

Other cross-border ventures are proliferating. Siemens Energy, which was spun off from Siemens and makes power equipment, and Air Liquide, a French purveyor of industrial gases, are co-operating to manufacture large-scale electrolysers to produce hydrogen, a promising clean store of energy. French and German armsmakers are in talks about the joint production of a combat tank.

Then there are the personal ties. Scores of Germans sit on French company boards. Annette Messemer, a German banker, is a director at four big French firms: Vinci (construction), Imerys (industrial materials), Savencia (dairy) and Société Générale (a bank). One German, Thomas Buberl, runs AXA, one of Europe's biggest insurers. Another, Peter Herweck, heads Schneider Electric, another big engineering firm. Although no French citizen has so far been named chief executive of a German blue-chip company, a study in 2022 by EY, a consultancy, identified ten of them on executive boards of large listed German businesses (they were tied with Britons and behind only Americans).

This closeness is the result of vibrant networks linking French and German business, says Marie-Avril Roux Steinkühler, a ▸▸

French lawyer who has lived and worked in Berlin for decades. The most established business network is the Franco-German Chamber of Commerce, founded in 1955. The Franco-German Youth Office, set up under the Elysée Treaty which France and Germany signed in 1963, has over six decades helped more than 9m youngsters participate in 382,000 exchange programmes. La French Tech, a more contemporary networking platform to promote French technology firms, has busy hubs in Berlin, Munich and Düsseldorf.

Bonds between German and French business are likely to grow even closer. Yes, the lingua franca will increasingly be English: the brightest French pupils no longer pick German as their first foreign language and German ones are less francophile. And some cultural differences will remain forever unresolved. The French are unlikely to understand Germans' passion for honorifics, such as *Herr Doktor*. The Germans, used to cordial labour relations, will always struggle to comprehend French workers' penchant for militant protests.

At least German executives may be about to get plenty of learning opportunities. If the NFP's hard-left faction is sidelined by a more centrist coalition government, its trade-union allies will make their displeasure known. It will be felt nearly as acutely in Berlin as it will be in Paris. ■

Indebted companies

Where's my money?

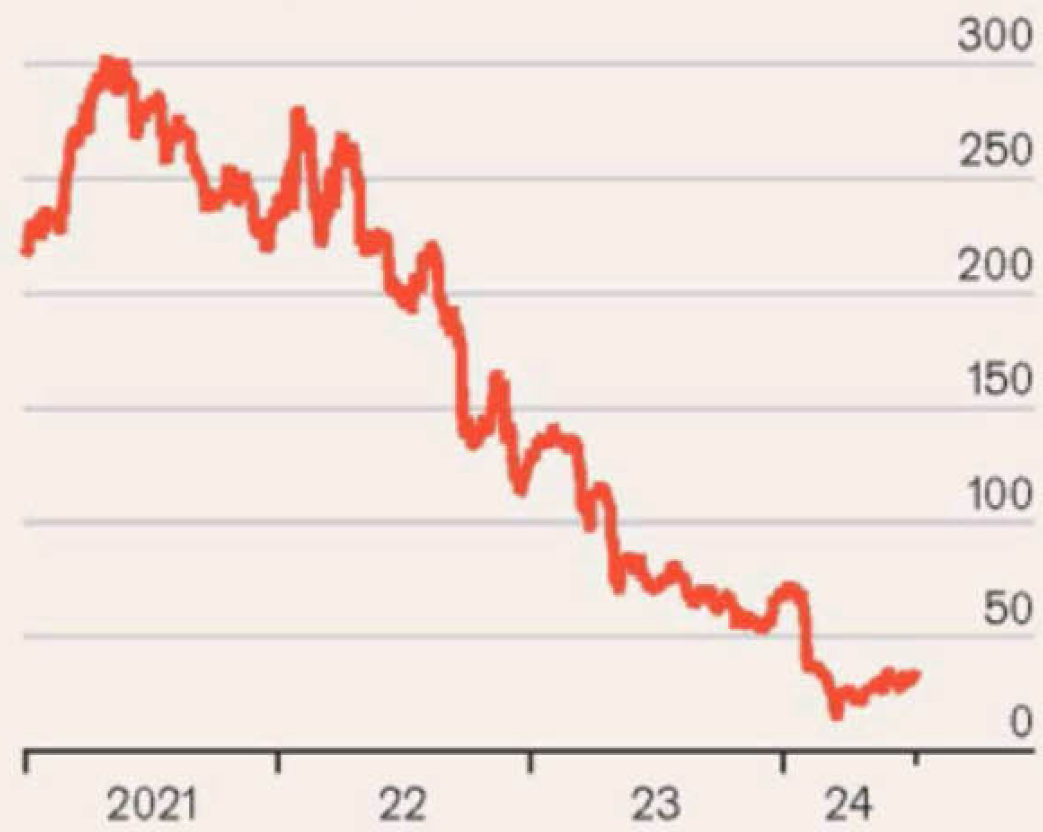
Europe's biggest debt-collector has a debt problem

Behind every on-screen loan shark is an even harder character making sure the mob's debts are paid—make Peter pay, or Paulie might break your legs. The financial system is less violent, but similarly interconnected. Intrum, Europe's biggest debt collector, has struggled to make its business of buying and settling bad loans work. Now it is under pressure from its own excessive borrowing. The firm's $6bn pile of debt trades at levels indicating deep distress. So do its shares, whose value has fallen by half this year (see chart).

On July 11th Intrum said it had reached an agreement with its creditors. Most bondholders will take a 10% haircut in exchange for new shares in the company, which looks like a cross between a call centre and a hedge fund. It earns around half its revenue collecting non-performing loans (NPLs) on behalf of other firms—this involves hassling errant borrowers with letters and telephone calls. The second, more troublesome part of Intrum's business entails not just chasing loans but actually owning them.

Loan shirker

Intrum share price, Swedish krona



Source: LSEG Workspace

After the euro-zone crisis of the early 2010s, banks looking to shed their NPLs found an eager buyer in Intrum, which borrowed heavily to fund its expansion. Its model has proved unsustainable. The share of bad loans on banks' balance-sheets has fallen to less than 2%, from 7.5% in 2015, according to the European Central Bank. Lenders are offloading fewer bargains as a result. Higher interest rates, meanwhile, have increased Intrum's cost of capital. "They are being squeezed from both sides," says Angeliki Bairaktari of JPMorgan Chase, a bank.

Others are facing a crunch, too. IQera, an indebted French debt-collector, has a balance-sheet in need of surgery. So does Lowell, a British one. But not all of Intrum's woes can be blamed on its industry's business model. Merging with Lindorff, a competitor backed by private equity, left the firm saddled with debt in 2017. When Intrum's new chief financial officer joins this year, he will be the eighth person to warm that chair since 2018.

Intrum must now reduce its debt further. In January it announced a deal to offload a portfolio of NPLs to Cerberus, an American investment firm, and for months it has been negotiating with its creditors, including sharp-elbowed investors that, like Intrum, specialise in wringing value from bad debts. Under its plan, most of Intrum's lenders will suffer a modest haircut and Intrum will start paying them back only in 2027.

Investment funds are probably a better home for NPLs than highly leveraged corporate balance-sheets. Intrum wants to strike more deals like the one with Cerberus—shedding much of the risk of investing in NPLs while continuing to earn fees from sourcing and collecting them. And though the European economy's decent health means fewer NPLs, it reckons technology will boost the efficiency of its collections. If it fails, creditors will come knocking. ■

The EV trade war

Tit for tat, not Tesla

SHANGHAI

The battle over electric vehicles heats up—but not for Elon Musk's carmarker

In the trade war between the West and China, a battle over electric vehicles (EVs) has begun. In May, as part of a broader volley against Chinese tech, America slapped a 100% duty on Chinese EVs. On July 2nd Canada launched a consultation on what it called "unfair Chinese trade practices" in the EV industry. Three days later a provisional tariff of up to 37.6% on Chinese EVs took effect in the EU. On July 10th, days after the symbolic swipe of opening an anti-dumping probe into European brandy, China's ministry of commerce signalled it will not take the assault lying down. It says it will study whether the EU's tariffs create barriers to free trade (see Finance & economics section).

Western car companies with large Chinese businesses fear getting caught in the crossfire. They would join earlier casualties of the intensifying conflict. Chinese government agencies have been told to tear out software and hardware made by American firms such as IBM, Microsoft and Oracle, ostensibly on national-security grounds. Some officials have even been told not to buy Apple's iPhones.

The most obvious target for China in EV tit-for-tat is Tesla. America's EV pioneer has a huge presence in China and is constantly vying with BYD, a local rival, to be the world's top maker of battery-powered cars. And yet, far from being the big loser from the tariff spat, Tesla appears to be notching one win after another in China.

In April its boss, Elon Musk, struck a deal to use a local firm's mapping data for a new self-driving system. In June Tesla won approval to test such a system in Shanghai. More surprising, this month the government of Jiangsu province added Tesla to its official list of suppliers—despite earlier reports that Teslas were banned from sensitive places such as airports because their sensors snaffled too much information. The decision grants permission to state and Communist Party entities to buy Teslas and gives the firm something akin to the status of a local business.

It is unclear why Tesla appears invulnerable. Perhaps Mr Musk persuaded Li Qiang, China's premier, that Teslas do not pose a security threat when the two of them met in April in Beijing. Or, as some insiders close to Tesla's factory in Shanghai suspect, the company's successes may be connected to Mr Musk's recent chumminess with Donald Trump, who looks likelier than not to return to the White House after America's presidential election in November. If the car boss becomes a presidential adviser, as some are speculating, he could talk America's China-basher-in-chief into moderating his stance.

There is a less conspiratorial explanation for Tesla's run of good fortune. The treatment of Mr Musk's firm illustrates the awkward spot China's government finds itself in. On the one hand, it must appear tough on hostile foreign powers accusing Chinese companies of flooding markets with subsidised products. On the other, as China's economy slows, it is trying to signal that it remains open to foreign investment. In this context, a crackdown on one of the most prominent outside investors would send the wrong message.

The Chinese government may thus opt for a more calibrated counterstrike. One likely outcome is for it to make greater use of America's weapon of choice—export restrictions. China has already curbed exports of gallium and germanium, two minerals whose production Chinese firms control and which are crucial to all manner of electronics, including those in electric cars. China could also update its list of controlled exports in areas where Western firms rely on Chinese intellectual property. In December lidar, a radar-like laser technology used in autonomous-vehicle sensors, appeared on that list alongside innovations in gene editing and synthetic biology. Expect more such laser focus. ■

BARTLEBY
Genre bending

The chief executive's alternative summer reading list

"HE INSPIRED NEITHER love nor fear, nor even respect…He originated nothing, he could keep the routine going—that's all." As a description of your typical middle manager, it is hard to surpass Marlow's view of the boss at a river port in Joseph Conrad's "Heart of Darkness". The novella is a critique of colonialism in Africa, and an exploration of power and morality. It is also a guide to dealing with corporate bureaucracy. Marlow's steamboat is in tatters and the manager is useless—Marlow must solve the problem himself. It sounds like an ordinary day at a *Fortune* 500 company.

Bookshops are stuffed with management tomes on how to be a good leader, inspire others, survive office politics, navigate cultural differences and win negotiations. But executives would do well to ignore the corporate self-help shelves and head instead for the classics section. Great works of literature, with their piercing examination of the human condition, have much to teach the aspiring chief executive about business—values of honesty, empathy and commercial acumen, as well as insights into vanity, pettiness, greed and ruthless ambition, all of which punctuate the journey from cubicle to corner office.

Ditching corporate prose for fabulous stories is itself the subject of at least one business book. In "Questions of Character: Illuminating the Heart of Leadership Through Literature", Joseph Badaracco, a professor of business ethics at Harvard Business School, considers eight works that provide lessons on what good leadership is—and isn't. If Mr Badaracco had to recommend one book executives should read this summer, it would be "Things Fall Apart" by Chinua Achebe. "Serious literature tends to be tragic literature," he says. "The struggles of the main character, Okonkwo, reveal the profound challenges leaders confront when they face evolving social norms, novel economic challenges, shifting power dynamics and the challenge of communicating across cultural divides." Your guest Bartleby has other literary recommendations, on a range of management topics.

Great leaders need good mentors. Is there any better than Virgil in Dante's "Inferno"? He guides the main character through Hell and Purgatory, pointing out dangers, giving advice, rebuking on occasion and finally withdrawing when his charge is ready to ascend to the innermost circles of the immortal world. Just as mentors motivate their wards, so must managers. Few books are better on motivation than Mark Twain's "Tom Sawyer". Forced to paint a fence white rather than play with his friends, the titular ragamuffin comes up with a way to make it seem so appealing that the local kids want to do it—and end up paying Tom for the privilege. Business-school professors call it "psychic rewards".

For navigating HR or the finance department, pick up Joseph Heller's "Catch-22" or Franz Kafka's "The Trial" (the characters' bureaucratic travails will make yours seem trivial). For holding meetings, crack open William Golding's "Lord of the Flies" (arguments descend into savagery). As for IT support, enjoy Samuel Beckett's "Waiting for Godot" (pure nothingness). For lessons on digital transformation, dump Clay Christensen's "The Innovator's Dilemma" and read Mary Shelley's "Frankenstein".

The frenzy of business, when it is not a comedy, is a tragedy. That makes Shakespeare a font of wisdom—if mainly on what to avoid. Richard III and Macbeth are terrible leaders: the former hubristic, the latter overly ambitious. King Lear stresses the importance of succession planning. Othello reminds executives to choose their personal assistants carefully. (Though Lady Macbeth is a case study in how to work the system as a non-executive director and Iago, Othello's duplicitous aide, is instructive on how to deceive and get rid of the boss.)

The worst CEO in literature, believes John McCallum, a retired professor at the University of Manitoba's Asper School of Business who used novels in his teaching, has to be Captain Ahab in Herman Melville's "Moby-Dick". "Selfish, reckless, arrogant, ignorant—he hits every marker of the bad boss," Mr McCallum says. The best has to be Fezziwig from Charles Dickens's "A Christmas Carol": caring and generous, but also a good businessman. Beware, though, for generosity has its limits. In Melville's short story "Bartleby, the Scrivener", this column's namesake, a surly employee, preferred not to work. The lenient boss kept him around. Productivity fell. The horror.

SCHUMPETER

Boeing, a corporate criminal

The planemaker's woes illustrate the excesses of a lean-and-mean era

At the turn of the century Boeing launched an advertising blitz to show what a marvel of American manufacturing it was. Called "Forever New Frontiers", it highlighted its pioneering work on some of the 20th century's biggest breakthroughs, from passenger and fighter jets to space rockets and satellites. Coming a few years after its merger with McDonnell Douglas, a smaller rival, Boeing stood tall in the fast-consolidating aerospace industry.

How far it has fallen since. On July 7th the American government said Boeing had agreed in principle to plead guilty to fraud in connection with two deadly crashes by its 737 MAX jets in 2018 and 2019. This latest frontier, its most disgraceful yet, makes it the corporate equivalent of a criminal. Looking back over the decades, it becomes clear that Boeing's embrace of what were once the defining trends in American business have come back to haunt it.

First, the tie-up with McDonnell Douglas in 1997 was part of what *The Economist* then approvingly called "one of the great industrial upheavals of all time": the hammering together of America's fragmented defence industry into a few global Goliaths. Since then consolidation has been the name of the game across corporate America. The second trend was outsourcing. In 2005 Boeing joined the rush to offload capital-intensive manufacturing and cut labour costs by selling off parts of its production line, becoming an assembler of planes rather than a vertically integrated manufacturer. Third, like many listed American firms, Boeing showered stockholders with cash via share repurchases and dividends rather than investing in non-financial innovation.

