

The Economist

Russia's mysterious middlemen

Indian tourists go global

Big food's big upheaval

Complaining about kidults

AUGUST 24TH-30TH 2024

A photograph of Kamala Harris standing on a stage, smiling and waving her right hand. She is wearing a tan blazer and matching trousers. The background is filled with a large crowd of people holding up blue signs that read "USA".

HOW WOULD
SHE GOVERN?



August 24th 2024

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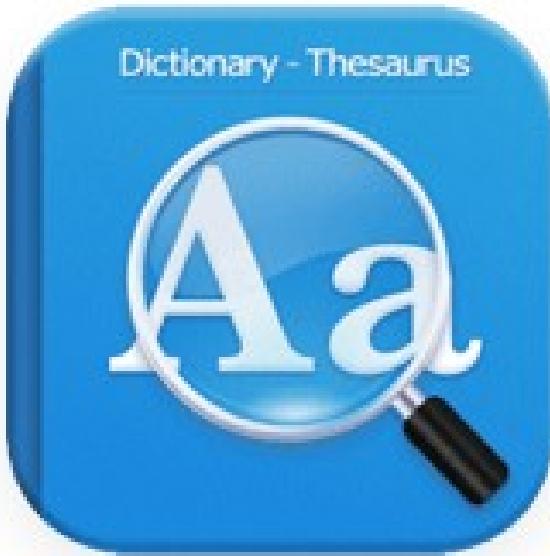
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The world this week

Politics

August 22nd 2024



Getty Images

The Democrats held their **national convention** in Chicago. Ahead of Kamala Harris's speech accepting the party's nomination, [Joe Biden](#) made what may be his last big appearance as president. During Hillary Clinton's address the Democrats chanted "lock him up!" in reference to Donald Trump, delighting the party's candidate in the 2016 election. Far-left and pro-Palestinian activists clashed with police outside the Israeli consulate, but were kept well away from the convention hall.

America's intelligence services confirmed that Iran was behind the recent **hacking** and leaking of certain documents related to Mr Trump's campaign. The Iranians also tried to hack into email accounts associated with Ms Harris's team.

The final offer?

Antony Blinken, the American secretary of state, made his ninth visit to the Middle East since the start of the war in [Gaza](#) amid negotiations that he said may be the best and last chance for a ceasefire deal and release of Israeli hostages. Mr Blinken said that Binyamin Netanyahu told him that Israel accepted America's proposal, though the Israeli prime minister made no such commitment in public. Hamas, the Islamist group that attacked Israel last October, has not yet accepted the deal. Meanwhile, Israel recovered the bodies of six hostages from Gaza.

Negotiations continued over a ceasefire in **Sudan's** civil war. The talks in Geneva are led by America. The United Arab Emirates, which supports the rebel Rapid Support Forces, is also attending. The Sudanese army agreed to open a border crossing with Chad so that aid can get through to Darfur.

Newspapers in **Senegal** and some television stations held a 24-hour blackout in protest against tighter media restrictions. The new government has frozen bank accounts belonging to media companies for allegedly owing back taxes. President Bassirou Diomaye Faye and his prime minister, Ousmane Sonko, came to power in March amid voter anger about living standards. Mr Sonko has since said the press has "too much impunity".

Russia took the town of Niu-York in eastern **Ukraine**, slowly solidifying its position in Donetsk. Russian forces have not yet been diverted from the region to fight Ukrainian troops who have entered Russia. Ukraine says it has now captured 1,263 square kilometres (488 square miles) of Russian territory and blown up two bridges. It also launched 45 drones against Russian sites, 11 of which targeted Moscow (they were shot down).

Ukraine's parliament passed a bill that would bar **pro-Russian churches** in the country. The bill is aimed at the Ukrainian Orthodox Church, which in 2022 claimed it had cut its ties to Russian Orthodoxy, though some of its priests aided the Russian invaders. The Orthodox Church of Ukraine is a separate body, aligned with the Ecumenical Patriarch of Constantinople. It issued a statement, along with other religions, supporting the bill.

X, Elon Musk's social-media platform, closed its office in **Brazil** after a judge ordered it to suspend some accounts or have its legal representative arrested. It is the latest twist in a continuing spat between Mr Musk and

Alexandre de Moraes, a Brazilian Supreme Court judge who is leading an investigation into fake news.

The security forces in **Argentina** foiled an attack by a group linked to an Islamist terrorist organisation against Jewish targets in Mendoza. Argentina is home to Latin America's largest Jewish population and has suffered antisemitic atrocities in the past, notably the bombing of a Jewish community centre in 1994 that killed 85 people.

Nicaragua banned another 1,500 civic groups that are deemed hostile to the authoritarian regime of Daniel Ortega. Many are linked to various churches and include football and tennis clubs and veterans' associations. The government recently dissolved the diocese of Bishop Rolando Álvarez, an exiled critic of the regime.

Most **rail freight** came to a halt in Canada amid a dispute between management and workers. The disruption will hurt the Canadian economy by stopping shipments of goods such as fertilisers, grains, cars and oil. It will also affect the United States and Mexico, which are integrated with the Canadian freight network.

Rallies were held across **Venezuela** calling for Nicolás Maduro to step down as president. The opposition has published data showing that its candidate, Edmundo González, won an election on July 28th with two-thirds of the vote.



Getty Images

Paetongtarn Shinawatra was sworn in as **Thailand's** new prime minister. Ms Paetongtarn is the daughter of Thaksin Shinawatra, an influential former prime minister and de facto chief of the Pheu Thai party, which heads the government. She succeeds Srettha Thavisin, who was dismissed as prime minister by the Constitutional Court, and she has the support of the king.

A national doctors' strike was held in [India](#) to protest against the rape and murder of a female trainee doctor in Kolkata. The woman's battered and half-naked body was found in her hospital's lecture hall. The Indian Medical Association wants the government to provide better security for female doctors.

India's chief election commissioner announced that elections will be held in **Jammu and Kashmir** next month, the first in nearly a decade. Voting in constituencies for the disputed territory's legislature will begin on September 18th and end on October 1st.

[Indonesia](#) marked independence day in its designated new capital, Nusantara, for the first time. The city lies in the province of East Kalimantan, on the eastern side of the island of Borneo. President Joko Widodo has revived plans to move the government out of Jakarta, which is

sinking. Prabowo Subianto, who takes over as president in October, said he intends to continue the project, which is due to be completed in 2045.

Religious busybodies

Afghanistan's Ministry for the Prevention of Vice and Propagation of Virtue released its annual report. Over the past year the morality police have destroyed 21,328 musical instruments, sacked 281 men from the security forces for not growing a beard, and arrested over 13,000 people for "immoral acts". It did not provide figures on how many women it had detained for being improperly dressed or walking without a male guardian. Meanwhile, the Taliban government stopped the ^{UN} special rapporteur on Afghanistan from entering the country.

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The world this week

Business

August 22nd 2024



Getty Images

Mike Lynch was among several people who died or are missing after a luxury yacht sank in bad weather off the coast of Sicily. In June Mr Lynch, the former chief executive of Autonomy, a British software firm, was found not guilty by a jury in San Francisco of defrauding Hewlett-Packard in relation to its takeover of Autonomy in 2011. The long-running legal saga had not finished; a British judge was considering damages Mr Lynch should pay in a separate civil trial. In an eerie coincidence, Stephen Chamberlain, Mr Lynch's co-defendant, who was also found not guilty in June, was hit by a car and died shortly before the boating incident.

Alimentation Couche-Tard, a Canadian operator of convenience stores, including the Circle K brand, made a friendly offer to buy **Seven & i**, a Japanese holding company that counts the 7-Eleven chain among its assets. It is the largest ever attempted acquisition of a Japanese company.

A federal judge threw out the Federal Trade Commission's ban on **non-compete agreements**, which was due to come into force next month. Non-compete clauses in contracts stop employees joining rival firms. The ^{FTC} reckons that such clauses stifle the creation of new businesses and suppress wages, but companies argue they are needed to protect intellectual property. The judge found that the new rules were "arbitrary" and that the ^{FTC} didn't have the power to make them.

The ^{FTC} also found itself on the back foot when **Kroger**, a giant supermarket chain, sued to stop the regulator from using its in-house administrative tribunal to decide the fate of its \$25bn takeover of Albertsons, a rival. Kroger wants the courts to rule on the matter, and argues that the in-house tribunal "violates constitutional protections against federal-government overreach".

Advanced Micro Devices intensified its rivalry with Nvidia by agreeing to buy ^{zT} **Systems** for \$4.9bn. ^{zT} builds computing infrastructure for "hyperscalers" in artificial intelligence, including the likes of Amazon and Microsoft. The deal will speed up the deployment of ^{AMD}'s data-centre chips, which compete with Nvidia's graphics processing units.

A Hollywood twist

A consortium of investors led by Edgar Bronfman submitted a rival bid for the company that owns a controlling stake in **Paramount Global**. The film-and-TV studio has already agreed to a takeover by Skydance Media. Mr Bronfman is a former chief executive of Warner Music and is currently the chairman of Fubo^{TV}, a sports-streaming broadcaster.

Conservative activists claimed another victory against **diversity, equity and inclusion**, when Harley-Davidson scrapped some of its ^{DEI} targets, such as using suppliers owned by people from diverse backgrounds. It also stressed that it has had no ^{DEI} corporate function since April. Meanwhile BlackRock, a pioneer in supporting shareholder **environmental and social** proposals, said it had backed just 20 out of 493 such proxy votes over the past year.

Sweden's central bank cut its main interest rate by a quarter of a percentage point, to 3.5%. After the Swedish economy contracted by 0.8% in the second

quarter over the previous quarter, the Riksbank said it would lower the rate two or three more times this year.