All three trends delighted Wall Street. They made the American economy more efficient and made waves around the world. They helped propel Boeing's market value to more than $200bn in 2019. But they have gone too far. Boeing's travails have torched around $100bn of that shareholder value.

Consider them in reverse order. The obsession with short-term shareholder returns, which may have led Boeing to undermine the safety of the 737 MAX by cutting corners, is widely seen as dating back to its landmark deal with McDonnell Douglas. Though Boeing was by far the stronger company, it absorbed the smaller firm's Wall Street-obsessed culture, particularly when it came to generating cash from legacy planes rather than pouring cash into creating new ones.

To be sure, returning cash to those who supplied it in the first place has merits. It gives shareholders the freedom to redirect investments to where they see better opportunities. But in Boeing's case some of the $61bn in dividends and buy-backs it doled out between 2014 and 2020 could have been better invested in new models, improvements in safety to protect its future, or both. Its last brand-new fleet-building programme, the 787 Dreamliner, dates all the way back to 2004. The 737 MAX, a short-haul workhorse whose faulty software caused the catastrophic crashes in Indonesia and Ethiopia, was a souped-up existing model rather than an all-new aircraft. In this narrowbody category, Boeing's market share has plunged from 48% to 38% in a decade, putting it far behind its European arch-rival, Airbus.

These days even Wall Street would rather see Boeing prioritise safety in order, partly, to recover market share lost to Airbus. Yet even as it struggles to overcome safety worries, the company promises free-cashflow generation in the years ahead that looks increasingly delusional. Boeing's bean-counter mentality remains.

The loss of a fuselage panel on an Alaska Airlines MAX aircraft shortly after take-off in January has drawn unflattering attention to the second trend once embraced by Boeing—outsourcing. The panel (which sealed an unused exit) was manufactured by loss-making Spirit AeroSystems, which was once part of Boeing but was sold during the outsourcing boom. As the *Wall Street Journal* reported, that divestment decision was part of a trend to develop "asset-light" firms focused on intellectual property; most notably, Boeing outsourced most of the manufacturing of the Dreamliner. Yet distributing production brought its own headaches. Delays, cost overruns and supply-chain snags became vividly apparent during the covid-19 pandemic. On July 1st Boeing said it would re-acquire Spirit for $8.3bn, restoring safety to its central position. The pendulum has swung back towards vertical integration.

The megamerger trend, too, has had chequered results. Buying McDonnell Douglas's armsmaking prowess vaulted Boeing into the top-tier of defence contractors. The logic appeared sound. Military budgets tend to be reliable counterweights to the vagaries of the civil-aviation market, making earnings more predictable. Government-backed innovations in military technology can also benefit commercial aircraft. Yet sitting too long at the top table appears to have made Boeing's defence and space businesses fat and lazy. In recent years it has haemorrhaged cash on weapons programmes. Its rocket launches have lagged badly behind those of Elon Musk's SpaceX. After years of mishaps, in June its Starliner space capsule dropped off two astronauts at the International Space Station. But it has had to delay bringing them home.

Go soon, Calhoun

What to do about all this? For a start, get cracking. Boeing's hapless boss, David Calhoun, has promised to step down by the end of 2024. That is not soon enough. There are immediate decisions to make, such as how to reinvigorate MAX production while rebuilding a safety culture, and how to deal with unions threatening to strike when their pay contract ends in September. More important, like all convicts, Boeing needs rehabilitation. And like all rehabilitation, this must start with self-reflection: in Boeing's case, realising that efficiency is all well and good, but being too lean and too mean can come at a grave cost. ■

Finance & economics

A second term

Halting his charge

WASHINGTON, DC

The idea of Trumponomics may be more frightening than its reality

IN MARKETS IT is known as the "Trump trade", a bet that Donald Trump's return to the White House would herald more inflation and higher interest rates. Many of Mr Trump's core policies push in this direction: tariffs would add to import costs, deportations of immigrants could push up wages and deficit-financed tax cuts would juice the economy. Amid mounting inflation, the Federal Reserve would have little choice but to opt for higher rates.

In the wake of Joe Biden's calamitous debate on June 27th, a preview of the trade played out. As investors grappled with the likelihood that Mr Trump would romp to the presidency, they sold off Treasuries, which led to a brief surge in yields. The big fear is that much worse would come to pass. If Mr Trump fought the Fed on rates, he might sow doubts about the central bank's independence, undermining confidence in America's markets and the dollar. That is the economic nightmare scenario for a second Trump administration.

But as with any nightmare, the bogeyman of Trumponomics may be more terrible than its reality. Mr Trump and his advisers have many rotten ideas. They also have some decent ones. And their ability to implement damaging policies will be constrained, with Congress, America's institutions and markets all serving as checks.

Mr Trump has honed his agenda in speeches and interviews, and on July 8th it was enshrined by Republicans as the party's election platform. Three elements stand out. The first is deregulation, a staple for Republicans. In contrast to 2017, when he and his advisers were ill prepared for the presidency, this time they have lined up personnel and policies. Mr Trump will waste little time in rescinding many of the Biden administration's environmental rules, easing drilling restrictions for oil companies and putting pressure on federal agencies to cut spending. He has promised, as in his first presidency, to eliminate two regulations for each one issued.

But much of this is marketing buzz. The number of restrictions in the Code of Federal Regulations, a proxy for the intensity of regulation in America, was basically unchanged under Mr Trump. What is more, his administration was stymied by the courts. It was unsuccessful in nearly 80% of litigation over its use of federal agencies, according to the Institute for Policy Integrity, a research group. Goldman Sachs, a bank, reckons that the impact of all Mr Trump's deregulation was ultimately insignificant for the wider economy—a result likely to be repeated.

On tax, Mr Trump can, in some sense, be seen as a continuity candidate. Action will focus on the looming expiration of much of the Tax Cuts and Jobs Act, Mr Trump's package from 2017. The TCJA's reduction in corporate taxes was permanent, but much of the rest of the law, including cuts to personal income taxes, will expire at the end of 2025. Mr Trump's main objective is to make these cuts permanent.

That will not be simple because to get the bill through Congress, Republicans will need to pay the cost of extending the cuts, about $4.5trn over the next decade. But Mr Trump has options. One slug of revenue may come from tariffs, which could bring in $3trn over the decade. There is also money in reversing some of Mr Biden's policies. The cost of the Inflation Reduction Act, Mr Biden's climate-subsidy package, is expected to reach about $1trn. Republicans can eliminate some tax credits, starting with discounts for electric vehicles. Mr Trump has also suggested he ▸▸

→ ALSO IN THIS SECTION

may unwind Mr Biden's student-debt cancellations, on track to cost $1trn.

Mr Trump's other tax ideas are more modest. He has talked about shaving a percentage point off the corporate tax rate, to cut it to 20% (he likes a round number). His zaniest proposal is to make tipping exempt from taxes. Legislators would have to craft that exemption carefully, otherwise everyone might demand pay as gratuities. Without offsetting revenue or spending cuts, every tax cut will make America's deficit worse, a risk under Mr Trump. But it is not as if Mr Biden has been a paragon of fiscal rectitude: the federal deficit is on track to hit a hefty 7% of GDP this year.

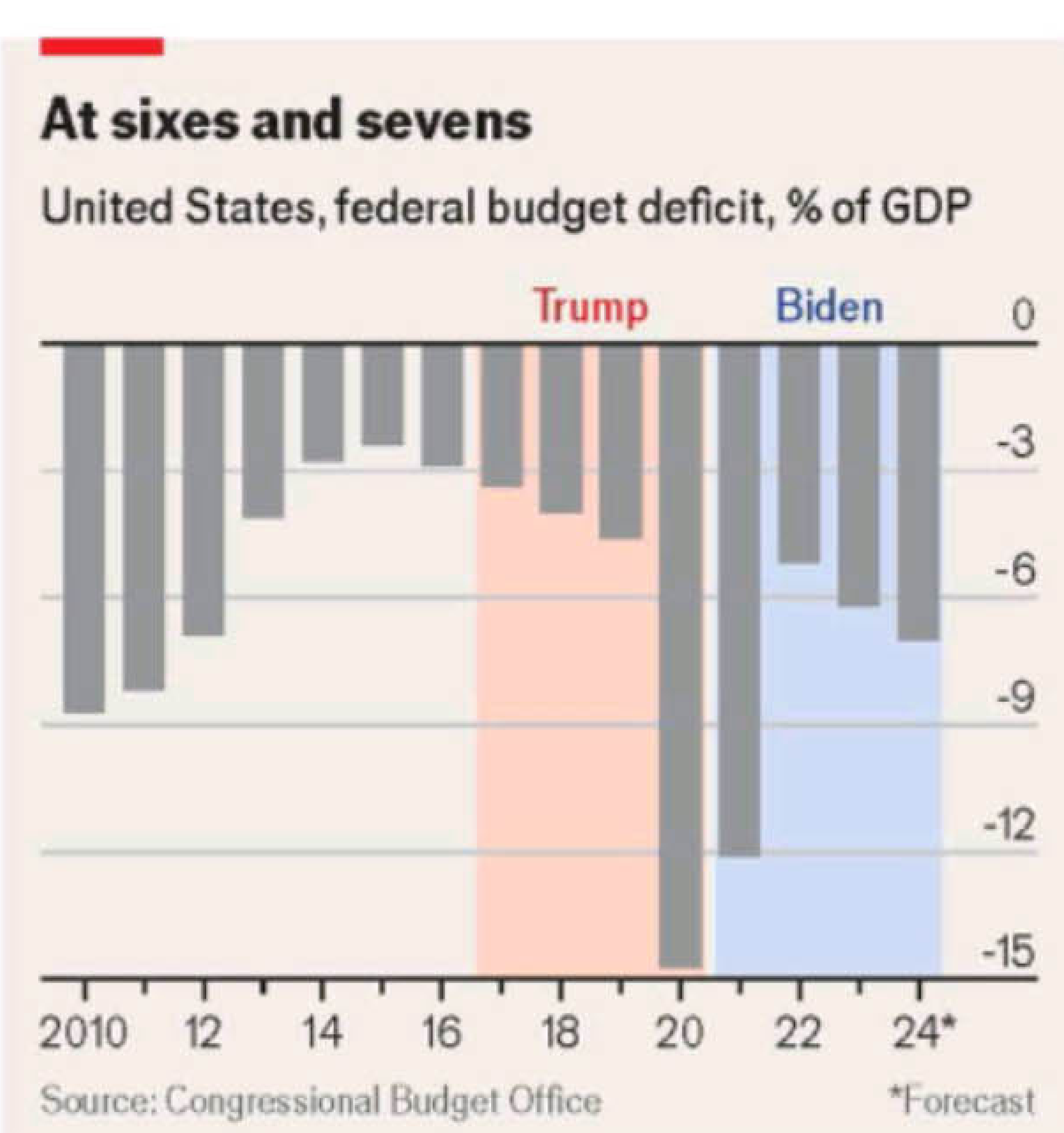
Tariff man, part two

The economic strategy for which Mr Trump is most infamous, especially outside America, is his protectionism. He has been clear about where he wants to go next, aiming for a 10% universal tariff on all imports into America and a 60% levy on Chinese-made goods. He also wants a more concerted decoupling from China.

There is no doubting the global fallout if Mr Trump were to deliver on his panoply of America-first trade policies. Would he be able to do so? In the traditional wing of the Republican Party, there is still resistance to tariffs. If Mr Trump decides to cut Congress out of the picture, he may declare a national-security emergency, which would give him special powers. That, however, may be struck down in court.

Higher tariffs on China would be more achievable, since the White House could piggyback them on existing measures. It could, for instance, conclude that China has not lived up to a deal signed with Mr Trump in 2020, which would be easy to demonstrate. Cracking down on the rerouting of Chinese exports via other countries would be harder without co-operation from foreign governments, which Mr Trump has struggled to elicit in the past.

Moreover, even within Mr Trump's White House, there may well be opposition to his most aggressive trade policies.



Hawks such as Peter Navarro, an economic adviser, have been the most voluble, but Mr Trump likes to assemble a team of rivals, letting him adjudicate between contrasting opinions. He may once again appoint a Wall Street veteran as his treasury secretary and such a figure would be a counterweight to fire-breathing protectionists.

Mr Trump's agenda will face other hurdles. He wants to hit the ground running but his first year in office features a dense legislative calendar. The debt ceiling will be reinstated on January 2nd, forcing the White House to enter talks with Congress. Another deadline looms at the end of April when Congress will have to make swingeing cuts if it has not worked out a new budget. All the while, the clock will be ticking on Mr Trump's tax cuts. If the Democrats manage to win the House, all of these negotiations will be that much thornier.

Mr Trump will make even less headway on reshaping the Fed. Investors worry that he wants to influence the central bank's rate decisions. Putting that desire into practice, though, is difficult. His first chance to appoint a new governor will come in 2026, after which he can also nominate a chair to replace Jerome Powell. But the Fed's board is seven-strong and all nominations must go through the Senate, which previously blocked two of Mr Trump's four nominees. If Mr Trump tried to fire Mr Powell, insiders at the Fed think that he would have another unwinnable legal fight on his hands.

Perhaps the biggest short-term damage that Mr Trump can inflict on America's economy is through his immigration policy. Stopping "the invasion", as he calls it, will consume his administration. The millions who have entered the country in the past few years have been vital to sustaining economic growth while taming inflation. A halt to migration would be a shock to the labour market. Nevertheless, as with other Trumpian policies, there will be resistance every step of the way, with courts striking down deportation orders, Democrat states refusing to co-operate and businesses lobbying for a lighter touch.

Through all of this, the financial world would also rein in Mr Trump. He is sensitive to the stockmarket, even ascribing its good run earlier this year to expectations of his victory. Were equities to fall or yields to soar when Mr Trump attacks his latest target—whether the Fed, migrants or foreign trade—it would catch his attention.

This is not to be sanguine about Mr Trump's hold over American politics. There is a risk that his second term would spiral out of control. Checks on his excesses are not automatic, and would need people to go against him in the Republican Party, the courts and society at large. But that ought to happen, which would keep the worst of Trumponomics at bay. ■

Future gazing

Gambling on Biden

WASHINGTON, DC

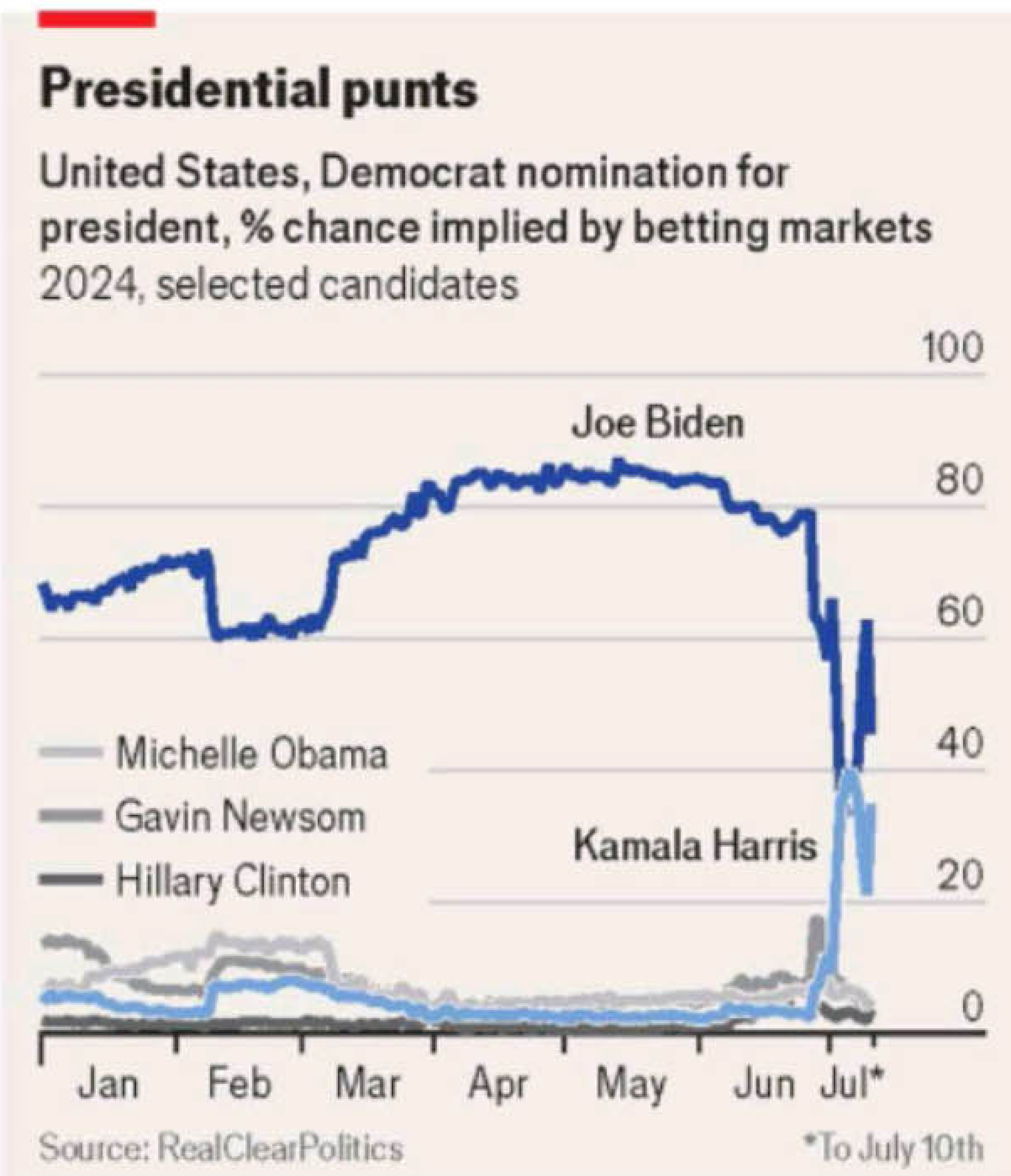
People use betting markets to predict politics. But America's are hobbled

IN THE EARLY 20th century, for brief periods, the most frenetic American trading pits were not the raucous markets in which stocks were traded, nor the venues where bonds were exchanged. The real action was in the market for betting on the next president. "Crowds formed in the financial district...and brokers would call out bid and ask odds as if trading securities," write Paul Rhode and Koleman Strumpf, two economists. Markets were deep, liquid and smart: in 15 presidential elections from 1884 to 1940, the favourite won 11 times and three races were essentially tied (in odds and result). Only once did markets miss the mark.

Lively markets in political betting would be a gift today, since they have taken on a profound importance in the days since Joe Biden's disastrous debate against Donald Trump. The question of whether Mr Biden should drop out is urgent; the answer influenced by his chances of beating Mr Trump. Polls, even fast ones, are slower than markets. And markets moved sharply against Mr Biden's chances of continuing in the White House and being the Democrat nominee, before recovering a little in response to the president's obstinacy (see chart on next page).

Unfortunately, robust political betting markets all but vanished in America around the time of the second world war, owing to a crackdown on gambling and the


The sky is falling



rise of political polling. Today they are mostly illegal, since it is thought unseemly to sully democracy with speculation, with an exception for not-for-profit betting exchanges built by academics to generate data. Thus the only betting markets that remain are highly restricted, operate abroad or exist outside traditional gambling and financial markets. Can any be trusted?

Consider academic exchanges first. The main restriction on these is that they must cap the value of any bet—at $500 on the Iowa Elections Market and $850 on PredictIt—as well as the number of people betting on any question. As a result, crazy bets cannot be punished by a big trader who spots an opportunity (and perhaps not by anyone, if limits have been reached).

Venues such as Betfair, a British betting exchange, are populated by foreigners who may be less well informed. Nate Silver, an elections forecaster, has derided taking such markets seriously as checking in with the "Scottish teens". There is a crypto exchange, run on Ethereum, where election betting takes place, but only those with crypto-wallets can get involved.

All these suffer from what David Rothschild, a researcher at Microsoft, calls "the "favoured long-shot issue". Even now betting markets give Michelle Obama a 5% chance of being the next Democrat nominee. Perhaps her chance is not zero, but it is close to it. These bets cannot be punished by big trades in America. Elsewhere thin markets tend to lead to high fees, which eat into winnings, meaning it is rarely worth taking the other side.

When evaluating Mr Biden, such problems are less relevant. Markets might not price Ms Obama appropriately, but they do a better job for the president. There are lots of bets, for serious money, on his chances. His odds shift with events. It has been useful to know, in real time, how his chances fare. It might be even more useful if betting were open to all. Let crowds form in the financial district once more. ■

Geopolitical wrangles

Principle concern

Europe prepares for a mighty trade war

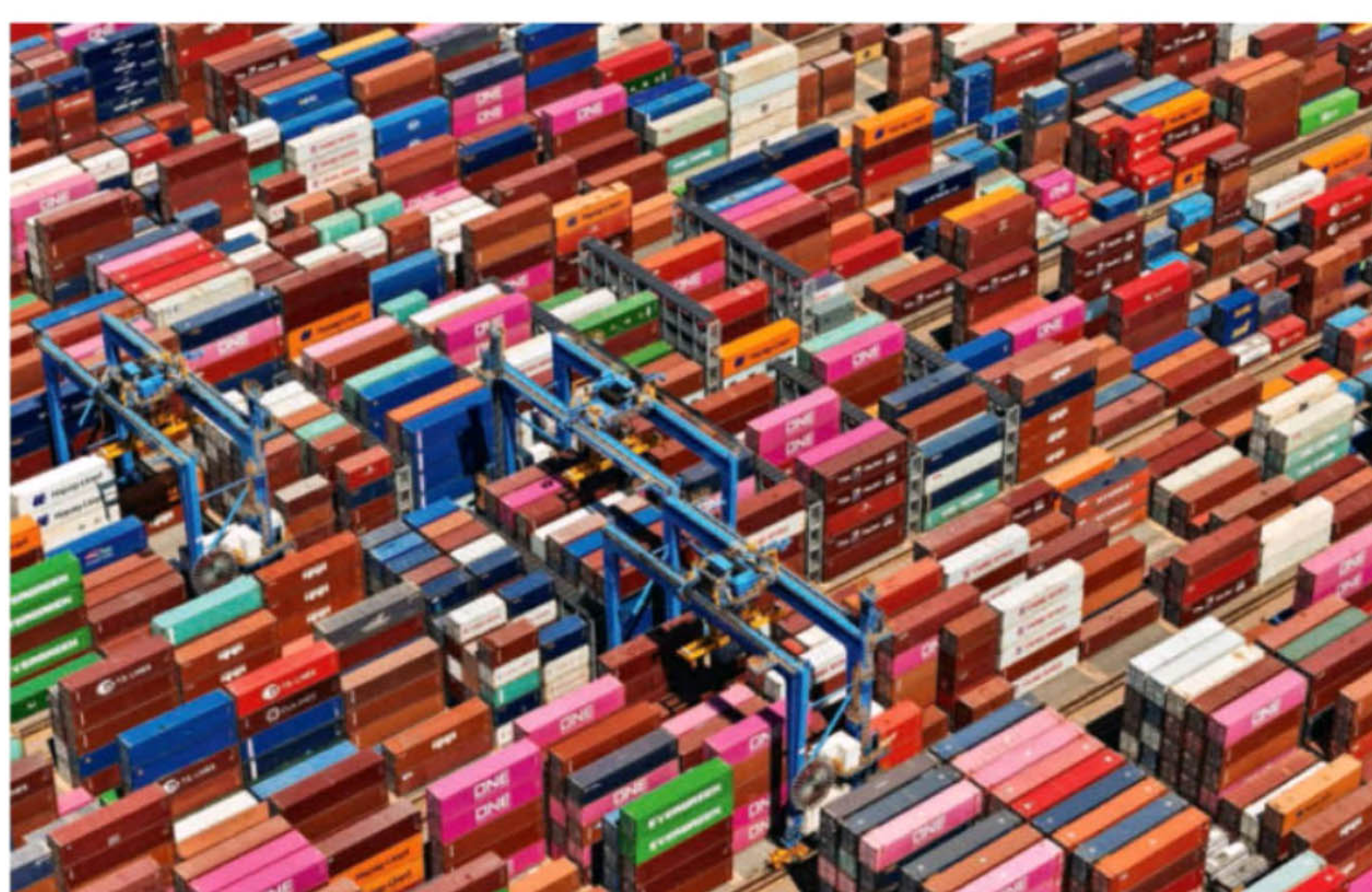
"WE CANNOT CARRY on trade without war, nor war without trade," wrote Jan Pieterszoon Coen, a brutal governor-general of the Dutch East India Company, to shareholders in 1614. Four centuries later, things sound a bit different. "Let's make no mistake: assertiveness is a prerequisite for keeping our markets open," says Sabine Weyand, the EU's top trade negotiator. After decades during which America supported the global rules-based trade order and European commerce thrived, the bloc now has to learn how to do business in a fractious world.

Electric vehicles (EVs) from China are the EU's latest target. On July 5th the European Commission started to apply provisional tariffs to them. These differ by firm, from 17% for BYD to 38% for SAIC, based on subsidies they have received from the Chinese state and their co-operation with the EU's investigation. The commission's logic for applying levies on top of an existing 10% tariff on car imports is that Chinese carmakers have an unfair advantage owing to favoured treatment at home—a justification that allows the levies to fall within the World Trade Organisation's (WTO) rules. The move nevertheless illustrates the tightrope European officials must walk. They want to uphold the rules-based order, from which the continent benefits enormously, while ensuring that they are not bullied by more protectionist rivals.

The EV decision is controversial. German carmakers, fearing China's response, oppose the move. Olaf Scholz, Germany's chancellor, reportedly wants a mutual car tariff at China's level of 15%. On July 10th the Chinese trade ministry announced that it was investigating the latest EU trade practices, with a view to suing the bloc at the WTO and implementing retaliatory measures. Cecilia Malmström, a former EU trade commissioner, thinks talks will produce lower tariffs by the autumn, but that the levies will not go entirely, as China will not meet the commission's demands and European officials want to look tough.

Further spats are likely, during which the EU will make use of new weapons. One is the "international-procurement instrument", which is being employed with its investigation into the Chinese market for medical devices. Should negotiations over access for European companies fail, the EU may respond by demoting Chinese bidders in procurement tenders. America could be next. When Donald Trump imposed tariffs on aluminium and steel in 2018, the EU joined forces with other countries and imposed revenge tariffs on goods including motorcycles and whisky. If he is re-elected in November and imposes 10% tariffs on all imports, as he has suggested he will, European officials will want to respond.

In all of this, the EU is at pains to stress its policies are and will be WTO-compliant. The trade club is much more important to the EU than to either America or China, which are both uncomfortable with being restrained by multilateral rules. Yet other countries have also fallen out of love with the WTO. The likes of China, India and Russia prefer "an alternative system based on commercial contracts rather than a rules-based institution that, in their view, has been corrupted by European lawyers ▸▸



What prosperity looks like

and US vetoes," notes Hosuk Lee-Makiyama of the European Centre for International Political Economy, a think-tank. As such, the EU is conscious that it is defending a vulnerable institution.

If things heat up, doing so will prove tough. In contrast with American tariffs on Chinese EVs, the EU's approach is so fastidious that it even allows Chinese companies to sue the bloc in European courts. Adhering to the old order's principles is getting harder because they were not made for dealing with enormous economies run on principles of state capitalism. The latest trade weapons also try to comply with the system, though lawyers fear that the international-procurement instrument could, for example, become a "Buy European" clause if applied too aggressively.

Europe's intention is to use tariffs as a way to negotiate better treatment, says Mr Lee-Makiyama, as it did with American aluminium and steel. This may yet happen in the case of Chinese EVs. But negotiating after trade fights is a crude strategy, and may not be a sufficient one if Mr Trump returns to the White House. If that happens, the EU will have to work out how to recruit outside countries to its cause. Ms Weyand proposes tailoring aid, investment, financing and trade policies to meet their needs. That would be a more peaceful method than the war waged in the 1600s. But it is an uncomfortably political one for a body as dedicated to the rules-based order as the European Commission. ■

BUTTONWOOD

In praise of globalists

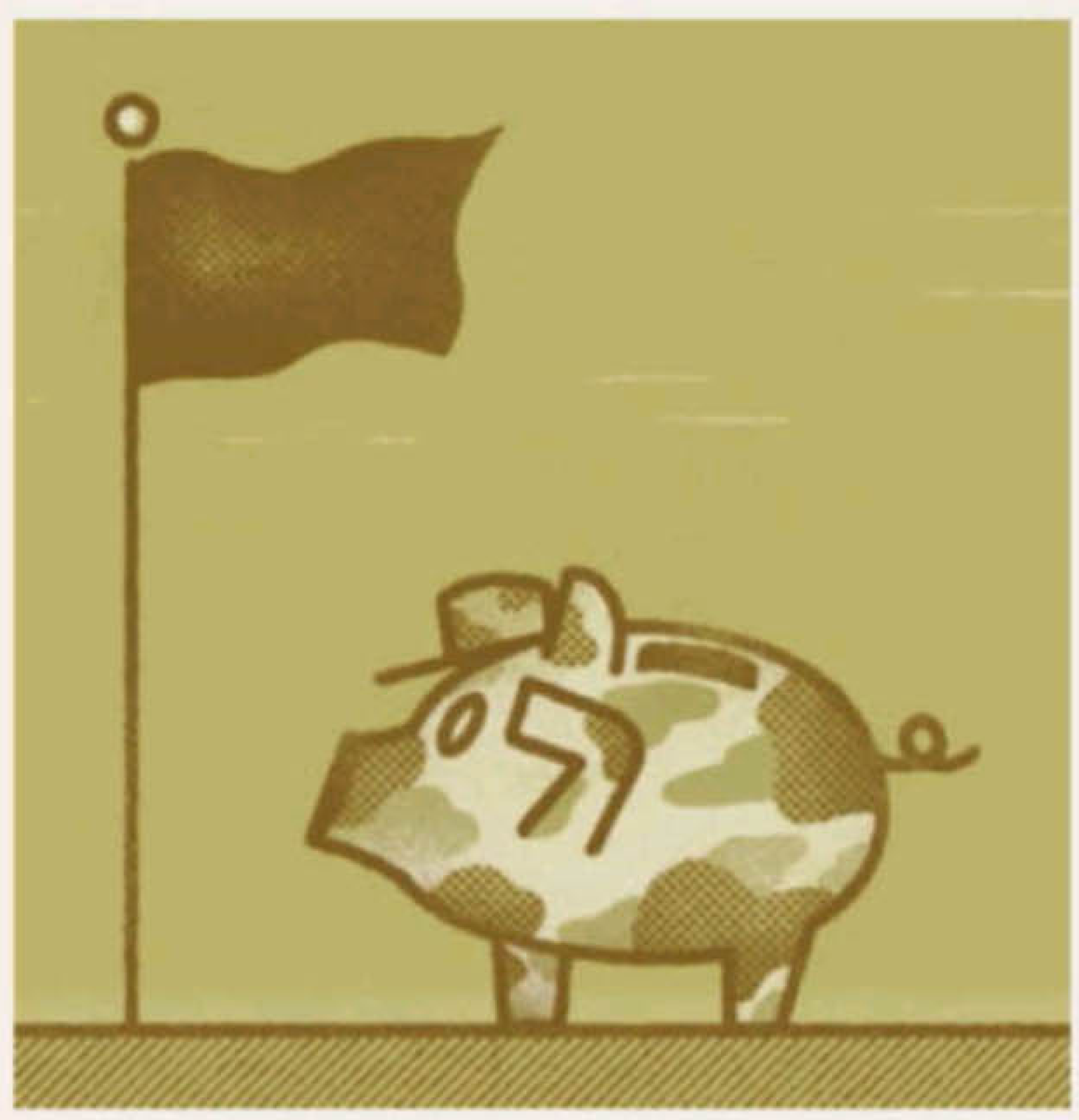
Misguided pension nationalism is taking hold of Western governments

RACHEL REEVES, Britain's new chancellor, says that she has inherited the worst fiscal circumstances since the second world war. An exaggeration, perhaps, but only a small one. To address the squeeze, Ms Reeves will seek the help of Britain's retirement savings. On July 8th she said that she wants the country's pension funds "to drive investment in homegrown businesses and deliver greater returns to pension savers".