The Economist

Gold prices continued their rally and hit new highs. Prices are up by a fifth since the start of the year as investors pile into the precious metal ahead of the Federal Reserve's expected cuts to interest rates. Gold is seen as a haven against falling asset prices in other markets. The World Gold Council estimates that global demand for gold increased by 4% in the second quarter, year on year.

Ford ditched plans to roll out a large fully electric.^{uv}. The carmaker noted that the ^{ev} industry was “rapidly evolving as Chinese competitors leverage advantaged cost structures”, and that car buyers were more cost-conscious than “early adopters” of ^{evs}. Meanwhile, **Xiaomi**, a Chinese smartphone-maker that has diversified into ^{evs}, said it was “confident” that it could raise its delivery target for its new car by 20% this year. Though available only in China at the moment, Xiaomi has global ambitions for its ^{su7} model.

Disgruntled staff

Some 4.4% of **American workers** expect to lose their job over the next four months, the highest level recorded over the ten years of a survey conducted

by the Federal Reserve Bank of New York. The share of workers expecting to move to a new job was 11.6%. Employees are increasingly dissatisfied. More of them now think that wages, benefits and promotion opportunities have deteriorated.

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The world this week

KAL's cartoon

August 22nd 2024



Economist.com

Kal

Our regular illustrator, KAL, is away this week. We have chosen to revisit this cartoon from 2012.

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

[If a China and America war went nuclear, who would win?](#)
[The cruise that will get you chased by the Chinese coastguard](#)
[Vietnam's new ruler: hardman, capitalist, hedonist](#)

KAL's cartoon appears weekly in The Economist. You can see last week's [here](#).

The world this week

This week's cover

How we saw the world

August 22nd 2024

As the Democratic National Convention kicked off this week, our global cover story took a closer look at Kamala Harris. She has saved her party from almost-certain defeat. But she has achieved that not by her ideas, but by being neither the doddering Mr Biden nor the swaggering Mr Trump.

Ms Harris is studiously vague about her policy platform. That makes it difficult to predict how she might govern. To offer some clues, *The Economist* has examined transcripts of all Ms Harris's public remarks in the month since she became the likely nominee. Being a politician is about more than campaigning. More policy detail is needed.



Leader: [Kamala Harris can beat Donald Trump. But how would she govern?](#)

Briefing: [Kamala Harris has revealed only the vaguest of policy platforms](#)

Lexington: [Joe Biden's place in history depends on Kamala Harris's success](#)

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Leaders

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Leaders | Personality and policy

Kamala Harris can beat Donald Trump. But how would she govern?

Being a politician is about more than campaigning. More policy detail is needed

August 22nd 2024



A FEW WEEKS ago the Democratic convention looked as if it would be a wake. Instead it has been a love-in. Delegates' ebullience has been spiced with relief that their nominee has saved the party from almost-certain defeat.

Kamala Harris has accomplished this less because of who she is than who she is not. For a start she is not [Joe Biden](#), who showed in a valedictory speech in Chicago that age has turned him into a scold. And neither is she Donald Trump. Now that President Biden is out of the race, the Republican nominee is the old man on the ballot, and he drives voters away with his petty insults and his dark obsessions.

However, Ms Harris needs more. Our [forecast model](#) has the race tied. In a bid to make her someone people actually want to vote for, the convention was all about her character and her life-story. Americans now know she worked at McDonald's and that every year she teases her husband by playing the rambling voicemail he left asking her for a first date.

Unfortunately, how that would translate into a Harris presidency remains disconcertingly vague. She has reasons for building her campaign around personality: policy can be a liability, Mr Trump is no wonk and, with him as an opponent, character matters. Yet, worryingly, her tactics may also signal something more fundamental.

Politically, Ms Harris is still an unknown quantity—and she is partly responsible for keeping it that way. In the Biden administration she was overshadowed, as vice-presidents usually are. She became the nominee without being tested in a primary. Since Mr Biden's withdrawal, she has not given interviews and she has taken few questions from reporters. Her policy platform was mostly inherited from her boss, and it is even sparser than Mr Trump's. When she takes positions—such as vowing to deal with corporate price-gouging—they may not be expressions of her political beliefs so much as campaign manoeuvres designed to placate voters worried about the cost of living.

Our [briefing](#) this week sets out to make sense of all this—and Ms Harris's record in the Senate and as a politician in California. She is not one of those whose career reveals a set of deep convictions or an inner core of beliefs. Instead, like Mr Biden, she positions herself slightly to the left of centre of her party and adjusts as it evolves. Worse than him, her policies on the economy and in foreign affairs seem to be unanchored.

Pragmatism has its virtues in a politician. Mr Trump may call Ms Harris a communist, but she is no ideologue. Her positions as a primary candidate in 2019 included single-payer health care, outlawing fracking and decriminalising crossing the border illegally. Yet the way Ms Harris has abandoned all that in 2024 suggests it was never serious. Her recent anti-price-gouging proposal would be hard to enact. She is probably not about to launch a crusade against corporate America. Pragmatism also means that Ms

Harris is open to other people's ideas. There is every reason to think that in foreign policy and the environment she will set out to create continuity.

But when pragmatism signals a lack of thought-through principles, it can spell danger. Every day the president has to handle politically charged problems that have no simple solution. In this Ms Harris's weakness for bad ideas and political gimmicks threatens to be a liability. The claim of price-gouging is simply not supported by the evidence, but it nonetheless erodes the faith in open markets that makes America prosperous. Promising \$25,000 grants is supposed to help first-time homebuyers afford a property. Yet unless she also succeeds in her plan to increase the supply of housing—a tall order—subsidies will raise house prices instead. Her proposals to increase child tax credits, to \$6,000 during the first year from \$2,000 now, would indeed reduce child poverty. But when America's budget deficit is 7% of ^{GDP}, her failure to finance it through taxes would be rash and inflationary (we would choose it only as an alternative to Mr Trump's even wilder profligacy).

Likewise, without strong fundamental beliefs and a set of guiding priorities, a president can easily be blown off-course by events. When presidents are reactive or indecisive, they may be challenged abroad. If Ms Harris struggles to knit together her biography, her principles and her policies, she will also struggle in a president's crucial role: explaining to the nation how it should meet adversity.

It may seem unfair to criticise Ms Harris for being sparing about her policies. Her overriding task is to defeat Mr Trump, and it is a vital one in which guile and cunning are permitted. For good or ill, political campaigning is often about finding wedge issues to stir up your base. If wonkery and reams of policy papers were the secret to electoral success, Hillary Clinton would not have lost in 2016.

But there are reasons to press Ms Harris for more. One is that to do so could soon be in her political interest. Should personality lose its power to propel her campaign forward, policy could be one way to revive it. Imagine if her whole platform were like her position on women's reproductive rights, where her policy is clearly derived from principles drawn out of her own experience. When, in the debate due on September 10th, Mr Trump attacks

her for being too weak to stand up to Russia and China, or too much of a radical socialist to deal with immigration or create a healthy economy, she will need more than platitudes to rebut him. If it is the first time she tries to unspool a single thread running through her life, her principles and her policies, she is unlikely to do her best.

The other, more important reason to press Ms Harris is that being a politician is about more than campaigning. Governing matters, too. And, for a party that wants to strengthen democracy, governing is better if its winning mandate contains a programme. You can be desperate for Ms Harris to defeat Mr Trump and still wonder how good she will be in office. As the vice-president in a one-term administration, she might be tempted to govern with victory in 2028 as a focus. Unless she is clearer about what she wants to do with power, her term will be dominated by campaigning—with all its vices. ■

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Leaders | A deadly virus

Countries should act faster to curb the spread of mpox

The slower the response, the more people will die

August 22nd 2024



Mpox is [SPREADING](#). A new strain of this viral disease—which is easier to transmit than older ones and appears to be more deadly—has gripped the Democratic Republic of Congo throughout the year. Now it has reached other parts of central and eastern Africa, and is [starting to appear elsewhere](#). It is likely to go far, carried by international travellers. According to Airfinity, a health-data firm, Dubai and London are at greatest risk of importing the new strain, known as clade 1b.

Last week the World Health Organisation declared mpox a “public-health emergency of international concern”. This designation speeds up the release of funds and helps make more vaccines available. However, more resources

and effort will be needed. More than 17,000 people, mostly in Congo, are thought to have had mpox since January. At least 500 have died. Estimating the lethality of the new strain is hard, because many cases go unnoticed or unreported. Experts believe that between 1.4% and 10% of those infected have died of it, with children likeliest to succumb. However, survival rates may prove higher outside Congo, an exceptionally poor and violent country where many children have immune systems weakened by deprivation.

Mpox causes a fever and a painful, visible rash. It is spread by close contact, for example within households or between sex workers and clients. Congo, where it is concentrated, is an especially difficult place to monitor and curb infections. Much of the east of the country is fought over by rebels. The government has little access to some areas. Camps for displaced people are crowded, fostering the spread of disease. Nonetheless, health workers and aid agencies have in the past been able to overcome some of these obstacles. In recent years, outbreaks of Ebola in eastern Congo were contained despite gunmen sometimes burning down clinics. Success requires funding and persistence.

In all the countries at risk, people need to be taught about the symptoms and how to avoid the virus. African governments need to enhance surveillance, contact-tracing and diagnosis, and should be offered aid and technical support. The Africa Centres for Disease Control has pledged to deliver 10m mpox vaccines by 2025. That is welcome, but in the short term rich countries should release more vaccines from existing stores. Japan has offered 3.5m doses to Congo—a good start.

The priority in afflicted countries should be to vaccinate medical workers and those at high risk, such as sex workers, to try to curb the outbreak quickly. Trials are also needed to determine the true efficacy of these vaccines. In the longer term, a global stockpile of mpox vaccines is required, which could be deployed at the start of a future outbreak. Dealing with the virus quickly, at source, is much cheaper than acting later. So countermeasures must be planned in advance. The price of preparation is a small fraction of the cost of dealing with a full-blown pandemic.