Details of Ms Reeves's plans are still to emerge. Her predecessor, Jeremy Hunt, set the ball rolling by mandating that defined-contribution pension funds will have to disclose the scale of domestic investments by 2027. Other countries are joining in. Stephen Poloz, a former governor of the Bank of Canada, is looking at how to increase pension-fund investment in domestic assets on behalf of the Canadian government. Enrico Letta, a former Italian prime minister, recently argued in favour of an EU-wide auto-enrolment pension scheme that could be funnelled into green transport and energy infrastructure.

What explains the rise of pension-fund nationalism? Many Western countries, other than America, face similar problems. Politicians fret about low levels of business investment. The most promising high-tech firms flee for Silicon Valley when seeking venture-capital funding or Wall Street when requiring a stockmarket on which to list. High interest rates and mighty government debts mean that cash is scarce. Time, then, to shake down pension funds.

There may be some measures that pension-fund nationalists are able to employ without dampening returns. Removing barriers that prevent funds from investing in domestic assets is a laudable enough goal. In Britain small



private-pension plans could be consolidated, which would allow for economies of scale and make investing in private markets more straightforward.

Research by Keith Ambachtsheer, Sebastien Betermier and Chris Flynn, a trio of economists, shows that Canadian funds invest a disproportionate amount at home when it comes to bonds, property and stocks. But they invest relatively little in domestic infrastructure as the government chooses not to make such assets available to them. The authors propose that the Canadian government follows the example of countries including Australia and India, which have made their infrastructure an asset class in which pension funds at home and abroad can invest.

Yet savers have reason to be sceptical that extra domestic investment will produce higher returns. Pension funds already exhibit home bias, deploying more cash to local markets than would be best. Over the past decade, the MSCI Canada and Britain indices have returned 4% and 3% a year in dollar terms, while American stocks have returned 13%. Any Briton or Canadian who wishes their pension allocation was more domestic is a truly selfless patriot. And the two markets have not underperformed because they are capital-constrained. They have underperformed because they are stuffed with companies in industries such as banking, energy and mining, which have lagged behind America's soaring tech stocks.

Enormous East Asian retirement piles provide a valuable lesson in the merits of pension globalism. The governments of Japan and South Korea once deployed state pension funds in pursuit of national goals, as Western politicians are now discussing. But in recent years they have changed approach, prompted to do so by worries about ageing populations and low returns. As recently as 2010 more than two-thirds of assets held by both the Korean National Pension Service and Japan's Government Pension Investment Fund were domestic bonds. Today the share has fallen to 30% and 27%, respectively. Both countries are investing more overseas and in riskier assets. As a consequence, returns have surged.

Few Western politicians would like to go as far as the Japanese and South Korean governments once did, but the direction of travel is nonetheless worrying. Giving pension funds more options is one thing. Limiting their options in order to encourage domestic investment is quite another. That is especially true given that governments already face a formidable challenge when it comes to providing for baby-boomers during their increasingly lengthy retirements. National obligations that lower returns will inevitably leave governments holding the bag for any shortfall in the decades to come. When that happens, they will rue the decision to have focused on anything but making money.

Dissident victims

Good cop, bad cop

How strongmen abuse tools for fighting financial crime

IN MAY 27 members of the Community Empowerment Resource Network (CERNET), a Philippine charity, were charged with bankrolling communist rebels. Straight away the case looked strange. A social-media post by police claimed they had jailed Estrella Flores-Catarata, one of CERNET's associates, who received an award from the UN for her work with indigenous people last year. She has no criminal record and was set free after paying bail. Other charities that support small-scale farmers and help people after natural disasters have also had their top brass charged and accounts frozen for allegedly breaching the Philippines's Anti-Terrorism Act, a draconian law passed in 2020.

Their ordeal is an example of how governments are weaponising rules intended to stop dirty-money flows, both at home and abroad. LexisNexis Risk Solutions, a data firm, lists 130,000 entities alleged by governments or media to have laundered money. Some 30,000 have had their assets frozen, up from 24,000 last year—the biggest rise in at least nine years. Although some of this increase reflects genuine crime-fighting, international directives create opportunities for large-scale abuse. And evidence suggests that strongmen are becoming increasingly creative in how they wield tools of financial suppression.

At fault is a body called the Financial Action Task Force (FATF). Established in 1989 by the G7 as a one-year, fact-finding unit that would catalogue policies to stop money-laundering associated with the illegal drugs trade, FATF has grown into a 40-member outfit central to the global fight against all grubby finance. The task-force now has two main jobs. One is to recommend basic measures—such as blocking suspicious funds and surveilling dodgy groups—to stop cash going to mafias, terrorists and weapons-traders; countries are then expected to translate the recommendations into domestic policies. The second is to assess countries' compliance.

In principle FATF recommendations are non-binding. In practice almost no country can afford to ignore them. Any that receive poor marks risk ending up on a "grey" list, which causes capital inflows to dwindle as foreign banks retreat. Those on the "black" list—Iran, Myanmar and North Korea—are largely cut off from the global, dollar-based financial system. Despite this, the task-force's standards are vaguely worded and allow strong measures to be taken, based not on criminal convictions, or even allegations supported by evidence, but on mere suspicions.

The worst offenders are autocratic regimes keen to maintain a pretence of democratic rule, says Stephen Reimer of the Royal United Services Institute (RUSI), a think-tank. But even democracies are sometimes tempted. In 2022 Canada broadened its anti-money-laundering laws to stop funding for a protest by lorry drivers that had paralysed Ottawa. A recent study by RUSI suggests that abuses are most common during elections, referendums, the passing of controversial laws and periods of military tension.

The potentates' playbook

Tactics vary in sophistication. Some strongmen start by collecting information. The FATF requires governments to establish "Financial Intelligence Units" with the power to obtain data from banks. Although its standards say units should be independent, security services often lean on them. Aggressive measures, such as office raids, may also be used to harass targets, steal their wares and construct cases.

Abusers might then starve victims of funds so they cannot continue to work. The FATF calls on governments to forbid transactions involving entities suspected of shifting dirty money, so as to prevent funds from disappearing during an investigation. For strongmen, the tool has the merit of debilitating targets at zero notice, without being as visible as imprisonment. A victim in Egypt says that even his friends forget he has not had access to his bank account for three and a half years. It helps strongmen that banks, wary of being punished, are often ultra-cautious in how they handle frozen assets, preferring to wait until they get an explicit green light from the authorities before unlocking funds.

The protesters' playbook

For more ambitious leaders, the FATF can be used to make politically motivated arrests. The insertion of offences related to financial crime in national penal codes, together with provisions allowing for lengthy pre-trial detentions and broad definitions of "terrorism", allows repressive regimes to lock up people for months or years on baseless charges. Only 2% of those investigated under India's Unlawful Activities Prevention Act from 2016 to 2019 have been convicted of a crime, for instance.

Even exiles can be targeted. FATF standards require states to provide legal assistance, cross-border asset freezes and extraditions. Belarus and Kazakhstan have used this to make Western democracies provide financial intelligence on exiled dissidents. In recent years critics of the Turkish government living in the West have been cut out from banking after the country's president placed them on a list of presumed sponsors of terrorism. Politically motivated accusations in one country are picked up by global data aggregators that banks elsewhere rely on.

How can those in the crosshairs escape? One option is to challenge unfair treatment in court. This has yielded success in Kenya and Uganda, with assets unfrozen and, in the latter case, legal fees covered. But the strategy is tough in countries without independent courts. Attracting the attention of rich democracies or multilateral bodies, such as the UN or World Bank, ahead of debt-relief talks or loan negotiations is a surer option. Such pressure recently helped win the release of political prisoners in the Middle East and derail a probe of 57 media, philanthropic and anti-corruption outfits in Serbia.

A more lasting solution would require reform of the FATF, including the introduction of more precise standards, a channel to report abuse and a way to block countries from misusing the system. Last year FATF Recommendation 8, which focuses on the use of non-profits for financing terrorism, was revised to limit abuse and tackle the widespread "debanking" of charities. At the same time, other changes sought to make the confiscation of criminal funds faster and close existing loopholes. The organisation's priority remains making its war against money-laundering a fiercer fight, rather than a cleaner one. ■

FREE EXCHANGE

If only he wasn't

Xi Jinping really is unshakeably committed to both state-owned firms and the private sector

CHINA'S PARAMOUNT leader, Xi Jinping, contains multitudes. His economic philosophy touts both self-reliance and openness. His vision of policymaking embraces top-down design, but also bottom-up experimentation. During the covid-19 pandemic, he urged local officials to eliminate infections (which often required lockdowns) and promote growth (which required mobility). His recent call to cultivate "new productive forces" entails championing cutting-edge technologies, but without neglecting traditional industries. Communists are taught to believe in the power of contradictory forces, as Trivium, a consultancy, once put it. So Mr Xi "will expect his comrades to cope".

For others, Mr Xi's priorities can be baffling. Take the "two unshakeables", one of his favourite slogans, which has been heard a lot in the past year or so. This refers to the Communist Party's unshakeable commitment to both the state-owned economy and private enterprise. The pledge, sometimes translated as the "two unswervings" or the "two unwaverings", first appeared under Mr Xi's predecessors. It was reaffirmed in 2013 when his party promised to "unwaveringly encourage, support and guide the development of the non-public sector". And it will no doubt feature at the forthcoming "third plenum", a twice-a-decade meeting devoted to long-term reforms, which will take place from July 15th-18th.

But what does the formula mean? At first blush, each unshakeable seems to be in contradiction with the other. Almost 867,000 firms in China have some degree of state ownership, according to Franklin Allen of Imperial College London and co-authors. Real resources, unlike party slogans, are scarce. Any land, labour or capital used by China's state-owned enterprises (SOEs) ceases to be available to scrappier private firms. A commitment to one form of ownership must surely come at the expense of the other.

Certainly, the fortunes of China's private firms have wavered. Their share of investment reached 59% in 2014, according to official figures. But that percentage has since dropped. At the end of last year, it was just 50%.

Instead of support, China's private entrepreneurs have suffered fines, detentions and crackdowns. Three years ago, private firms accounted for 55% of the market value of China's top-100 listed firms, according to the Peterson Institute for International Economics, a think-tank. By the end of last year, that figure was 37%.

But the two unshakeables are more compatible than they appear. Although private firms are more likely to thrive in the absence of SOEs, the reverse is not always true. Private competitors often make state-owned rivals better: more efficient and responsive to market demands. Since China's leaders cannot forswear state ownership, they want to make the most of what remains of it. They value private enterprise in part because the force of its example and the threat of private competition can help whip SOEs into shape. The private economy "has not weakened the state-owned economy, but has improved the efficiency of state-owned enterprises and stimulated their vitality", argued Teng Tai, director of Wanbo New Economic Research Institute, a think-tank, at the launch of his new book on the private sector in Beijing.

Private firms fear that SOEs will crowd them out: "the state advances, the private sector retreats," as the Chinese sometimes put it. But since the global financial crisis of 2007-09, the private sector has often retreated of its own accord, in response to market downturns, not state advances. In these cases, investment by state-owned vehicles, including local-government infrastructure firms, has filled the gap in demand left by a cowed private sector. Last month Yang Jing of the Institute of Marxism within the Chinese Academy of Social Sciences argued that SOEs provide "ballast" and play the role of "stabiliser". The labour, land and capital absorbed by such enterprises is not being denied to private firms if they were never going to use it.

Private firms can benefit from SOE investment. Links between industries are "like a giant spiders' web", points out Xiaohuan Lan of Fudan University. He cites BOE Technology Group, which evolved out of a state-owned maker of vacuum tubes. Its emergence as China's leading maker of digital displays helped break a foreign stranglehold to the benefit of downstream private enterprises making televisions and phones.

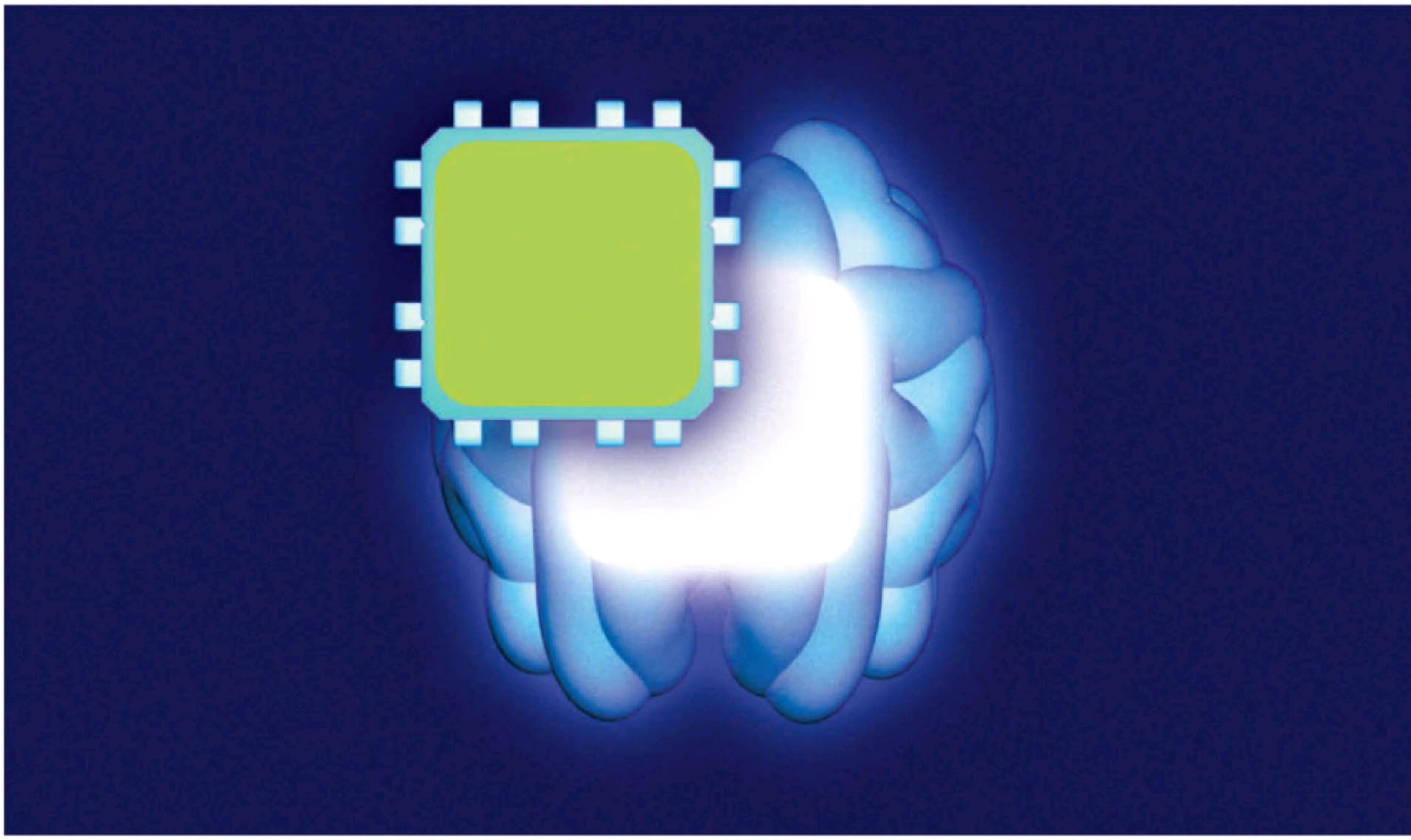
I'm from the Chinese government, and I'm here to help

The party's unshakeable commitment to private ownership is also of a peculiar kind. Elsewhere governments show support for private enterprise by getting out of the way. In China, by contrast, the party's commitment to the private sector includes a pledge to "guide" it. This can range from subsidies to regulatory restrictions. It can also work through party organisations within private firms that have grown in number and influence. In 2020 the party urged such organisations to direct members of private firms. "Arm their minds and guide their practice with Xi Jinping Thought", it said, and increase "their political, ideological, and emotional identification with the Communist Party of China".

Party officials have repeatedly said that private entrepreneurs are "our own people". That may be reassuring to businessfolk who fear being vilified as greedy, unpatriotic or corrupt. But the gesture of solidarity is double-edged. It implies that entrepreneurs must mouth party platitudes and "actively practise the core socialist values". Entrepreneurs cannot be their own people.

In the early 2000s prominent businesspeople joined the party hoping it would be a vehicle for their commercial ambitions. But it has become increasingly clear that the party sees private firms as a vehicle for its own objectives. Officials are not indifferent to private enterprise. The party's unshakeable commitment to the sector is sincere—even if many entrepreneurs may wish it were less so. ■

Science & technology



Artificial intelligence

Inside the mind of an AI

Researchers are finding ways to analyse the sometimes strange behaviour of large language models

TO MOST PEOPLE, the inner workings of a car engine or a computer are a mystery. It might as well be a black box: never mind what goes on inside, as long as it works. Besides, the people who design and build such complex systems know how they work in great detail, and can diagnose and fix them when they go wrong. But that is not the case for large language models (LLMs), such as GPT-4, Claude and Gemini, which are at the forefront of the boom in artificial intelligence (AI).

LLMs are built using a technique called deep learning, in which a network of billions of neurons, simulated in software and modelled on the structure of the human brain, is exposed to trillions of examples of something to discover inherent patterns. Trained on text strings, LLMs can hold conversations, generate text in a variety of styles, write software code, translate between languages and more besides.

Models are essentially grown, rather than designed, says Josh Batson, a researcher at Anthropic, an AI startup. Because LLMs are not explicitly programmed, nobody is entirely sure why they have such extraordinary abilities. Nor do they know why LLMs sometimes misbehave, or give wrong or made-up answers, known as "hallucinations". LLMs really are black boxes. This is worrying, given that they and other deep-learning systems are starting to be used for all kinds of things, from offering customer support to preparing document summaries to writing software code.

It would be helpful to be able to poke around inside an LLM to see what is going on, just as it is possible, given the right tools, to do with a car engine or a microprocessor. Being able to understand a model's inner workings in bottom-up, forensic detail is called "mechanistic interpretability". But it is a daunting task for networks with billions of internal neurons. That has not stopped people trying, including Dr Batson and his colleagues. In a paper published in May, they explained how they have gained new insight into the workings of one of Anthropic's LLMs.

One might think individual neurons inside an LLM would correspond to specific words. Unfortunately, things are not that simple. Instead, individual words or concepts are associated with the activation of complex patterns of neurons, and individual neurons may be activated by many different words or concepts. This problem was pointed out in earlier work by researchers at Anthropic, published in 2022. They proposed—and subsequently tried—various workarounds, achieving good results on very small language models in 2023 with a so-called "sparse autoencoder". In their latest results they have scaled up this approach to work with Claude 3 Sonnet, a full-sized LLM.

A sparse autoencoder is, essentially, a second, smaller neural network that is trained on the activity of an LLM, looking for distinct patterns in activity when "sparse" (ie, very small) groups of its neurons fire together. Once many such patterns, known as features, have been identi- ▸▸

→ ALSO IN THIS SECTION

fied, the researchers can determine which words trigger which features. The Anthropic team found individual features that corresponded to specific cities, people, animals and chemical elements, as well as higher-level concepts such as transport infrastructure, famous female tennis players, or the notion of secrecy. They performed this exercise three times, identifying 1m, 4m and, on the last go, 34m features within the Sonnet LLM.

The result is a sort of mind-map of the LLM, showing a small fraction of the concepts it has learned about from its training data. Places in the San Francisco Bay Area that are close geographically are also "close" to each other in the concept space, as are related concepts, such as diseases or emotions. "This is exciting because we have a partial conceptual map, a hazy one, of what's happening," says Dr Batson. "And that's the starting point—we can enrich that map and branch out from there."

Focus the mind

As well as seeing parts of the LLM light up, as it were, in response to specific concepts, it is also possible to change its behaviour by manipulating individual features. Anthropic tested this idea by "spiking" (ie, turning up) a feature associated with the Golden Gate Bridge. The result was a version of Claude that was obsessed with the bridge, and mentioned it at any opportunity. When asked how to spend $10, for example, it suggested paying the toll and driving over the bridge; when asked to write a love story, it made up one about a lovelorn car that could not wait to cross it.

That may sound silly, but the same principle could be used to discourage the model from talking about particular topics, such as bioweapons production. "AI safety is a major goal here," says Dr Batson. It can also be applied to behaviours. By tuning specific features, models could be made more or less sycophantic, empathetic or deceptive. Might a feature emerge that corresponds to the tendency to hallucinate? "We didn't find a smoking gun," says Dr Batson. Whether hallucinations have an identifiable mechanism or signature is, he says, a "million-dollar question". And it is one addressed, by another group of researchers, in a new paper in *Nature*.

Sebastian Farquhar and colleagues at the University of Oxford used a measure called "semantic entropy" to assess whether a statement from an LLM is likely to be a hallucination or not. Their technique is quite straightforward: essentially, an LLM is given the same prompt several times, and its answers are then clustered by "semantic similarity" (ie, according to their meaning). The researchers' hunch was that the "entropy" of these answers—in other words, the degree of inconsistency—corresponds to the LLM's uncertainty, and thus the likelihood of hallucination. If all its answers are essentially variations on a theme, they are probably not hallucinations (though they may still be incorrect).

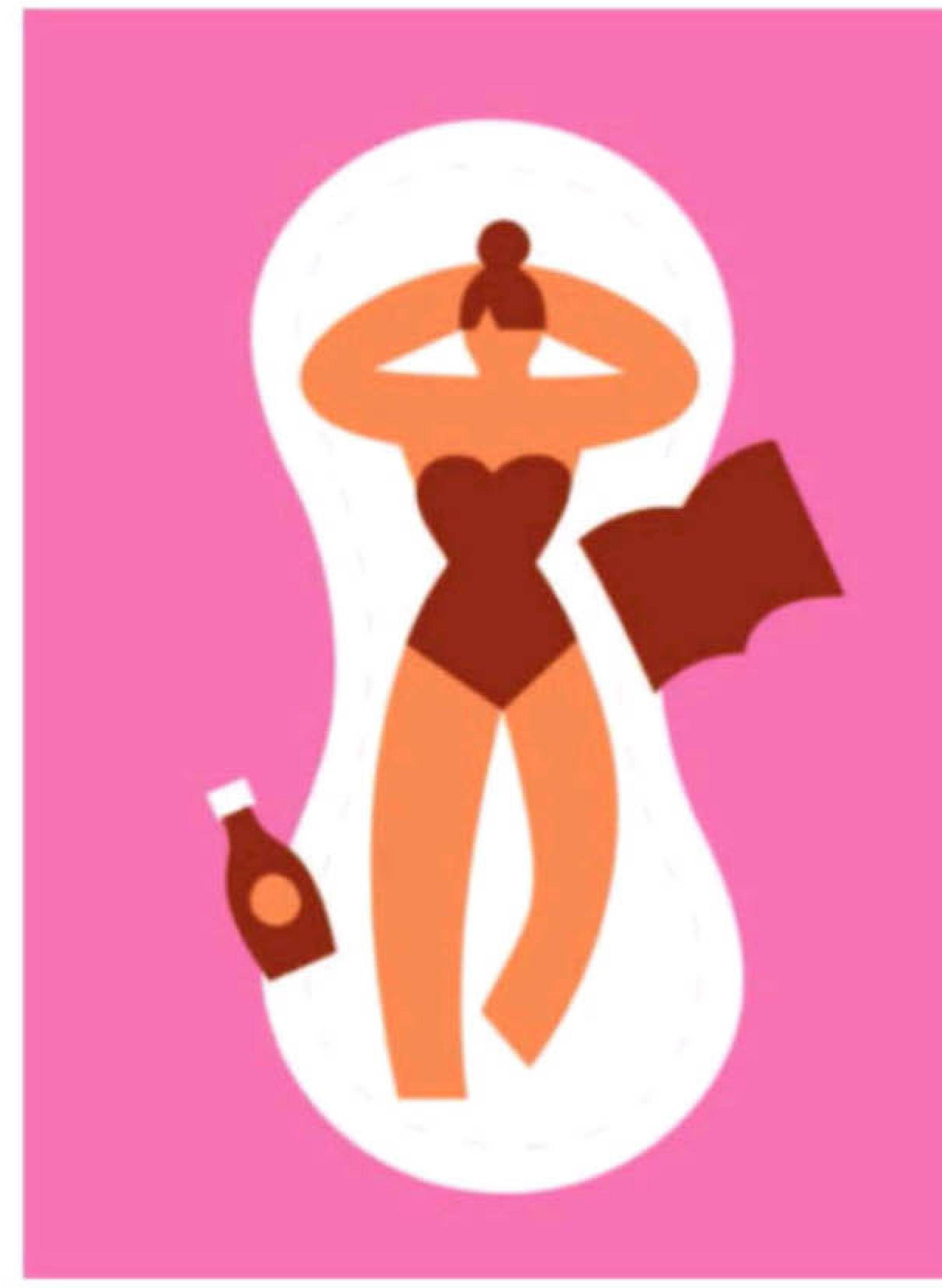
In one example, the Oxford group asked an LLM which country is associated with fado music, and it consistently replied that fado is the national music of Portugal—which is correct, and not a hallucination. But when asked about the function of a protein called StarD10, the model gave several wildly different answers, which suggests hallucination. (The researchers prefer the term "confabulation", a subset of hallucinations they define as "arbitrary and incorrect generations".) Overall, this approach was able to distinguish between accurate statements and hallucinations 79% of the time; ten percentage points better than previous methods. This work is complementary, in many ways, to Anthropic's.

Others have also been lifting the lid on LLMs: the "superalignment" team at OpenAI, maker of GPT-4 and ChatGPT, released its own paper on sparse autoencoders in June, though the team has now been dissolved after several researchers left the firm. But the OpenAI paper contained some innovative ideas, says Dr Batson. "We are really happy to see groups all over, working to understand models better," he says. "We want everybody doing it." ■

Menstruation

Against the flow

A polymer that turns blood into a gel paves the way to leak-free periods



BLEEDING THROUGH a tampon or pad never makes for a good time. The risk of leaks is annoying and stressful for all women who bleed, and especially for the 20% to 30% whose menstrual flow is so heavy that they sometimes must change their tampons or pads every hour. Some dread leaving their homes for fear of getting caught out.

A new discovery could one day ease that anxiety. Writing in *Matter* on July 10th, scientists from Virginia Tech described an easy way to turn blood into a thick, semi-solid gel, which could limit leaks and spills from period products. It would be a rare step forward in menstrual care. This is "one of those quality-of-life issues", says Bryan Hsu, the microbiologist who led the work, regarding which there has not been any progress "in a century".

The team began by looking for a material that could make blood more solid. They did so by mixing various polymers—molecules whose structure consists of long chains—with pig's blood and measuring how quickly the resulting concoction flowed down a test tube. After discarding those that produced too runny a gel, they settled on a powder based on alginate, a polymer found in algae. The team's tests suggested that the positively charged calcium ions in the blood would attract the alginate's negatively charged molecular chains, creating a tangled web capable of trapping the blood in a firm gel.

The researchers wrapped the alginate powder in a sheet of gauze, to mimic a pad, and taped it to a silicone model of a vagina. They then fed 8 millilitres of blood through the model onto the gauze, roughly double the amount that a regular daytime pad holds. Under these conditions the alginate retained about as much blood as the materials used in commercial pads. But when placed in a centrifuge, to emulate the compressing effect of a sitting person's weight, the alginate held on to about 78% of the blood, whereas the commercial pad material released more than half. This suggests the gel would be more effective at preventing leaks than a standard pad.

The team also tested the powder as a liner for reusable menstrual cups, which some see as a more sustainable period-product choice. Cups can be kept in for many hours but, as they do not currently come with liners, taking them out is messy. To try to fix that problem, the team added a cotton tube containing the powder to the cup and inserted it into another model vagina, which released 15 millilitres of blood, roughly a menstruating woman's daily average. The gelled blood stayed neatly within the cup when handled—a result cup-users will recognise as a small miracle. Although such liners would be single-use, Dr Hsu envisions that any future commercial product could be flushed down the toilet rather than go to landfill.

In the past super-absorbent tampons have been linked to toxic-shock syndrome, a life-threatening condition caused by vaginal bacteria, which could potentially feed on the alginate. Though the condition is mercifully rare, the team were keen to minimise the risk. They therefore added an antimicrobial called trimethyl chitosan to the powdered alginate. Adding it in this way means the harmful growth of bacteria can be kept down, while limiting any disturbance to the vaginal microbiome.

The approach "is absolutely a breath of fresh air", says Linda Griffith of the Massachusetts Institute of Technology, who is a biological engineer and women's health expert. She has not seen such methods used before. Though the team's experiments need to be repeated with actual menstrual blood, Dr Griffith anticipates even better results, because menses already have more solid components than ordinary blood does.

A further test awaits: nobody has yet tried an alginate pad or cup liner. The research was informed by the experiences of Dr Hsu's female colleagues, including one gynaecologist, but "You never know until you get something like this out into the wild how it's going to work," says Dr Griffith. With luck, it will not be necessary to throw in the towel. ■

Ancient DNA

Uncut and dried

Under the right conditions, entire chromosomes can weather the millennia

Chromosome like it cold

FOR PALAEONTOLOGISTS, DNA is infuriatingly fragile. Its long chains begin to break apart shortly after death, destroying valuable information about the deceased parent organism. Unlike bones, footprints and even faecal matter, which can comfortably survive—in fossilised form—for millions of years, DNA rarely lasts much more than a hundred. In recent decades scientists have discovered that some exceptionally well-preserved bodies do still have readable fragments of genetic code hundreds of thousands of years after death. But these have been tiny scraps. They lack much of the valuable information that an intact genome provides.

A major advance may be at hand. A new paper in *Cell*, a scientific journal, describes the discovery of fossil chromosomes—coiled-up strands of DNA millions of base pairs long—inside the cells of mammoths that died tens of thousands of years ago. The research "really opens a door for a new kind of exploration of ancient life", says Erez Aiden of the Baylor College of Medicine (BCM) in Houston, Texas, who is one of the paper's lead authors.