Rich and poor countries need to work together more closely. Wealthy places have cash and medical muscle; poor ones have local knowledge and data,

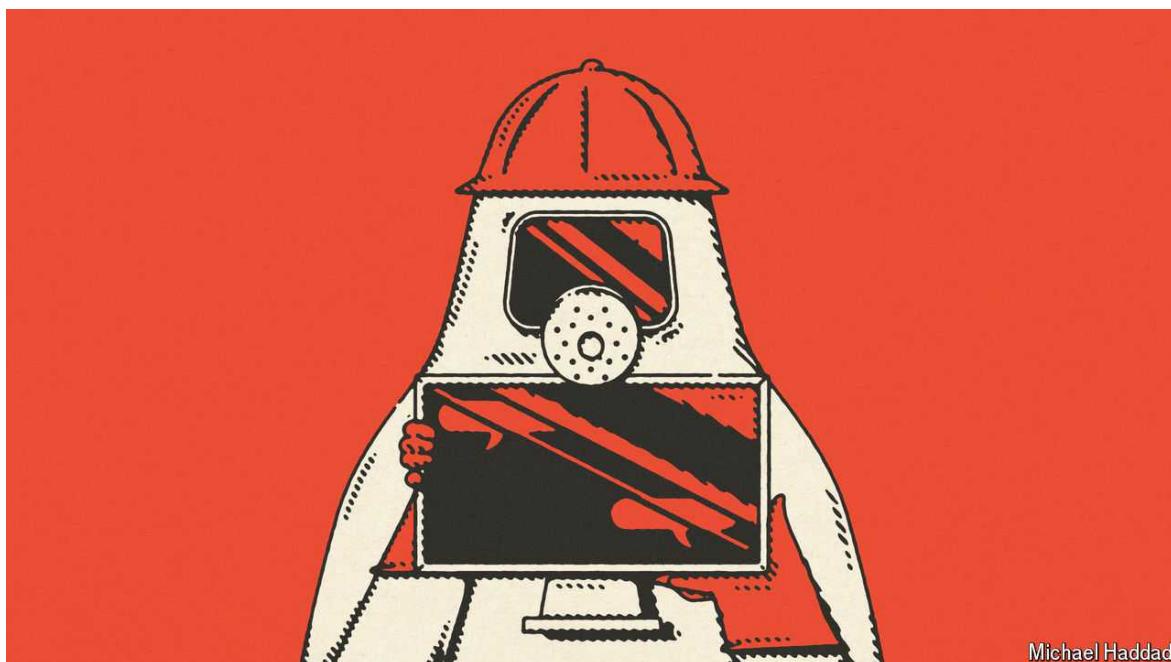
such as genetic sequences collected from the field, that can be used to track outbreaks, better understand how rare viruses mutate and create new biotech products. If rich countries want this information, they should offer drugs and vaccines in return. Containing the spread of emerging diseases is a colossal, unambiguous public good. Because all countries stand to benefit, all should contribute what they can to organising a swifter, more rational response. ■

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Regulators are focusing on real AI risks over theoretical ones. Good

Rules on safety may one day be needed. But not yet

August 22nd 2024



“I’m sorry Dave, I’m afraid I can’t do that.” HAL 9000, the murderous computer in “2001: A Space Odyssey” is one of many examples in science fiction of an artificial intelligence (AI) that outwits its human creators with deadly consequences. Recent progress in AI , notably the release of Chat_{GPT}, has pushed the question of “existential risk” up the international agenda. In March 2023 a host of tech luminaries, including Elon Musk, called for a pause of at least six months in the development of AI over safety concerns. At an AI -safety summit in Britain last autumn, politicians and boffins discussed how best to regulate this potentially dangerous technology.

Fast forward to today, though, and the mood has changed. Fears that the technology was moving too quickly have been replaced by worries that ^{AI} may be less widely useful, in its current form, than expected—and that [tech firms may have overhyped it](#). At the same time, the process of drawing up rules has led policymakers to recognise the need to grapple with existing problems associated with ^{AI}, such as bias, discrimination and violation of intellectual-property rights. As the final chapter in our schools briefs on ^{AI} explains, the focus of regulation has shifted from vague, hypothetical risks to specific and immediate ones. This is a good thing.

^{AI}-based systems that assess people for loans or mortgages and allocate benefits have been found to display racial bias, for instance. ^{AI} recruitment systems that sift résumés appear to favour men. Facial-recognition systems used by law-enforcement agencies are more likely to misidentify people of colour. ^{AI} tools can be used to create “deepfake” videos, including pornographic ones, to harass people or misrepresent the views of politicians. Artists, musicians and news organisations say their work has been used, without permission, to train ^{AI} models. And there is uncertainty over the legality of using personal data for training purposes without explicit consent.

The result has been a flurry of new laws. The use of live facial-recognition systems by law-enforcement agencies will be banned under the European Union’s ^{AI} Act, for example, along with the use of ^{AI} for predictive policing, emotion recognition and subliminal advertising. Many countries have introduced rules requiring ^{AI}-generated videos to be labelled. South Korea has banned deepfake videos of politicians in the 90 days before an election; Singapore may follow suit.

In some cases existing rules will need to be clarified. Both Apple and Meta have said that they will not release some of their ^{AI} products in the ^{EU} because of ambiguity in rules on the use of personal data. (In an [online essay](#) for *The Economist*, Mark Zuckerberg, the chief executive of Meta, and Daniel Ek, the boss of Spotify, argue that this uncertainty means that European consumers are being denied access to the latest technology.) And some things—such as whether the use of copyrighted material for training purposes is permitted under “fair use” rules—may be decided in the courts.

Some of these efforts to deal with existing problems with ^{AI} will work better than others. But they reflect the way that legislators are choosing to focus on the real-life risks associated with existing ^{AI} systems. That is not to say that safety risks should be ignored; in time, specific safety regulations may be needed. But the nature and extent of future existential risk is difficult to quantify, which means it is hard to legislate against it now. To see that, look no further than ^{SB} 1047, a controversial law working its way through California's state legislature.

Advocates say the bill would reduce the chance of a rogue ^{AI} causing a catastrophe—defined as “mass casualties”, or more than \$500m-worth of damage—through the use of chemical, biological, radiological or nuclear weapons, or cyberattacks on critical infrastructure. It would require creators of large ^{AI} models to comply with safety protocols and build in a “kill switch”. Critics say its framing owes more to science fiction than reality, and its vague wording would hamstring companies and stifle academic freedom. Andrew Ng, an ^{AI} researcher, has warned that it would “paralyse” researchers, because they would not be sure how to avoid breaking the law.

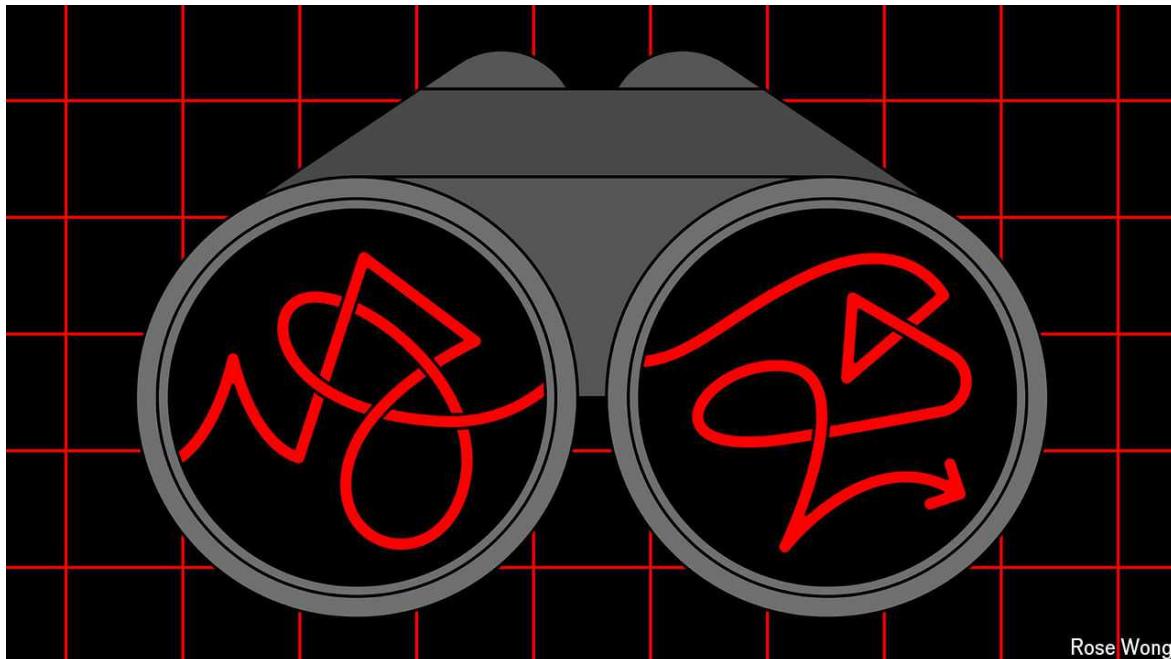
After furious lobbying from its opponents, some aspects of the bill were watered down earlier this month. Bits of it do make sense, such as protections for whistleblowers at ^{AI} companies. But mostly it is founded on a quasi-religious belief that ^{AI} poses the risk of large-scale catastrophic harm—even though making nuclear or biological weapons requires access to tools and materials that are tightly controlled. If the bill reaches the desk of California's governor, Gavin Newsom, he should veto it. As things stand, it is hard to see how a large ^{AI} model could cause death or physical destruction. But there are many ways in which ^{AI} systems already can and do cause non-physical forms of harm—so legislators are, for now, right to focus on those.