DNA is a resolutely three-dimensional molecule. In animals and plants, long strands are coiled and folded into chromosomes, which store genetic information inside the nucleus of a body's cells. The architecture of those chromosomes is as important as their content. It enables interactions between specific strands of DNA and regulatory proteins in the nucleus, thus determining which genes are expressed in different cells and tissues. Snippets of DNA recovered from ancient specimens lack this valuable information. Given the structural complexity of a chromosome, the chances of ever finding one were deemed to be extremely slim.

That did not stop Dr Aiden and his colleagues from looking. As water and the microbes that feed off it play a central role in the degradation of DNA, the researchers quickly realised that a dehydrated sample offered the best chance of preservation. More intriguing, they discovered that when a specimen dries into the equivalent of jerky, the complex structures of the chromosome also get preserved as a sturdy solid. Because the resulting object lacks the structural regularity of a crystal, it is technically known as a glass. Over nine years of searching, Cynthia Perez Estrada, also at BCM, has found this "chromoglass" in all sorts of places: crickets, roadkill and mice—even in, she says, "my dinner from Thanksgiving". Her research also suggested it would be theoretically possible to find such chromoglass in ancient specimens of extinct species, provided they were kept sufficiently cool and dry.

This hypothesis was borne out when Dr Perez Estrada was sent samples from two mammoths found in caves in northern Siberia. Both were females. One had been frozen for 39,000 years, the other for 52,000. They were so complete that hair, skin follicles, and even individual cells could be seen upon magnification. And, deep inside those skin cells, chromoglass had naturally formed.

The team in Houston collaborated with colleagues across Europe to dig out the information preserved in the glass. It revealed that mammoths had 28 pairs of chromosomes, the same number as in their living elephant relatives. The analysis also provided unprecedented information on the mammoth's epigenome, the set of modifications made to DNA that determines which genes are actively influencing its parent organism and which are simply along for the ride. By comparing it with the epigenome of present-day elephants, the researchers found that one of these active genes was responsible for the long hair that helped the mammoth handle cold temperatures. Future analysis could shed light on the mammoths' immune systems, revealing the adaptations they developed to cope with pathogens native to the cold steppe environment.

Through the chromoglass

Dr Aiden expects chromoglass to be found wherever dehydration happens quickly, including in deserts and on mountain peaks. Excitingly, its durability suggests samples even older than the mammoths may be found. Under ideal conditions, the researchers say, chromoglass may survive for as long as 530m years. That would give palaeontologists a window on the past stretching as far back as the Cambrian era, a time when animal life had yet to make the transition onto land. Even if this estimate turns out to be optimistic, DNA may be more resilient than anyone imagined. ■

Fish health

Bring the louse down

Trials of vaccines to keep salmon free of sea lice are achieving impressive results

ERIK SLINDE has spent 40 years developing vaccines. Not for humans; for salmon. "Back in the 1980s, it was looked upon as a joke," says Dr Slinde, the former director of aquacultural research at the Institute of Marine Research in Norway.

Nobody is laughing now. Sea lice—rice-grain-sized crustaceans that have evolved to parasitise salmon fish and live inside them, munching away at their skin, protective mucus and blood—have been ravaging salmon aquaculture worldwide. The burden is heavy—infestations cost the British aquaculture industry alone more than £20m ($25.6m) each year—and, for now, there are no good, long-term solutions. The development of a successful louse-preventing vaccine could change that. Some teams think they might be close.

Sea lice come in many varieties, but all share a common *modus operandi*. By eating salmon alive they weaken them and compromise their immune systems, leaving entire farm populations susceptible to new infections acquired through their open wounds. As they enjoy warm waters dense with fish, aquaculture and climate change have boosted their numbers.

To lose the lice but save the salmon, some farms apply potent, broad-spectrum chemical pesticides on all their fish. These achieve decent results, but are heavily polluting. Years of overexposure have also rendered many lice resistant. Mechanical delousing systems (brushing, bathing and the like) require expensive kit and a lot of personnel. These processes also stunt the fish's growth, raising their stress levels and making them more vulnerable to disease.

A vaccine capable of immunising salmon against the parasite would be the ideal solution: practical, safe and eco-friendly. And the idea is not as mad as it sounds—young farmed fish regularly get an abdominal prick to protect them against pathogens. But sea lice are a trickier foe. "Parasites are really hard to get vaccines against," says Ian Bricknell at the University of Maine. "They have evolved so closely with their hosts, they develop mechanisms to overcome the immune defences."

Traditional vaccines work by injecting neutralised pathogens into a host to help its immune system recognise them in future. This works for viruses and bacteria, which are simple organisms that can be inactivated in a lab. But sea lice are more complex, have different life stages and come in different species, all of which makes inactivation impossible.

This is why scientists have mostly been trying to make peptide-based vaccines instead. Rather than training the host's immune system to recognise a whole organism, vaccines of this kind introduce specific peptides, chains of amino acids found on proteins that are crucial for a parasite's functioning. This induces the host to make antibodies to neutralise those proteins, and, thereby, the parasite.

Making a splash

In early 2021 Dr Slinde's team identified one protein crucial to the lice's digestion system, and copied a chain of 13 amino acids found on its surface. This chain was then synthesised and injected into the salmon. In small-scale initial trials, salmon saw a 70% reduction in European sea lice, and a 92% reduction in Chilean sea lice. Larger trials have been less promising, but Dr Slinde hopes to run more tests soon.

Others are taking a similar approach. A team from the Moredun Research Institute in Scotland and the University of Stirling's Institute of Aquaculture are using artificial intelligence to predict all the proteins that European sea lice make, and identify those that are essential to their survival as well as recognisable by a salmon's immune system. They hope to design a jab that can strike multiple protein targets at once.

Even if such experiments lead to an effective vaccine, though, it may not be that all farmers can use it. Making proteins from scratch requires cutting-edge tech, meaning that a single dose could cost between $0.80 and $1. Millions of tonnes of salmon are farmed worldwide each year, and some vaccines need to be administered multiple times. Such expenses would raise costs for consumers.

It might not prove affordable, according to Cristian Gallardo Escarate, deputy director of Chile's Interdisciplinary Centre for Aquaculture Research. His team is returning to an older idea. While analysing the entire genome of the Chilean louse, they saw genes characteristic of bacteria. This led them to discover more than 90 bacteria within the louse gut that are integral to their digestion and, therefore, survival. Since these nested symbiotes are simple unicellular organisms, they can easily be cultured and inactivated in a lab—just as traditional vaccines require.

Dr Gallardo Escarate and his team have already formulated such vaccines. In their trials, 90-95% of some 2,000 vaccinated salmon counted as lice-free in the three months after injection, compared with none in the control group. The jab can also be mass-produced at an estimated cost of between $0.10 and $0.20 per dose. It is currently under local regulatory evaluation and is to be tested on more than 1m fish in Chile by the end of 2024.

This is real groundbreaking work, says Dr Bricknell. But as sea lice in other parts of the world have different microbiomes, this might limit the Chilean vaccine's scope. Ultimately, say researchers, vaccines will become one tool among many. "Will we have a vaccine as good as, say, a measles vaccine, which is 98% effective," asks Dr Bricknell. "Probably not." ■

A shot for fish in a barrel

Culture

Television

"House of the Dragon" v "Shogun"

Which Machiavellian show is a better guide to politics?

BOTH ARE big-budget sagas about the ruthless pursuit of power. Both combine exquisite production values with immense popularity. "House of the Dragon"—which started airing its second season on HBO in June—is the third-most "in-demand" television series in the world, according to Parrot Analytics, a data firm. ("Game of Thrones", its antecedent, still tops the charts despite finishing in 2019.) "Shogun", released in February and streaming on Hulu and Disney+, is in the top 0.2%. The tens of millions of people who have watched these shows undoubtedly include plenty of politicians, from Washington to Warsaw. This raises an intriguing question: might they learn something? And if so, which of the swords-and-scheming blockbusters offers a better guide to seeking power in real life?

At first glance, the answer is obvious. The world of "Game of Thrones" is a fantasy. Humans in Westeros ride dragons through the clouds at several hundred miles an hour, a feat that would be impossible even if dragons existed, which they don't. Enemies are dispatched not in debates or at the ballot box, but via magic shadows, magic disguises and magic minerals. Sometimes they are raised from the dead. Sometimes dragons are raised from the dead, to become zombie dragons. None of these options is available to a politician in the real world.

"Shogun", by contrast, is loosely based on actual events. An English ship's navigator, William Adams, really did wash up in Japan in 1600, and he really was ennobled for helping the Shogun, Tokugawa Ieyasu, build a stronger navy. The television series, like the novel by James Clavell on which it is based, changes the names: Adams becomes John Blackthorne (played by Cosmo Jarvis) and Tokugawa becomes Lord Toranaga (Sanada Hiroyuki). It also exaggerates the Englishman's role in the warlord's rise to power. But as historical dramas go, it is fairly true to life. An Englishman in 17th-century Japan would certainly have been astonished by the locals' elaborate courtesy, superior personal hygiene and impromptu beheadings.

Yet, of the two programmes, the fire-breathing fantasy seems closer to the way power is sought and exercised today. In the first season of "House of the Dragon", a well-meaning king is visibly fading and clearly incapable of ruling for much longer. Everyone around him is furiously plotting over his succession, while pretending not to. No one wants to appear disloyal to the ailing monarch. Sound familiar?

The second season also has echoes of modern America. King Aegon II Targaryen (Tom Glynn-Carney) is a narcissist with improbable hair who knows nothing about governance and says whatever he thinks will please the audience in front of him. ▸▸

When grown-up officials offer sage advice, he grimaces with boredom. When devious courtiers want to sway him, they flatter his preposterous ego.

In every season of "Game of Thrones" and "House of the Dragon", the players are breathtakingly cynical. They scrabble for more power when they already have plenty. They take every opportunity to enlarge their territory, simply because they think they can. They pay no heed to the suffering of the "small-folk".

It is a world Vladimir Putin would understand. Its morals are those of the warlords currently turning Sudan and Yemen to ash and rubble. And the way Westerosi victors humiliate the vanquished brings to mind the way China's Communist Party humbles anyone who even hints at challenging Xi Jinping.

The characters in "Shogun" are often cruel, too, but they follow a code. They respect the law—indeed, much of their plotting depends on the assumption that their opponents will not openly flout it. Good luck trying that with Mr Putin.

They also make extraordinary sacrifices to preserve their honour. One young samurai, having blurted out a truth that offended a lord, makes amends by disembowelling himself. It is hard to imagine anything more distant from modern mores. Rather than eagerly seeking opportunities to take offence at other people's ill-chosen words—and describing them as acts of literal violence—the samurai atones for his ▸▸

BACK STORY

The drama of democracy

A critical guide to election night, the top-billing show of 2024

A CAR DRIVES down a road in drizzly central London, taking a besuited man home from a meeting. It is a mundane image, transmuted into spectacle by the alchemy of elections. Tracked in the sort of aerial footage normally reserved for felons on the run, the car conveyed Sir Keir Starmer to Downing Street from Buckingham Palace, where, at the king's invitation, he became Britain's new prime minister on July 5th.

Walter Bagehot, a Victorian editor of *The Economist*, divided the constitution into the "efficient" parts (like the cabinet) and the "dignified" or "theatrical" elements (like the monarchy). Election night—the top-billing show in many countries in what is a bumper year for voting—brings the two together. It is a pivotal moment in the life of a nation. But it is also a drama, mixing a high-stakes plot with actorly set pieces and rhetorical motifs.

These days the night's action begins with an exit poll, which, like a prologue, announces the key themes. Sometimes the findings are predictable, as with the thumping of the Conservatives foretold by pollsters in Britain. Sometimes this opening scene is electrifying. In France the preliminary results of parliamentary elections flash up on TV after a ten-to-one countdown; on July 7th they landed with a boom, showing Marine Le Pen's hard-right National Rally surprisingly beaten into third place.

Sub-plots unfold as the main action simmers. In America TV networks race to call the outcomes in each state. In a modern version of medieval football—which involved rival villages tussling over pigs' bladders—English constituencies compete to count their votes fastest. Like the comic figures who jostle with Shakespeare's heroes, joke candidates line up with serious ones to hear the results. Challengers to Rishi Sunak, the Tory leader, included Count Binface. Sir Keir saw off Nick the Incredible Flying Brick.

Then come the big soliloquies—ie, the concession and victory speeches. A leader's concession is the political equivalent of a condemned man's remarks from the scaffold. Fortunately a formula is available. You accept your loss, take responsibility and call for national unity. Mr Sunak pulled this off brilliantly: nothing in his premiership became him like the leaving of it. In France Ms Le Pen deployed another familiar trope, that of disappointment as a triumph-in-waiting. "Our victory", she insisted, "has merely been delayed."

In America the concession tradition is said to date to a telegram from William Jennings Bryan to William McKinley in 1896. Perhaps the finest example was John McCain's moving concession to Barack Obama in 2008. The tradition was flouted by Donald Trump, who has turned a generic performance of democratic norms into a nail-biting moment of jeopardy.

The victory speech, an altogether

easier gig, evinces respect for vanquished foes and their supporters and embraces the challenges ahead. Dawn is a popular metaphor: echoing Tony Blair in 1997 ("A new dawn has broken, has it not?"), Sir Keir spoke of the "sunlight of hope". If the results are messy, claiming victory early is a way to shape perceptions, as it was in France for Jean-Luc Mélenchon, a left-wing firebrand.

When the winner assumes power, the choreography reflects the status of their office. America has the pageant of the inauguration, with its solemn oath and poems declaimed in the rain. The British process is brisk, like a one-act play with no interval. New prime ministers stroll up to Number 10, their relatively modest abode. The imagery casts the country as a family, with the leader as its steward rather than an overlord.

Elections in autocracies belong to a different genre. Instead of the will of the people, they showcase the autocrat-puppeteer's grip on the state. Election night is a lifeless tableau of power, often with a hint of farce in the naked ballot-stuffing and inflated tallies.

In a free vote, the ultimate *coup de théâtre* features the extras rather than the stars. Glugging your coffee on the way to work, or carrying your dry-cleaning as you plod home, you arrive at the polling station as an ordinary mortal. Then you enter the voting booth—perhaps there is a curtain to draw behind you—and, as if in a conjuror's trick, you become a hero in your country's story.

In the sweep of history, this is still an unusual and heartwarming plotline. Yet as with Tinker Bell, the fairy in "Peter Pan" kept alive by the audience's belief, the magic works only if enough people trust in it, whether or not they win. Too many seem to be losing the faith.

own rudeness with a short stabbing sword.

Several politicians in Westeros have a modern flair for populist gestures. Ordinary people hate crime, so its leaders make a show of brutalising criminals. In the first season of "House of the Dragon" Daemon Targaryen (Matt Smith) led the guardsmen of the City Watch, dressed in flamboyant gold cloaks, for a night of noisily murdering alleged murderers and violating rumoured rapists.

Daemon's tactics differ only in degree from those of Nayib Bukele, the president of El Salvador, who has rounded up tens of thousands of suspected gangsters, locked them up indefinitely and shared a video on social media of them stacked like semi-naked Lego bricks in overcrowded jails. Both leaders want to look tough on crime; neither fusses about due process.

Despite their different genres, the "Game of Thrones" franchise and "Shogun" have elements in common. Alliances shift. Leaders constantly seek weapons of mass destruction, whether European cannon or eggs that might hatch into dragons. Religion is unpredictable: rulers use it to buttress their authority, only to find that religious leaders (Jesuits in Japan, the High Sparrow in King's Landing) have ambitions of their own.