Leaders | Recession scares

What to make of America's topsy-turvy economy

Don't panic just yet

August 22nd 2024



Don't blame American investors for feeling seasick. The past few weeks have brought a swirl of contradictory economic news: stock prices sank and then rebounded; jobs figures were weaker than predicted but retail sales were much stronger. Chatter about an immediate emergency interest-rate cut by the Federal Reserve built up and then died down. After the exuberance of the first half of 2024, economy-watchers are anxiously poring over each new data release. The utterances of Jerome Powell, the Fed's chairman, at the Jackson Hole gathering of central bankers on August 23rd, after we published this, will be examined even more closely than usual.

What is going on? Economic data can often be volatile around turning-points, and several oddities are obscuring the picture. Take a step back,

though, and America's economy seems poised for a gradual slowdown, not a crash.

The most marked area of weakness so far has been the labour market. Unemployment jumped to 4.3% in July, a big enough leap to invoke the Sahm Rule, an indicator based on the rise in joblessness that has identified every American recession since 1960 (but which has a patchier record in other countries). Another rule, which uses both unemployment and job-vacancy figures, implies that a [recession](#) might have begun as early as March. Markets nervously await the next jobs release on September 6th.

Dig into the data, though, and it looks as if this weakness may be overstated. Much of the rise in unemployment in the latest figures came from temporary lay-offs, which tend to be volatile. America's recent surge in immigration might also be influencing the data; new migrants are often not in work until a little after their initial arrival. Some of the rise in unemployment, therefore, may be short-term.

History may also be muddling things. Investors may be so jittery because they have over-learned the lessons of the previous two big recessions: during the global financial crisis of 2007-09 and the covid crash. Both of those were faster and deeper than a typical downswing, amplified as they were by a fragile banking system and a pandemic, respectively. They may not be the best guide to what to expect today.

Conventional slowdowns are often stop-start and gradual. A better guide than 2008 or 2020 may be the more subdued environment of the 1990s and early 2000s. Another more recent precedent might be mid-2019, when the Fed smoothed over a growth hiccup by unwinding some previous interest-rate rises.

How, then, to describe the current state of the economy? It is certainly slowing, and likely to slow further. A peculiar feature of this cycle has been that tight monetary policy and loose fiscal policy have pulled in opposite directions. Thus far, the tug-of-war has left the economy expanding at a rapid clip; ^{GDP} growth was 3.1% over the past year. But a pace that speedy cannot be sustained for ever: most estimates put America's long-run potential growth rate at closer to 1.5-2% a year.

A good measure of the overall thrust of the latest economic data is the Atlanta Fed’s “nowcast” of GDP growth, which draws on a wide swathe of data. That has fallen over the past two weeks—but to a still healthy 2%. Conditions could yet deteriorate further if the lagged effect of high interest rates starts to bite. Some households are already feeling a squeeze: the share of credit-card bills left unpaid has risen to a 13-year high.

It should help, though, that the economy is far better situated today than in 2019 in one crucial respect: there is plenty of room for the Fed to ease. Investors expect interest rates to fall from their current range of 5.25-5.50% by more than two percentage points in the next year. Those cuts are already reflected in lower long-term bond yields. But interest rates could comfortably fall further and faster if worse news on the economy demanded it. By contrast, a fall of two percentage points in 2019 would have returned rates all the way to zero.

How much of the fuel left in the Fed’s tank will be needed? At Jackson Hole last year, Mr Powell signalled his determination to raise rates until inflation was back at its 2% target. Today inflation is nearly back to where it needs to be and the growth outlook is shakier. An interest-rate cut of a quarter of a percentage point in September seems almost certain.

Powell, so confusing

But central bankers should beware of overreacting. Financial markets are still pricing in a one-in-three chance of a jumbo rate cut of half a percentage point. Unless further bad news arrives, such a sharp move could go too far. The Fed faces danger from two sides: if it cuts too much, it could risk another surge in inflation; if it cuts too little, growth could falter more. Mr Powell has made admirable progress fighting inflation so far. His reward is that he now faces a new enemy, even as the old one is not yet fully defeated.



Leaders | Visas, vistas and vegetarian food

How to attract Indian tourists

Destinations are competing for the travelling rupee

August 22nd 2024



Getty Images

INDIANS ARE on the move. In 2019 international departures from India hit 27m, a number that will surely be exceeded this year and is predicted to rise to 90m by 2040. Annual spending on foreign travel by Indians will nearly triple to \$89bn in three years, reckons Bernstein, a research firm. [Airlines' networks are being expanded](#) and redesigned to handle larger numbers of Indian tourists. Many trips are for business or to visit friends and family. But about 40% are pure leisure, and holidaymakers pack fat wallets.

Around the world tourism boards, hotels and restaurateurs are starting to [compete for Indian travellers](#), especially in the Middle East and South-East Asia. That makes sense. Tourism accounts for 3% of global GDP. It creates jobs, boosts exports and builds cultural ties. A long boom in tourism from

China is flagging: its travellers made only 87m trips last year, 40% fewer than they did before covid-19 prompted China to turn inward. All the more reason, then, to lay out the red carpet for Asia's other giant. But how should countries attract Indian travellers?



The Economist

Step one is to make it easier for them to get in. India has long had a “weak” passport, which allows visa-free travel to only a few places. As the country grows more powerful, that is changing. Malaysia and Thailand have abolished visa requirements and seen a surge in visitors. Digitising the process and keeping fees low boosts numbers, too. But many Western countries have onerous visa policies, which put off both Indian tourists and those visiting their relatives in the diaspora. A ten-year multi-entry tourist visa to Britain costs £1,000 (\$1,300), seven times as much as an American one. America’s consulates are slow: it takes over a year to get an appointment. Continental European countries are stingy, rewarding painstakingly submitted paperwork with visas that last as few as four days.

Once a country has made its tourist-visa regime more welcoming, what next? One way to win the attention of Indian globetrotters is to collaborate with Bollywood. Spain’s tourism agency worked with the makers of “Zindagi Na Milegi Dobara” (“You Only Live Once”), a hit film from 2011. Arrivals from India doubled the following year. Yash Chopra, an Indian

director, made movies in Switzerland in the 1990s, introducing many to its Alpine charm. A grateful Swiss nation erected a statue of the man and named a train after him. Many Indian films have scenes shot in Dubai for a dose of glamour: last year more Indians used Dubai's airport than any other nationality.

Diplomacy can also help put a country on the Indian tourist map. Narendra Modi, the prime minister, travels a lot and loves to be filmed against dramatic backdrops. India's fawning news channels follow his every step, providing the sort of exposure a tourism board cannot buy. After each visit, say tour operators, interest in that destination shoots up—though perhaps not for Ukraine, where Mr Modi arrives this week on what will be his 80th foreign trip.

Once a place has captured Indian tourists' imagination and let them in, there is one more thing: it must offer them food they enjoy. Good Indian—and especially vegetarian—food tops the list of requirements for outbound tourists. Indian cuisine takes many forms, from the kebabs of the north to the dosas of the south. Its consumers vary too, from hard-core vegetarians who eschew even potatoes and onions, to the urban rich who fancy the sort of modern Indian food unavailable at home, such as at Michelin-starred Gaggan in Bangkok. Offering a wide variety of Indian nosh to Indians who have just got off the plane from India may sound absurd. But it works. ■

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Letters

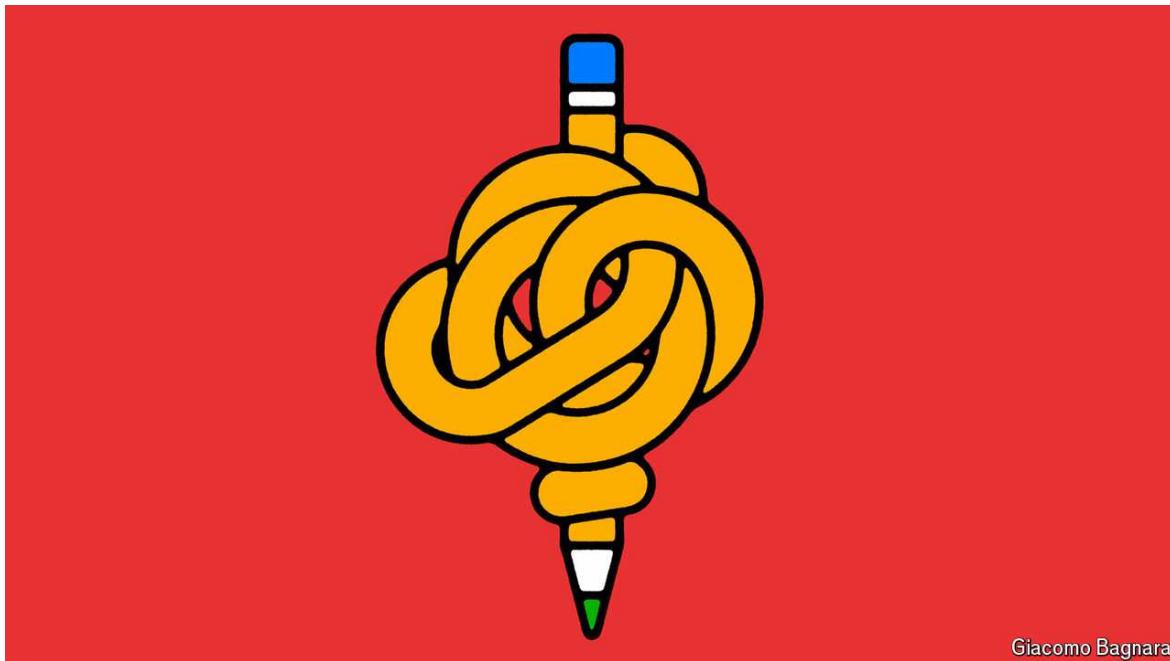
- [Letters to the editor](#)

Letters | On education, Africa, tourism, Russia, Lyndon Johnson

Letters to the editor

A selection of correspondence

August 22nd 2024



Letters are welcome via email to letters@economist.com

Skills can't be transferred

You are right to be sceptical of school curriculums that “focus on vaguely defined ‘skills’” such as team working (“[School scandal](#)”, July 13th). In Britain in the mid-1970s, a time of high unemployment and rapid job turnover, businesses complained about the high costs of training new employees for jobs they had not done before. Training initiatives, such as the Youth Training Scheme and the Youth Opportunities Programme, were created to teach unemployed young people skills that were “transferable” from one job to another. These tended to include leadership, team working

and having an insight into one's own capabilities. This ideology has spread throughout the educational system, into schools and now universities.

The notion of “transferable skills” is not based on sound empirical research. You cannot expect that any past experience as a conductor leading an orchestra reduces the time it takes to be able to lead an army unit. According to Richard Schmidt, an authority on skilled behaviour, “there is little evidence that such general inter-task transfer effects are possible”.

Transferable skills are a modern myth. From the 1940s until the mid-1970s, Britain and America had centres of excellence for empirical research into training and skill development. Their findings may not always have been welcomed by governments, but dismissing them in favour of convenient inventions has led to long-term damage to our educational system.

NIGEL HARVEY

Professor of judgment and decision research
University College London

The importance and benefits of good handwriting are completely missing from discussions of improving academic standards. More than being simply a mechanical skill, handwriting engages the hand-brain complex, and lays down the neurocircuitry for meaning, memory and later retrieval of information. Habitual handwriting opens up space for generating good ideas, organising them on the page and constructing nuanced vocabulary choices.

Good handwriting requires explicit instruction and lots of practice in a child's early education to gain the fluency needed to engage with the demands of content curriculum in later stages. Especially important is the transition to connected script, or cursive hand, that affords fluency. By our reckoning, less than 50% of nine-to-ten year olds in Canada have the necessary threshold of fluency in place to meet the concomitant demands of academic work.

Cursive handwriting is being reintroduced on the curriculum. Ontario did so in 2023. There is a growing recognition of the research in the cognitive and neurosciences documenting its many benefits. All children, regardless of socioeconomic or language status, clever or not so much, are capable of producing good handwriting.

DR HETTY ROESSINGH

Professor emerita

Werklund School of Education

University of Calgary



Digital markets in Africa

Mobile telecoms have succeeded in Africa thanks to policies that promoted competition (“[Africa 2.0](#)”, July 27th). Policies on broadband, digital infrastructure and artificial intelligence should draw inspiration from this. Such policies are often resisted by powerful incumbents and need effective regulation. And for many African countries, the landlocked ones in particular, better broadband and digital infrastructure will also require regional collaboration and integration.

Although the African Continental Free Trade Area offers hope, national champions often stand in the way. Nationalistic reflexes also push many governments to restrict data mobility, for example by requiring storage in national data centres under the guise of national sovereignty. Similar sensitivities exist regarding digital identity or payment systems, where national systems are not interoperable with those of neighbouring countries.

Africa needs continental or at least regional or sub-regional agreements to create markets of sufficient size to attract private investment and encourage the development of new services at scale. The long-term goal should be a single digital market at continental or regional level. The current tech leaders in Africa—Egypt, Kenya, Nigeria and South Africa—should take the lead in this regional integration effort, or at a minimum, refrain from slowing it down.

PIERRE GUISLAIN

Former vice-president for the private sector and infrastructure at the African Development Bank *Cascais, Portugal*



Getty Images

Harry Potter globetrotters

I read your article on cities that are overcrowded with tourists while sitting with my teenage daughter, drinking tea from a flask, waiting for a steam train to cross a Victorian viaduct (“[Beat the crowds](#)”, August 3rd). The remote village of Glenfinnan in the west Highlands of Scotland suffers from incredible over-tourism during the summer season. One morning I saw about 500 people, overwhelmingly non-British, patiently waiting for the train on a grass bank (and being eaten by midges). Assuming the same number for the afternoon train each day for a four-month summer season means around

120,000 people visit a village with a population of about 130, or 920 tourists per resident, vastly more than any of the cities listed in your article.

Spending per person (the car-parking fee, an excellent coffee and cake and a tin of shortbread) is substantially lower than the \$11,000 per person in Amsterdam. But visitors are probably coming not just for the connection to Bonnie Prince Charlie. Perhaps the use of images of the railway viaduct in a number of the Harry Potter films is the greater draw for this throng of visitors.

STUART PATON

Dunkeld, Perth and Kinross



David Guttenfelder/The New York Times/Redux/eyevine

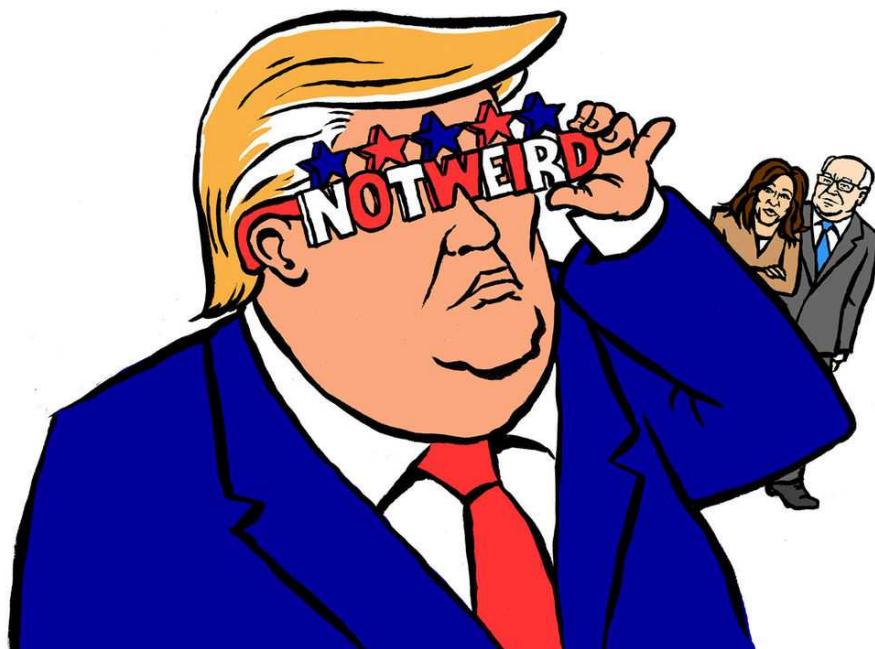
Soothing the Russian bear

The moral and legal justifications you gave for Ukraine's incursion into Russia's Kursk region were sound ("[Moral and legal, but risky](#)", August 17th). But your approval of Ukraine using Western weapons against Russia is a perilous miscalculation. A focus on tactical details neglects the deeper issue. Vladimir Putin's claims may be seen as propaganda, but they reflect genuine Russian fears about Western overreach, particularly ^{NATO's} expansion efforts.

In 2008 Angela Merkel warned George W. Bush that this would provoke Russia, which it has. If the West is serious about ending this conflict and avoiding a potential third world war it must acknowledge these concerns in any future negotiations.

DR HENNING STEIN

Zurich



David Simonds

No, you are

Lexington's column on “the wisdom of calling Donald Trump weird” (August 10th) seems to be borne out by the Republican’s recent outburst on a radio show: “They’re the weird ones. Nobody’s ever called me weird. I’m a lot of things but weird I am not.” Forcing your opponent to deny something that you’ve described him to be reminds me of a story, probably apocryphal, about Lyndon Johnson.

When running for the Senate, Johnson let it be known that one of his opponents enjoyed the carnal pleasure of one of his farmyard sows. “That isn’t true,” one of LBJ’s aides said. “I know,” LBJ replied, “but I’m going to make the bastard deny it.”

SIMON ARBUTHNOT

London

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By Invitation

- [Mark Zuckerberg and Daniel Ek on why Europe should embrace open-source AI](#)

By Invitation | Artificial intelligence

Mark Zuckerberg and Daniel Ek on why Europe should embrace open-source AI

It risks falling behind because of incoherent and complex regulation, say the two tech CEOs

August 21st 2024



THIS IS AN important moment in technology. Artificial intelligence (AI) has the potential to transform the world—increasing human productivity, accelerating scientific progress and adding trillions of dollars to the global economy.

But, as with every innovative leap forward, some are better positioned than others to benefit. The gaps between those with access to build with this extraordinary technology and those without are already beginning to appear. That is why a key opportunity for European organisations is through open-source AI—models whose weights are released publicly with a permissive

licence. This ensures power isn't concentrated among a few large players and, as with the internet before it, creates a level playing field.

The internet largely runs on open-source technologies, and so do most leading tech companies. We believe the next generation of ideas and startups will be built with open-source ^{AI}, because it lets developers incorporate the latest innovations at low cost and gives institutions more control over their data. It is the best shot at harnessing ^{AI} to drive progress and create economic opportunity and security for everyone.

Meta open-sources many of its ^{AI} technologies, including its state-of-the-art Llama large language models, and public institutions and researchers are already using these models to speed up medical research and preserve languages. With more open-source developers than America has, Europe is particularly well placed to make the most of this open-source ^{AI} wave. Yet its fragmented regulatory structure, riddled with inconsistent implementation, is hampering innovation and holding back developers. Instead of clear rules that inform and guide how companies do business across the continent, our industry faces overlapping regulations and inconsistent guidance on how to comply with them. Without urgent changes, European businesses, academics and others risk missing out on the next wave of technology investment and economic-growth opportunities.