Like their modern counterparts, Westerosi and Japanese warlords treat foot soldiers as expendable. But the martial muddle in Westeros is more realistic. Overconfident generals walk into traps. In "Game of Thrones" one prince gets tipsy before a fight to the death, with predictable results. In the new season of "House of the Dragon" the assassins Daemon hires prove as gruesomely incompetent as the ones Mr Putin sent to admire Salisbury cathedral.

To viewers in a world where heads of government have posed topless, brandished chainsaws and whined about being deprived of premium television networks in their youth, the world of "Shogun" seems impossibly dignified. Toranaga stays calm even when nearly buried alive by an earthquake. The real Tokugawa was surely less impressive, but he did unite Japan and usher in two and a half centuries of peace and cultural flourishing. Today such leadership sounds like fiction.

Power is power

If there is one positive lesson that can be drawn from the "Game of Thrones" canon, it is that loyalty should not be blind. If your leader is no longer up to the job, find a new one sooner rather than later. So many characters in Westeros stab, poison or desert their kings that the viewer loses count. Obviously, you would not want America's Democratic Party literally to stab its leader in the back. But a figurative thrust of Valyrian steel might save the world from something worse. ■

The digital afterlife

A date with destiny and your data

The Afterlife of Data. By Carl Ohman. *University of Chicago Press; 200 pages; $22.50 and £18*

FRANZ KAFKA died 100 years ago in literary obscurity. He had instructed his friend Max Brod to burn his unpublished works. Fortunately for generations of readers, Brod did not; he believed Kafka to be among the greatest writers of his time and instead edited and published his late friend's writing. In other words, Brod decided that Kafka's stories belonged not to the late author, but to the literate public.

Brod's conundrum echoes today. People live online and generate far more data than they did just a decade ago. Everyone leaves digital traces behind when they die, either deliberately, in the form of social-media profiles and posts, or incidentally, with web searches, phone-location data, banking records and so on.

Unlike bodies, data do not decay. According to Carl Ohman, a Swedish political scientist, this condition makes the modern world "post-mortal". "The dead remain there for us in a way that has not been possible in pre-digital society," he observes. As a result, "Living in the post-mortal condition is to constantly find oneself in the shoes of Max Brod."

The digital era has reshaped humans' relationship with the dead—as anyone whose Facebook account has reminded them to say "happy birthday" to a late family member can attest. That sort of reminder would probably never have happened before social media, because everyone who knew that person's birthday also would have known that he was dead. Such reminders are poised to grow more common: Mr Ohman's research has found that, on Facebook, the dead may well outnumber the living within 40 years.

Sophisticated technology enables a continued, ersatz relationship with the dead. In 2022 Amazon announced that it was developing a feature so its virtual assistant, Alexa, could be programmed to speak in the voice of a dead relative. It even made a video in which a boy asks Alexa to read him "The Wizard of Oz" in his late grandmother's voice.

Startups have used data to make chatbots of the deceased; no doubt more lifelike versions will come soon. Mr Ohman shrewdly points out that the chatbots will be designed to cement users' commercial relationship with their creator firms and are thus unlikely to be grumpy, pick fights or do any of the countless irritating—but deeply human—things that people do over the course of long relationships.

At the root of this quirky but thoughtful book is a series of thorny philosophical questions. To whom do the dead's data belong? Are data something people create, or something that, in a sense, they are—a digital analogue to a physical body? If data are a digital counterpart, what obligations does that impose on the living? After all, most cultures are averse to just leaving a dead body in the open to rot, even though it is no longer being used. Do data demand the same reverence?

These are not merely questions for individuals wondering what to do with their loved ones' digital remains. They are questions for society at large. After all, historians often study the diaries of the dead. Their writers may have preferred to keep the contents private, but the light such documents can collectively shine on humanity's past outweighs the late owner's wishes. Mr Ohman notes that data constitute "the biggest archive of human behaviour in the history of our species"; data are therefore an irreplaceable, invaluable record for future generations. As this record is collective, concern for it should be, too. But working out precisely what that means in practice is tricky.

Not all data can be saved, and Mr Ohman never quite explains when to press "save" and when to hit "delete". He asserts that "concrete prescriptions" for how to preserve the past are beyond the scope of his book. He urges users to pressure social-media firms "in terms of how they deal with digital remains", again opting for exhortation at the expense of pragmatism and granularity. Still, by encouraging readers to think about what to do with digital corpses, so to speak, "The Afterlife of Data" deserves a long shelf life. ■

The real game of professional tennis

What a racket

The Racket. By Conor Niland. *Sandycove; 320 pages; £20*

THE MEN'S and women's finals at Wimbledon on July 14th are the biggest events in tennis. They each feature two of the world's best players competing for the oldest and most prestigious prize in the sport. But at around the same time, a dozen or so other professional tournaments will take place worldwide in far less glamorous settings, including Iasi, Romania and Tianjin, China.

These small-fry competitions are crucial because they cater to tennis's masses: players ranked anywhere between 100th and 2,000th in the world. They may be lowly ranked, but they are highly skilled. Tennis demands remarkable speed, hand-eye co-ordination and mental fortitude. It is played by some 90m players globally, making anyone in the top 2,000 a stellar talent.

Yet those outside the top 100 rarely feel like stars. Life in professional tennis's outer orbit is drudgery, writes Conor Niland (pictured). He would know. Between 2005 and 2012, the Irishman tried to escape the "purgatory" of lesser tennis tours. He could only briefly reach the rank of 129. His courtside account of these efforts serves as a crushing reminder of the grist from which sporting greatness emerges.

It all starts with a "horrifying gamble". To become a professional, childhood must be sacrificed, which is why Mr Niland's parents started him at the age of five. But beginning young is no guarantee of success. As a 12-year-old playing in a European under-14 competition, Mr Niland defeated a Swiss boy called Roger Federer. Mr Federer would go on to enjoy a legendary career, winning 20 grand slams; Mr Niland would struggle to qualify for them.

While studying and playing tennis at the University of California, Berkeley, Mr Niland earned a degree in literature, which he puts to good use in describing his toil with humour and without self-pity. The life of a journeyman is quite literally that. Fringe tennis tournaments take place in the periphery. At one stage of his career, Mr Niland travelled from Granby, Canada, to Wrexham, Wales and on to Bukhara, Uzbekistan within weeks.

Uncertainty and boredom compound the pain. Tournaments often entail more time spent waiting on the sidelines than playing. Players do not know when they will lose, and an early exit triggers costly last-minute bookings. Tennis is an intensely lonely pursuit even for its champions. There are no teammates; coaches are not allowed on the court.

In the lower tour few players can afford a coach, let alone the masseuse and other staff who make up a top player's entourage. The common struggles do not instil any camaraderie among journeymen; they are loth to do anything that may hand their rivals a boost. Despite seven years on tour, Mr Niland made no lasting friendships.

Why then do lower-ranked players keep playing? It is not for the money, which is trivial at smaller tournaments. The winners of Wimbledon's singles titles this year will receive £2.7m ($3.5m) each; the winner of the tournament in Tianjin will score just $3,600. During his career Mr Niland earned a total of around $250,000. But after accounting for travel and other costs, he would have made more by coaching. Shortly after Mr Niland retired, tennis's global governing body estimated that less than 5% of all professionals broke even. Since then there have been efforts to make the sport more equitable, but it remains heavily skewed towards the wealthy.

Lower-ranked players carry on out of a combination of passion and hope—as Mr Niland did. A string of good performances can boost rankings, which can have a cascading effect. Higher-ranked players can enter bigger tournaments, but a drop in performance or an injury can be disastrous, precipitating a collapse in ranking. Few persevere for that long. The average tennis professional retires at the age of 27.

At least on that measure, Mr Niland's career was a success. He retired at the age of 30, after fulfilling a deeply held ambition: he played at Wimbledon in 2011. He may have lost in the first round, but given his sacrifices and the odds, even getting there was a grand slam. ■

Life's tough on the outer courts

A history of Hamas

Dance of death

Hamas. By Beverley Milton-Edwards and Stephen Farrell. *Polity; 340 pages; $79.95 and £60*

THE HORRIFIC events of October 7th 2023 are well known. Gunmen stormed into Israel from Gaza, killing around 1,200 people and dragging 251 hostages back to the long-besieged territory. The consequences are well documented, too. Israel's retaliatory onslaught has killed at least 37,000 people and displaced around 90% of the 2.3m people living in Gaza.

What led up to October 7th? The answers are bound to fill plenty of doorstoppers. One uncomfortable explanation is that for decades extremists on both sides have acted in a tacit alliance. This is true of Hamas, the Palestinian Islamist group that has ruled Gaza since 2007 and perpetrated the October 7th massacres, and Israel's hard right, particularly under Binyamin Netanyahu, the country's longest-serving prime minister. For 30 years these bitter foes have hammered each other during repeated rounds of violence. But they share a goal: undermining the peace process.

Beverley Milton-Edwards and Stephen Farrell explain this bloody cycle in "Hamas". (First published in 2010, the book has been comprehensively updated.) Ms Milton-Edwards is a seasoned scholar of the region; Mr Farrell is a former Reuters bureau chief in Jerusalem. Their analysis of the militant group combines academic research with on-the-ground reporting, including extensive interviews with senior Hamas figures.

Hamas, which means "zeal" and is an Arabic acronym for the Islamic Resistance Movement, emerged as a political force in the late 1980s. The authors' close-up portrait of the group dispenses with some myths. No, Hamas is not simply a puppet of Iran, even though the Sunni Muslim group relies on the Shia Islamic Republic for some of its arms and funding.

The authors also explore in detail the question of Hamas's antisemitism and find greater nuance than many may expect. The group's more sophisticated leaders have sought to distance Hamas from the baldly Jew-hating language of its original charter, an effort revealed in the much milder revised version released in 2017. Though Israelis may not believe it, what attracts many Palestinians to Hamas is its rhetoric about land and waging war against their enemy more than differences of faith, ▸▸

the authors contend.

In the 1980s Hamas's primary aim was not to resist Israeli occupation: it was to offer an Islamic alternative to secular Palestinian leadership. As Ms Milton-Edwards and Mr Farrell document, many in the Israeli defence establishment saw the emergent faction as an opportunity to divide and rule. This thinking among Israeli politicians endured, despite Hamas's subsequent turn to terrorism. In 2019 Mr Netanyahu remarked that it was clever to allow funding to reach Hamas, "because maintaining a separation between the Palestinian Authority [PA] in the West Bank and Hamas in Gaza helps prevent the establishment of a Palestinian state."

During the 1990s, when Palestinian and Israeli leaders reached an accord that granted limited autonomy to Gaza and parts of the West Bank, Hamas and the Israeli far right worked in parallel to destroy the deal. After an Israeli settler massacred 29 Palestinians at a mosque in 1994, Hamas launched suicide attacks against Israeli citizens. Those horrors—plus the murder of Yitzhak Rabin, Mr Netanyahu's chief rival, by a Jewish extremist—helped bring the peace sceptics to power in 1996.

A few years later it was again Hamas's turn to act as wrecker. In March 2002, as 22 Arab leaders announced a sweeping new offer of peace to Israel, a Hamas terrorist blew himself up at a Passover dinner, killing 30 Israelis. The furious Israeli response, which included destroying the PA headquarters and building a security wall in the West Bank, demolished any prospect of regional peace.

In the 2000s, as Palestinians realised that their secular leadership was failing to bring an end to occupation, Hamas's popularity grew. The authors argue that "From its birth as the military wing of the Muslim Brotherhood in 1987, Hamas has operated on a working assumption: when Palestine burns, its support grows." They cite opinion polls showing that Hamas's approval ratings sink during periods of peace and increase during wars.

In a recent poll 67% of Palestinians said that Hamas's attack on October 7th was a "correct" move, even after months of Israeli bombardment. Meanwhile, a survey in May by Pew Research Centre, a think-tank, found that 73% of Israeli Jews think that the country's military response in Gaza has been "about right" or "not gone far enough". So the cycle goes on.

The authors offer two lessons. One is that no matter how much of Hamas's military capacity Israel obliterates, it will not be able to destroy the group's ability to act as a spoiler. The other message is that only a political path, leading to an end of Israeli rule over millions of unhappy Palestinians, can hobble Hamas. ■

Henry VIII's wives

Heads will roll

New tales resurrect the Tudor queens for modern audiences

HILARY MANTEL knew that some stories "compel retelling". One such tale—imagined in her acclaimed trilogy of "Wolf Hall" novels—is that of Henry VIII, the cultured Renaissance king turned wife-murdering monster. The tale of the English monarch and his six spouses has been retold countless times by novelists, biographers and film-makers. Why is this tribe of Tudors so enthralling?

Some of the fascination is owed to the sheer melodrama. Children learn a catchy mnemonic in school: divorced, beheaded, died, divorced, beheaded, survived. Henry VIII turned the royal household into a place of domestic terror. In a dispatch home, Charles de Marillac, the French ambassador, wrote in 1540 that "A climax of evils has arisen and all sorts of unhappiness are registered in England." Filled with sex, intrigue, blood and betrayal, Henry VIII's reign is a ready-made soap opera.

Yet it is a story in which the monarch is increasingly being pushed to the margins; instead, the focus is on his victims. Storytellers are looking at the lives, rather than the grisly deaths, of King Henry's spouses.

Many tellings—from an opera in 1830 to a TV series in 2007—have focused on the king's relationship with Anne Boleyn, his second wife. This has the advantages of being both historically significant (catalysing his break with the Catholic church) and horrific (ending in her beheading for adultery, incest and treason). Jane Seymour, number three, did not last long enough to be interesting: she died after giving birth to the longed-for son. Ditto the fourth wife, Anne of Cleves, a German whom he quickly tossed aside, complaining that she was "nothing fair" and had "very evil smells about her". Katherine Parr, the one who "survived", has generally been viewed as the matronly helpmate nursing the king in his old age.

When six makes a trend

"Six", a pop musical, suggests they all led compelling, difficult lives. It casts the wives as proto-feminists reclaiming their voices. The show, which is on Broadway and runs in London until May 2025, has become a global hit, with its elaborate sequinned costumes and strong female characters. "Too many years / Lost in his story / We're free to take / Our crowning glory," the wives croon in unison. It is a musical that reflects the mood of the #MeToo era.

Indeed writers' accounts of the wives "often reveal more about themselves and their own times", says Charlotte Bolland, the curator of a new exhibition at the National Portrait Gallery in London. "Six Lives: The Stories of Henry VIII's Queens" examines this long history of narratives on page, stage and screen. "It is often through the women's portraits that people have begun to construct their characterisations of the queens, reading personality and biography into their faces," adds Ms Bolland.

A recently recovered portrait of Parr from around 1547, for example, emphasises her pious silence. She wears a bejewelled gown and a bracelet bearing the Latin "laus deus", a reference to Psalm 64, "Tibi silens laus deus" ("Remaining silent, praise to you, O God"). It was painted following her near-arrest for heresy (sparked by her Protestant sympathies); she survived by subordinating herself to the king.

"Firebrand", a film adapted from a novel by Elizabeth Fremantle, takes a different view of this overlooked last wife. "Everybody has this idea of her as the meek nursemaid," says Ms Fremantle. "I felt she had been completely miscast by history." An intellectual and reformer, Parr was the first woman to publish an original work in English under her own name. She debated religion with her husband, encouraged radical ideas like reading the Bible in English and oversaw the education of her stepdaughter, Elizabeth. "She was a real kind of boss woman," Ms Fremantle says.