Spotify is proud to be held up as a European tech success but we are also well aware that we remain one of only a few. Looking back, it's clear that our early investment in ^{AI} made the company what it is today: a personalised experience for every user that has led to billions of discoveries of artists and creators around the world. As we look to the future of streaming, we see tremendous potential to use open-source AI to benefit the industry. This is especially important when it comes to how ^{AI} can help more artists get discovered. A simplified regulatory structure would not only accelerate the growth of open-source ^{AI} but also provide crucial support to European developers and the broader creator ecosystem that contributes to and thrives on these innovations.

Regulating against known harms is necessary, but pre-emptive regulation of theoretical harms for nascent technologies such as open-source AI will stifle

innovation. Europe's risk-averse, complex regulation could prevent it from capitalising on the big bets that can translate into big rewards.

Take the uneven application of the _{EU}'s General Data Protection Regulation (_{GDPR}). This landmark directive was meant to harmonise the use and flow of data, but instead _{EU} privacy regulators are creating delays and uncertainty and are unable to agree among themselves on how the law should apply. For example, Meta has been told to delay training its models on content shared publicly by adults on Facebook and Instagram—not because any law has been violated but because regulators haven't agreed on how to proceed. In the short term, delaying the use of data that is routinely used in other regions means the most powerful _{AI} models won't reflect the collective knowledge, culture and languages of Europe—and Europeans won't get to use the latest _{AI} products.

These concerns aren't theoretical. Given the current regulatory uncertainty, Meta won't be able to release upcoming models like Llama multimodal, which has the capability to understand images. That means European organisations won't be able to get access to the latest open-source technology, and European citizens will be left with _{AI} built for someone else.

The stark reality is that laws designed to increase European sovereignty and competitiveness are achieving the opposite. This isn't limited to our industry: many European chief executives, across a range of industries, cite a complex and incoherent regulatory environment as one reason for the continent's lack of competitiveness.

Europe should be simplifying and harmonising regulations by leveraging the benefits of a single yet diverse market. Look no further than the growing gap between the number of homegrown European tech leaders and those from America and Asia—a gap that also extends to unicorns and other startups. Europe needs to make it easier to start great companies, and to do a better job of holding on to its talent. Many of its best and brightest minds in _{AI} choose to work outside Europe.

In short, Europe needs a new approach with clearer policies and more consistent enforcement. With the right regulatory environment, combined

with the right ambition and some of the world's top _{AI} talent, the _{EU} would have a real chance of leading the next generation of tech innovation.

We believe that open-source _{AI} can help European organisations make the most of this new technology by levelling the playing field, and we hope that the _{EU} doesn't limit the possibilities that we are only starting to explore. Though Spotify and Meta use AI in different ways, we agree that thoughtful, clear and consistent regulation can foster competition and innovation while also protecting people and giving them access to new technologies that empower them.

While we can all hope that with time these laws become more refined, we also know that technology moves swiftly. On its current course, Europe will miss this once-in-a-generation opportunity. Because the one thing Europe doesn't have, unless it wants to risk falling further behind, is time. ■

Mark Zuckerberg is the founder and chief executive of Meta. Daniel Ek is the founder and chief executive of Spotify.

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Briefing

- Kamala Harris has revealed only the vaguest of policy platforms

Briefing | Woolly warrior

Kamala Harris has revealed only the vaguest of policy platforms

Her record suggests she would be a pragmatist

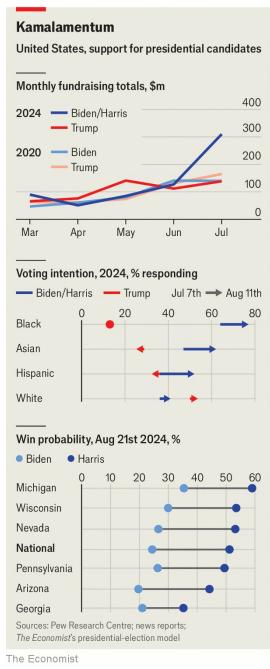
August 22nd 2024



SCARCELY A MONTH ago, Democrats were awaiting their convention in Chicago as one might a four-day root canal. Despite losing the confidence of his party after a disastrous debate performance, the 81-year-old president, Joe Biden, was due to formalise his seemingly doomed candidacy—and perhaps drag many other Democrats down with him. But then, on July 21st, despair gave way to ecstasy, as Mr Biden dropped out and endorsed Kamala Harris, his vice-president. She became the de facto nominee within 24 hours. The dreaded ordeal was suddenly transformed into a raucous coronation.

Elated delegates were feted at elaborate parties. At an event for social-media influencers called "Hotties for Harris" (your correspondent stuck out), guests

sipped from coconuts, a viral symbol of Ms Harris's campaign. There were free pregnancy tests, condoms and morning-after pills, alongside signs that warned that sex would be endangered if Donald Trump and J.D. Vance, his running-mate, were elected. By 1am gyrating Democratic youth filled a big dance hall, as memes featuring Ms Harris and Tim Walz, her running-mate, lit up the walls.



It is tactless to interrupt a good party with talk about work. Ms Harris plainly hopes the euphoria will last until election day. The details of what she plans to do with the presidency remain skeletal in the case of economics and totally unclear in the area of foreign policy—and she seems in no rush to explain herself. She has been buoyed not by her ideas, but by being neither the doddering Mr Biden nor the swaggering Mr Trump.

Graded on that scale, the jubilation that has greeted Ms Harris everywhere she goes begins to make sense. Giddy Democrats are already comparing her to Barack Obama, the party's most successful recent presidential candidate. Her favourability ratings have shot up, she has reversed Mr Biden's polling deficit and now enjoys a three-point advantage in the popular vote according to *The Economist's* [poll tracker](#). Her campaign, the infrastructure of which she inherited from Mr Biden, has been sucking in money: more than \$300m in a month (see chart). Whereas young supporters of the geriatric Mr Biden

had little to crow about online, the hotties and their ilk have been briskly sharing feel-good memes about Ms Harris (more coconuts, mostly, or non sequiturs involving the word “brat”). The coverage America’s mainstream press has afforded her has often been only slightly less fawning, even though she has not given an interview since becoming the nominee.

Hotties for hot air

Ms Harris, in short, would like to fight the election on broad values rather than nitty-gritty proposals. She has had a long career in politics, as the top prosecutor in San Francisco, California’s attorney-general, a senator and vice-president. Yet a careful study of it reveals few consistent beliefs or ideas. When she ran for president in 2020, she was a standard-bearer for the left who wanted to spend \$10trn fighting climate change, provide state-funded health care to all Americans, ban fracking and decriminalise illegal border crossings. Her campaign has said she has since changed her stance on all those issues, in line with the more moderate politics of Mr Biden. It has not explained, however, how or why her thinking evolved. She has been deliberately vague about contentious problems such as the war in Gaza and the ballooning federal deficit. Her campaign website, like Mr Biden’s, lacks any policy page at all, whereas Mr Trump’s has several. The economic agenda she has announced is obviously designed to earn votes, not boost growth.

This woolly approach may endure until November. Ms Harris, whose own policy platform won few admirers in her previous presidential run, seems content this time to inherit Mr Biden’s without many tweaks. Democrats are so elated that their candidate can speak in complete sentences that few are inclined to press her to take stances she would find awkward. Mr Trump’s loud protests about her vague agenda and dearth of media interviews have fallen on deaf ears. Although our presidential-forecast model says she has a far-from-comfortable 52% chance of winning the presidency in November, the momentum is in her favour for now. There is good reason, in other words, for Ms Harris to remain mum.

The Economist has examined transcripts of all Ms Harris’s public remarks in the month since she became the likely nominee. Several conclusions leap

out. Her messaging is consistent, disciplined and largely undetailed. Her favourite phrase, used more than any others, is, “We are not going back”—a pointed contrast to Mr Trump’s revenge candidacy. She tries as much as possible to discuss Project 2025, a fiercely conservative plan for the presidency that Democrats have taken to attacking and that Mr Trump has disowned. When she does discuss policy, it is cleverly framed as defence of freedoms: “the freedom to vote”, “the freedom to be safe from gun violence” and “the freedom of a woman to make decisions about her own body”.

Equally notable is what Ms Harris does not say. There are barely any references to climate change, which has been a focus of the Biden administration. She does not cast the election as part of a grand contest between democracy and autocracy, both at home and abroad, as Mr Biden did. The word “autocrat” does not appear at all. There are also no mentions of China, America’s geopolitical rival, although few subjects will be more pressing if she becomes president.

A speech delivered in Raleigh, North Carolina, on August 16th was supposed to present Ms Harris’s [economic agenda](#). What she pitched was Bidenomics with more populist characteristics. Industrial policy would be maintained, as would a popular price cap on the cost of insulin and an expansion of the federal government’s authority to negotiate down drug prices. Her campaign appears to be soliciting the opinions of some of Mr Biden’s top wonks, such as Brian Deese, who championed bills subsidising the manufacture in America of computer chips and electric cars as head of the National Economic Council.

A tip on taxes

As a sop to voters infuriated by the high inflation of the early Biden years, Ms Harris has promised a federal ban on price-gouging for food. How gouging would be defined and whether any Americans are a victim of it remain unclear. Ms Harris has also proposed a \$25,000 tax credit for first-time homebuyers, which, other things being equal, is likely only to push up prices. Weeks after Mr Trump unveiled a proposal to eliminate income tax on tips, Ms Harris endorsed it, too. (Mr Trump accused her of policy “plagiarism”.)

Democrats and Republicans are in accord on other economic matters, too. They both agree that spending on entitlements (government-funded pensions and health care, for the most part) is sacrosanct, even as they accuse the others of secretly plotting cuts. Both parties are considering expansions of the child tax credit. And both parties are paying no attention to the cost of their promises.