The film, taking some liberties with historical facts, emphasises her independence and strength. When Parr (Alicia Vikander) goes to visit the ailing king (Jude Law), she strangles the old toad in his bed. Parr emerges as a heroine, challenging, defying and outliving her despotic husband. Stories such as "Firebrand" and "Six" may be flights of fancy, but they are cathartic, too. They offer the kind of justice that the six women never got in life. ■

Economic & financial indicators

	Gross domestic product % change on year ago latest		quarter*	2024†	Consumer prices % change on year ago latest		2024†	Unemployment rate %		Current-account balance % of GDP, 2024†	Budget balance % of GDP, 2024†	Interest rates 10-yr gov't bonds latest, %	change on year ago, bp	Currency units per $ Jul 10th	% change on year ago
United States	2.9	Q1	1.4	2.2	3.3	May	3.0	4.1	Jun	-3.8	-6.3	4.3	24.0	-	
China	5.3	Q1	6.6	4.7	0.2	Jun	0.4	5.0	May‡§	1.2	-4.5	2.0 §§	-40.0	7.28	-0.7
Japan	-0.7	Q1	-2.9	0.8	2.9	May	2.4	2.6	May	3.2	-4.8	1.1	64.0	162	-12.3
Britain	0.3	Q1	2.9	0.4	2.0	May	2.6	4.4	Mar††	-2.8	-4.2	4.1	-53.0	0.78	nil
Canada	0.5	Q1	1.7	1.9	2.9	May	2.4	6.4	Jun	-0.4	-1.1	3.5	-8.0	1.36	-2.2
Euro area	0.4	Q1	1.3	1.0	2.5	Jun	2.5	6.4	May	3.1	-3.1	2.5	-9.0	0.92	-1.1
Austria	-1.1	Q1	0.7‡	0.5	3.2	Jun	3.5	5.0	May	2.9	-2.3	3.1	-19.0	0.92	-1.1
Belgium	1.3	Q1	1.1	1.2	5.5	Jun	3.5	5.9	May	-0.6	-4.6	3.1	-24.0	0.92	-1.1
France	1.3	Q1	0.6	1.2	2.5	Jun	2.7	7.4	May	-0.3	-5.2	3.3	45.0	0.92	-1.1
Germany	-0.2	Q1	0.9	0.3	2.5	Jun	2.6	3.3	May	6.6	-1.5	2.5	-9.0	0.92	-1.1
Greece	1.9	Q1	3.0	2.6	2.5	Jun	2.8	10.6	May	-5.8	-1.3	3.6	-34.0	0.92	-1.1
Italy	0.7	Q1	1.4	1.0	0.9	Jun	1.5	6.8	May	1.0	-5.4	3.9	-41.0	0.92	-1.1
Netherlands	-0.6	Q1	-2.0	0.1	3.4	Jun	3.4	3.6	May	8.6	-1.4	2.9	-14.0	0.92	-1.1
Spain	2.4	Q1	3.2	2.4	3.5	Jun	3.0	11.7	May	2.2	-3.5	3.3	-30.0	0.92	-1.1
Czech Republic	-0.2	Q1	0.9	1.3	2.0	Jun	2.3	2.7	May‡	0.4	-2.5	4.1	-31.0	23.4	-7.1
Denmark	1.3	Q1	-5.4	1.4	1.8	Jun	1.7	2.9	May	9.5	1.6	2.6	-35.0	6.89	-1.4
Norway	-0.8	Q1	0.7	1.0	2.6	Jun	3.3	4.1	Apr‡‡	15.9	12.0	3.7	3.0	10.7	-1.8
Poland	2.0	Q1	2.0	2.9	2.6	Jun	3.8	4.9	Jun§	0.5	-5.4	5.8	-3.0	3.93	3.0
Russia	5.4	Q1	na	2.9	8.6	Jun	7.3	2.6	May§	1.4	-1.6	15.5	428	88.5	2.8
Sweden	0.3	Q1	2.9	0.3	3.7	May	2.1	8.7	May§	5.5	-1.0	2.2	-39.0	10.6	2.6
Switzerland	0.6	Q1	1.8	1.0	1.3	Jun	1.4	2.4	Jun	6.6	-0.3	0.6	-45.0	0.90	-1.1
Turkey	5.7	Q1	9.9	3.0	71.6	Jun	55.8	7.7	May§	-2.8	-4.7	26.1	992	32.9	-20.7
Australia	1.1	Q1	0.5	1.7	3.6	Q1	3.2	4.0	May	0.3	-1.3	4.4	47.0	1.48	1.4
Hong Kong	2.7	Q1	9.6	3.2	1.1	May	1.3	3.0	May‡‡	11.2	-2.8	3.5	-45.0	7.81	0.3
India	7.8	Q1	5.4	6.9	4.7	May	4.8	9.2	Jun	-1.1	-5.1	7.0	-17.0	83.5	-1.1
Indonesia	5.1	Q1	na	5.2	2.5	Jun	2.8	4.8	Q1§	-0.3	-2.4	7.0	80.0	16,240	-6.4
Malaysia	4.2	Q1	na	4.4	2.0	May	2.5	3.3	May§	2.5	-4.4	3.9	-9.0	4.70	-0.6
Pakistan	2.8	2024**	na	2.8	12.6	Jun	14.5	6.3	2021	-1.7	-7.4	14.1 †††	-125	279	0.3
Philippines	5.7	Q1	5.3	5.4	3.7	Jun	3.7	4.0	Q2§	-2.5	-5.9	6.3	-51.0	58.4	-4.5
Singapore	2.7	Q1	0.2	2.4	3.1	May	2.9	2.1	Q1	19.7	0.1	3.2	-4.0	1.35	nil
South Korea	3.1	Q1	5.3	2.7	2.4	Jun	2.6	2.9	Jun§	2.8	-1.6	3.2	-65.0	1,385	-5.7
Taiwan	6.6	Q1	1.1	3.3	2.4	Jun	2.0	3.4	May	14.2	0.5	1.8	59.0	32.6	-3.7
Thailand	1.5	Q1	4.6	2.8	0.6	Jun	1.0	1.2	May§	2.4	-3.6	2.8	nil	36.4	-3.4
Argentina	-5.1	Q1	-9.9	-3.2	276	May	225.1	7.7	Q1§	0.2	-0.8	na	na	919	-71.4
Brazil	2.5	Q1	3.1	2.0	4.2	Jun	4.2	7.1	May§‡‡	-1.4	-7.8	11.9	122	5.40	-9.8
Chile	2.3	Q1	7.8	2.7	3.8	Jun	3.8	8.3	May§‡‡	-3.2	-2.3	6.2	89.0	919	-11.6
Colombia	0.9	Q1	4.4	1.1	7.2	Jun	6.7	10.3	May§	-2.8	-5.8	10.6	41.0	3,980	4.5
Mexico	1.6	Q1	1.1	2.1	5.0	Jun	4.4	2.6	May	-0.6	-5.0	10.0	106	17.8	-4.3
Peru	1.4	Q1	3.2	2.5	2.3	Jun	2.6	6.2	May§	-0.4	-3.1	7.0	37.0	3.78	-3.7
Egypt	2.2	Q1	na	2.4	27.5	Jun	29.0	6.7	Q1§	-4.2	-5.0	na	na	48.0	-35.6
Israel	-0.5	Q1	14.4	1.4	2.8	May	3.0	3.4	May	5.7	-6.8	4.9	105	3.66	1.1
Saudi Arabia	-0.8	2023	na	1.0	1.6	May	2.0	3.5	Q1	-0.3	-2.2	na	na	3.75	nil
South Africa	0.5	Q1	-0.2	1.1	5.1	May	4.8	32.9	Q1§	-2.0	-5.2	9.8	-96.0	18.1	4.0

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. §Not seasonally adjusted. ‡New series. **Year ending June. ††Latest 3 months. ‡‡3-month moving average. §§5-year yield. †††Dollar-denominated bonds. Note: Euro area consumer prices are harmonised.

Markets

In local currency	Index Jul 10th	% change on: one week	Dec 29th 2023
United States S&P 500	5,633.9	1.7	18.1
United States NAScomp	18,647.5	2.5	24.2
China Shanghai Comp	2,939.4	-1.4	-1.2
China Shenzhen Comp	1,582.6	-1.6	-13.9
Japan Nikkei 225	41,832.0	3.1	25.0
Japan Topix	2,909.2	1.3	22.9
Britain FTSE 100	8,193.5	0.3	6.0
Canada S&P TSX	22,350.2	0.6	6.6
Euro area EURO STOXX 50	4,958.9	-0.1	9.7
France CAC 40	7,573.6	-0.8	0.4
Germany DAX*	18,407.2	0.2	9.9
Italy FTSE/MIB	34,306.4	1.4	13.0
Netherlands AEX	939.6	0.9	19.4
Spain IBEX 35	11,071.6	0.1	9.6
Poland WIG	87,487.2	-0.5	11.5
Russia RTS, $ terms	1,137.5	nil	5.0
Switzerland SMI	12,151.2	1.1	9.1
Turkey BIST	10,743.3	0.6	43.8
Australia All Ord.	8,058.3	0.9	2.9
Hong Kong Hang Seng	17,471.7	-2.8	2.5
India BSE	79,924.8	-0.1	10.6
Indonesia IDX	7,287.0	1.3	0.2
Malaysia KLSE	1,618.4	0.2	11.3

	Index Jul 10th	% change on: one week	Dec 29th 2023
Pakistan KSE	79,841.6	-0.5	27.8
Singapore STI	3,459.9	1.3	6.8
South Korea KOSPI	2,868.0	2.6	8.0
Taiwan TWI	24,007.1	3.6	33.9
Thailand SET	1,323.3	2.2	-6.5
Argentina MERV	1,690,009.0	5.4	81.8
Brazil BVSP*	127,218.2	1.2	-5.2
Mexico IPC	54,279.9	2.8	-5.4
Egypt EGX 30	28,288.0	0.5	13.6
Israel TA-125	2,026.1	3.3	7.4
Saudi Arabia Tadawul	11,784.1	1.6	-1.5
South Africa JSE AS	80,445.3	-0.4	4.6
World, dev'd MSCI	3,579.3	0.5	12.9
Emerging markets MSCI	1,111.7	1.8	8.6

US corporate bonds, spread over Treasuries

Basis points	latest	Dec 29th 2023
Investment grade	106	154
High-yield	373	502

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

Commodities

The Economist **commodity-price index** 2020=100	Jul 2nd	Jul 9th*	% change on month	year
Dollar Index				
All Items	132.8	133.3	-1.1	7.0
Food	141.1	142.0	-3.9	2.3
Industrials				
All	125.9	126.2	1.7	11.8
Non-food agriculturals	135.6	134.7	-1.9	17.9
Metals	123.5	124.0	2.7	10.3
Sterling Index				
All items	134.6	133.9	-1.8	7.8
Euro Index				
All items	141.2	140.9	-2.0	8.7
Gold				
$ per oz	2,328.8	2,353.1	1.8	21.8
Brent				
$ per barrel	87.0	85.0	3.9	7.0

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

For historical indicators data, visit economist.com/economic-and-financial-indicators

OBITUARY
Pål Enger

The man who stole "The Scream" died on June 29th, aged 57

SOME PAINTINGS are just too provoking. They have to be responded to. Picasso's "Guernica", a howl against war, with red paint; Velásquez's shapely "Rokeby Venus" with a meat cleaver wielded by a cross suffragette; the infuriating smile of the "Mona Lisa" with almost anything (stones, cake, paint, a teacup, soup). And Edvard Munch's "The Scream" with its swirling reds and blues and its anguished central figure, silently crying out, hands clamped over ears...? With plain removal.

Pål Enger was never sure why he stole it. But the fact was that one minute his ladder was up against the wall of the National Gallery in Oslo, just below a window he could silently break, and the next he was wedging the painting, worth $55m, behind the front seat of his car. He then drove around the city for hours, wondering what to do next. The feeling was magical, really electric: "The Scream" was his. Ever polite, he had left a thankyou note.

His theft, which horrified the art world and traumatised Norway, had been brewing for at least six years. He was in prison for half of that, for having stolen another Munch, "Love and Pain", from the same museum in 1988. He had meant to nab "The Scream", but picked the wrong window for his ladder. Out of his keen disappointment a better plan emerged. On February 12th 1994 the Winter Olympics would open in Lillehammer; the police would be distracted, and he would strike. A friend had been called in to lend a hand. It would be the perfect heist.

He liked to show off. Among the gangsters of Tveita, the poor, crime-ridden section of Oslo where he grew up, he was already famous as a teenager for the money he made from thieving and profiteering. He paraded in flash clothes and luxury watches, and at 15 flew with a friend to New York to see where "The Godfather" was filmed. The Corleone family (minus the explosions and the horses' heads, because he avoided violence) were his career models. He could also have been a footballer, making his professional debut at 18 with Vålerenga in Norway's premier league. He was wiry, had pace, and even played in a UEFA match. Like Beckham, he said. But football didn't pay much then, and crime did, especially when it came to cars. He favoured BMWs and Mercedes, and the only Porsche in Oslo was his. On Sundays the city's richer folk would come to gritty Tveita to see him washing it.

All this left little time for art appreciation. The jewels and artworks he especially stole were a means to an end, to make himself rich. (His name, signed PEnger, was Norwegian for "money".) But he liked Munch. When he first saw "The Scream", on an outing in primary school, his dreams were haunted by it for a long while. This was how his violent stepfather made him feel; it was comforting that other people could be so anxious, too. Later he read books about Munch, and visited the National Gallery twice a week to gaze at "The Scream". He could see it was unglazed, usually unguarded and right beside a window. Useful. But when he broke the wrong window in 1988, and was faced with a painting of a flame-haired woman ravenously embracing a man, he still seized it, hung it on his wall and enjoyed it, until the police got wind of him.

"The Scream" though, once stolen, did not go on his wall. He stowed it in a secret compartment in his living-room table. Later he moved it to a summer chalet in the countryside, to a cellar reached by a trap door under a carpet. In both places he could bring it out to admire it in private, like treasure. In fact it could do nothing to enrich him. He couldn't sell it, or even openly admit he had it. All he could do was tease the police. When his son Oscar was born, he put a notice in the local paper announcing his birth "med et Skrik", with a Scream. After a few months, it was a relief to be tricked into handing it to a British art-recovery expert posing, in bow-tie and waistcoat, as an American. His daring raid earned him seven years.

It also made him a celebrity. He played up to it by escaping from a prison field trip, trying to flee to Copenhagen in a blond wig and sunglasses and giving copious interviews. After that his life alternated between prison, starring in documentaries and more thieving, though this gradually declined to taxi licence-plates and a couple of pairs of socks. His debts were huge. He had nowhere permanent to live and no permanent woman in his life.

Munch could have been a friend, though. They could have sat in the artist's garden at Asgardstraad and drunk absinthe together. And in a funny way "The Scream" was now part of him. In prison in 2007 he took up painting, animals at first. Sometimes, because people asked him to, he copied "The Scream". But he preferred to do his own abstracts. Mostly they were swirling reds and blues, writhing into the ghost of a figure with its hands clasping its head.

When Munch painted one of his four versions of "The Scream" he attached a note, explaining that

> I was walking along the road with two friends—the sun was setting—the sky turned blood red—I paused, feeling exhausted, and leaned on the fence—there was blood and tongues of fire above the blue-black fjord and the city—my friends walked on, and I stood there trembling with anxiety—and I sensed an infinite scream passing through nature.

Pål Enger's most striking moment of public introspection had certain echoes of this.

> When I'm out of prison, I walk along the river and watch people feeding the birds. I feel I can see who is there because they have a bad conscience. Who has beaten their woman the day before and makes up for it by feeding the birds? I'm like that myself. I often take bread to my prison cell, so I can feed the birds outside the window. Then I ask myself, "Are you doing this to be nice to the birds, or because you have a bad conscience, Pål?"