Ms Harris's policies would cost \$1.7trn over the next decade, according to the Committee for a Responsible Federal Budget, an advocacy group. Having retained Mr Biden's pledge not to raise taxes on Americans making less than \$400,000 a year, she would struggle to pay for them. A hazy undertaking to make child care affordable would add yet more to the bill.

How a President Harris would handle foreign affairs is even less clear. Her long stint in state politics in California provides few clues. When she served in the Senate, in 2017-21, she opposed trade deals including Mr Obama's Trans-Pacific Partnership and the ^{USMCA} (an update of ^{NAFTA} negotiated by Mr Trump), saying their protections for both workers and the environment were inadequate. As vice-president, she has travelled the world glad-handing allies. Mr Biden asked her to help alleviate the problems fuelling migration from El Salvador, Guatemala and Honduras and to co-ordinate with allies on the regulation of artificial intelligence. But on the Biden administration's big foreign-policy challenges—the withdrawal from Afghanistan, the effort to support Ukraine, the war between Israel and Hamas, competition with China—she seems to have had less influence than Jake Sullivan, the national security adviser, Antony Blinken, the secretary of state, and Bill Burns, the head of the ^{CIA}.

“I think it’s safe to assume that she shares a lot of values and priorities of President Biden,” says Chris Murphy, a Democrat from Connecticut and a member of the Senate Committee on Foreign Relations. “There’s no doubt she’s going to make her own mark. I don’t think it’s terribly useful to guess where those departures would be,” he adds, though he also points out that she has shown “elevated concern for the humanitarian catastrophe in Gaza”. Ms Harris skipped the recent speech of Binyamin Netanyahu, Israel’s prime minister, to Congress; at a subsequent meeting at the White House, Ms Harris made sure to tell reporters, “Israel has a right to defend itself, and how it does so matters.” She lamented “the images of dead children and

desperate, hungry people fleeing for safety” and insisted she “will not be silent” or “become numb to the suffering”.

Some Atlanticists who might have fretted that a president born and brought up in California would be less interested in Europe are reassured that her national security adviser at the White House is Philip Gordon, a diplomat who has written several books on European security and the NATO alliance—and even personally translated a book by Nicolas Sarkozy, a former president of France. Mr Gordon’s latest book, “Losing the Long Game”, is a long critique of America’s obsession with regime change, which involves “exaggerated threats, wishful thinking, costly or failed military interventions, premature declarations of victory, and often disastrous long-term results”. Many diplomats in Washington assume Ms Harris would stick to Mr Biden’s approach until new crises are thrust upon her. Despite the opacity of her agenda, Democrats argue she would be a steadier leader than Mr Trump. “The two campaigns present night-and-day visions for China competition,” says Mr Murphy, the senator from Connecticut. “The only way that you can manage China’s rise is with allies.”

Before he withdrew from the race, Mr Biden had sketched a campaign strategy that glossed over specific plans for a second term, other than “finishing the job”, and instead dwelt on Mr Trump’s unfitness for office and the Supreme Court’s unpopular curtailment of abortion rights in 2022, when it reversed a pivotal ruling known as *Roe v Wade*. He gave few searching interviews, preferring fluffy “sit-downs” with adulatory social-media influencers.



Erin Schaff/The New York Times/Redux/Eyevine

Raring for combat

Ms Harris, who has retained most of Mr Biden's senior campaign staff, appears to be sticking with that strategy, including dodging the press. Ms Harris is better at delivering upbeat stump speeches and slashing attacks against debate opponents than she is at interviews. And abortion is the topic with which she is most comfortable. In March she became the highest-ranking American official ever to visit an abortion clinic, in St Paul, Minnesota. Grassroots campaigns to enshrine the right to abortion in state constitutions, including in battlegrounds such as Arizona and Nevada, will undoubtedly boost her campaign. Mr Trump has been trying to distance himself from the most extreme factions of his party—which would like to ban pills used for abortions at home, enact federal restrictions on abortion and even curb the use of in vitro fertilisation—by saying that each state should decide policies on these matters for itself. It is an uncomfortable defensive crouch for a man who is used to attacking.

Mr Trump may have assumed that Ms Harris would be equally uncomfortable defending the Biden administration's record on illegal immigration. The number of people arrested attempting to cross the border illegally reached a record of nearly 2.5m last year. What is more, Ms Harris's assignment in Central America has given him an excuse to label her Mr Biden's “border tsar”, a big exaggeration. Yet, perhaps unexpectedly, Ms

Harris is not crouching in response, but counter-attacking. In a new advert, she describes herself as a “border-state prosecutor” who took on gangs and cartels. She has pledged to hire thousands more border-patrol officers once president and frequently lambasts Mr Trump for sabotaging a bipartisan immigration bill earlier this year that would have further fortified the border with Mexico and made asylum laws more restrictive.

Ms Harris’s studied vagueness may be more than an electoral strategy. It may also be a way to forestall disappointment if Americans keep the government divided (at the moment, Republicans control the House of Representatives and Democrats the Senate). Although voters tend to re-elect incumbents (and Ms Harris is the next-best thing to one), the party controlling the White House has not regained control of both chambers of Congress, having lost one, since 1948.

Democrats are optimistic about their chances of winning back the House, which currently has a slender Republican majority. There are more Republicans running in districts won by Mr Biden in 2020 than there are Democrats in seats won by Mr Trump. Favourable redistricting as a result of court orders has probably narrowly improved the Democrats’ odds. Enthusiasm, which had been lacking when Mr Biden was at the top of the ticket, has returned now that Ms Harris has supplanted him. “We are seeing a huge wave of grassroots enthusiasm, a lot of volunteering, just a lot more positive energy. People are really excited to have a pro-choice woman at the top of the ticket,” says Kristen Engel, the Democratic candidate for a hotly contested congressional district in south-east Arizona. “We have as women had our rights stripped away from us with the repeal of *Roe v Wade*. And my opponent, [Republican congressman] Juan Ciscomani, has been part of that.”

Republicans, however, are likely to win the Senate, where the Democrats currently have a majority of one. Only a third of its seats are contested at each election. The ones up for grabs this year happen to be in quite inhospitable terrain for Democrats. The party is almost certain to lose one seat, in West Virginia. Even to keep the chamber evenly divided, Democrats would have to win all the close contests, sweeping, in approximate order of difficulty, Pennsylvania, Nevada, Wisconsin, Michigan, Arizona, Ohio and Montana. Winning the latter two seats, in states that look certain to plump for Mr Trump, would require a lot of ticket-splitting—something that has

become ever rarer in recent years. Even then, Ms Harris would have to win the presidency to give Mr Walz the deciding vote in the chamber. Only then would any items on Ms Harris's wishlist—restoring a right to abortion, imposing modest controls on guns, raising the federal minimum wage, establishing a pathway to citizenship for illegal immigrants—stand even the remotest chance of being enacted.

Kamalama Ding Dong

Most of the rhetoric from the convention stage was ebullient and combative. “I, for one, am tired of hearing about how a two-bit union buster thinks of himself as more of a patriot than the woman who fights every single day to lift working people out from under the boots of greed trampling on our way of life,” thundered Alexandria Ocasio-Cortez, a hero of the left. Michelle Obama, Mr Obama’s wife, denounced Mr Trump’s “same old con”: “Doubling down on ugly, misogynistic, racist lies as a substitute for real ideas and solutions that will actually make people’s lives better.” Mr Obama himself then gibed, “This is a 78-year-old billionaire who hasn’t stopped whining about his problems since he rode down his golden escalator nine years ago. It’s been a constant stream of gripes and grievances that’s actually gotten worse now that he’s afraid of losing to Kamala.”

But amid all the fighting talk and crowd-pleasing swipes at the other side, Mr and Mrs Obama also reminded Democrats that the election remained close and would probably be decided by extremely narrow margins in a handful of swing states. “We only have two and a half months, y’all, to get this done. Only 11 weeks to make sure every single person we know is registered and has a voting plan,” Mrs Obama chided. Democrats could do worse than heed her advice. ■

United States

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United States | The view from the Bay

San Francisco Democrats are embracing “law and order” politics

Who is going to tell Donald Trump?

August 17th 2024



Getty Images

“ARE YOU in a good spot for hearing?” one woman asks another as they shuffle into a sitting room at a retirement home in [San Francisco](#). They fold their walkers and await Mark Farrell, a Democratic candidate for mayor in the city’s November elections. Mr Farrell launches into a typical stump speech—he grew up in San Francisco, is bringing up children there—but the conversation quickly turns darker. What will he do about crime, [homelessness](#) and drugs, the audience wants to know? Mr Farrell has an answer characteristic of San Francisco’s changing politics. “We’re gonna bring them off the streets,” he says. “Hopefully it’s shelter, maybe it’s hospital, maybe it’s county jail.”

Mr Farrell is not the only mayoral candidate running a “law and order” campaign focused on empowering the police and [cleaning up the city’s streets](#). All politicians with power in San Francisco are Democrats, but there are different flavours. The three front-runners, including the current mayor, London Breed (pictured), are moderates competing to become the tough-on-crime warrior that voters seem to want after several years of disorder. Only one candidate with a chance of winning is from the party’s left wing. The irony is that San Francisco’s politicians have taken a right turn even while Donald Trump tries to persuade Americans that the city, where Kamala Harris made her start in politics, represents the worst excesses of the left.

Keep up with the contest between Kamala Harris and Donald Trump with our [us election forecast model](#)

Some of San Francisco’s problems during the pandemic were felt by cities across the country. Murders increased, though violent crime in San Francisco is relatively low. Drug-overdose deaths spiked as fentanyl spread. Car and retail theft rocketed. Police were ill-equipped to respond. During the summer of 2020, when protests against police brutality were roiling the country and “defunding” the police was in vogue among leftists, Ms Breed pledged to cut \$120m from the police budget. It is not clear if that money was ever reallocated, but the number of officers in 2023 was the lowest since at least 2009.

The loudest voices for reform have been business and tech leaders. But residents of the Tenderloin, the neighbourhood most blighted by drugs and homelessness, are also fed up. “They are spending all these billions of dollars to fight this, but they have nothing to show for it,” complains JJ Smith, who rides through the Tenderloin on his scooter each day posting videos of what he sees on the streets.

Voters began to rebel in 2022 when they ousted the city’s left-wing district attorney and several members of the school board, who were more concerned with renaming schools than reopening them. Earlier this year San Franciscans passed ballot measures that require drug testing and treatment for welfare recipients, and expand police powers. Now the mayoral campaign revolves around public safety.

After the Supreme Court affirmed in *City of Grants Pass v Johnson* that punishing homeless people for sleeping rough is not cruel and unusual, Ms Breed vowed to use “aggressive” sweeps to remove tents from the streets, and threatened to impose criminal penalties if needed. She also strengthened a policy to bus homeless people out of town. Her opponents argue that she has conveniently found her nerve just in time for the election.

But they are running on similar policies. Mr Farrell, who was interim mayor in 2018, and Daniel Lurie, a charity founder and heir to the Levi Strauss fortune, say they would declare a fentanyl state of emergency. Mr Farrell would like the Honduran drug dealers prevalent in San Francisco to be deported. Both men argue that permissiveness has attracted seedier types. There is a debate over how many people sleeping rough in San Francisco come from elsewhere. Studies suggest most are locals, while officials maintain that it varies by neighbourhood. “I will say it every day from the City Hall steps for as long as it takes,” says Mr Lurie. “You do not come to San Francisco to deal drugs, to do drugs or to sleep on our streets.”

It once seemed implausible that Ms Breed could win another term, yet her recent combativeness may help her get one. She is now leading the pack, according to a poll from the *San Francisco Chronicle*. But the city uses ranked-choice voting, so another candidate could receive enough second- or third-round votes to prevail.

The embrace of law-and-order politics can be seen beyond San Francisco. Gavin Newsom, California’s Democratic governor, celebrated the *Grants Pass* ruling, and issued an executive order directing agencies to clear tents from state-owned land. Mr Newsom also signed nearly a dozen new laws on August 16th aimed at cracking down on retail theft and property crimes.

This mirrors the strategy of another California Democrat: Ms Harris. The Democratic Party’s presidential nominee is using her history as a prosecutor in San Francisco to burnish her tough-on-crime bona fides. In one of her favourite campaign lines she recalls going after predators, fraudsters and cheaters. “So hear me when I say,” she pauses, “I know Donald Trump’s type!” During her run for president in 2019, Ms Harris argued for decriminalising illegal border crossings. Now she supports a bill that would have fortified the southern border. The evolution of both Ms Harris and

politicians in San Francisco is emblematic of a broader turn within the Democratic Party back towards the centre.

Yet to Mr Trump and many Americans, San Francisco is the rotten core of the American left, a place from which political poison emanates. “That sense of San Francisco as a villain speaks to the base,” says Jason McDaniel, a political scientist at San Francisco State University. Californians proudly say that “as California goes, so goes the nation”, but Mr Trump uses the idea that America could become like California—like San Francisco—as a threat.

Last year he argued that “Marxist monsters” were “unleashing mayhem” on the city. He refers to Ms Harris as a “San Francisco radical”. J.D. Vance, Mr Trump’s running-mate, recently called Tim Walz, Ms Harris’s pick, a “San Francisco-style liberal”. Mr Vance failed to mention that he lived in the city for several years while working in venture capital, whereas Mr Walz visited for the first time last month.

Mr Trump is not the first Republican to villainise the Bay Area for electoral gain. When he was running for governor in 1966, Ronald Reagan galvanised Californians in opposition to the Free Speech Movement at the University of California, Berkeley. He had contempt for the hippies that congregated in San Francisco’s Haight-Ashbury district in 1967. In the 2000s Newt Gingrich, a former Republican speaker of the House of Representatives, derided the “San Francisco values” of Nancy Pelosi, who would soon become speaker herself. When Mr Newsom was mayor of San Francisco the city briefly issued marriage licences to gay couples when doing so was still illegal. Republicans tried to use the backlash to help re-elect George W. Bush.

“For a party that focuses a lot on guns, God and gays, San Francisco is just a perfect target,” says Peter Richardson, a writer on California’s counterculture. Expect attacks on “San Francisco radicals” to persist—no matter how conservative the city’s politicians sound these days.■

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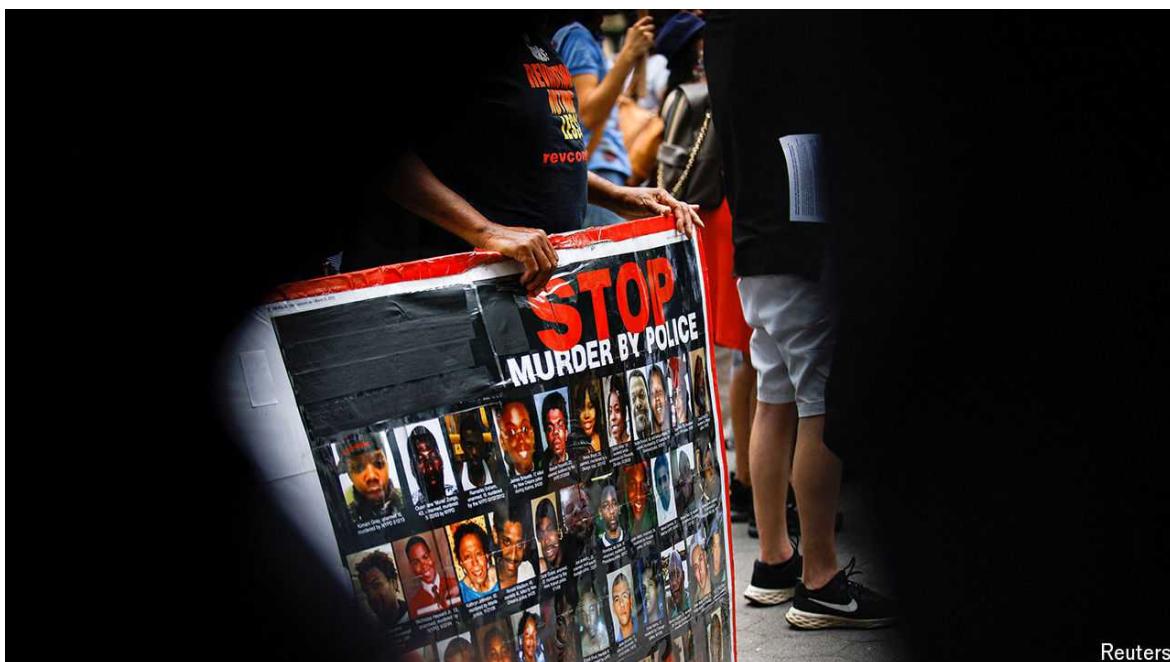
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United States | More deaths, less outrage

Police are killing more Americans than ever. Where's the outrage?

The scarcity of protests is striking

August 22nd 2024

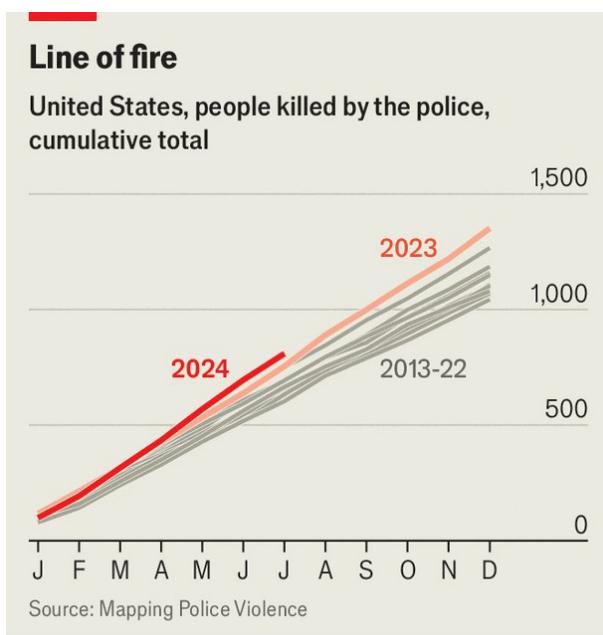


Reuters

THE DAY before Sonya Massey, a 36-year-old black woman in Springfield, Illinois, was killed by a police officer, her mother phoned 911. “The mental people told me to call 911,” she told the dispatcher, reporting that her daughter was having a breakdown. “She thinks everybody’s after her,” she explained, adding: “Please don’t send no combative policemen that are prejudiced, please...They’re scary.” The next day, Ms Massey called 911 herself to report that she was scared of intruders. Her mother’s fears were proved to be entirely founded. Within minutes of their arrival, one of the two responding officers, Sean Grayson, was threatening to “shoot her in the fucking face” unless she dropped a pot of boiling water she was moving off the stove. Then he did exactly that.

The killing on July 6th, recorded in full on body cameras, is a particularly egregious example of a police officer shooting an unarmed black woman. Mr Grayson has been arrested and charged with murder. His boss, the sheriff of Sangamon County, has resigned, after being told to do so by J.B. Pritzker, the governor of Illinois. Kamala Harris, now the Democratic nominee, called Ms Massey's family, and urged Congress to pass a long-stalled police-reform bill. Donald Trump, when asked about it at a convention of black journalists, backed away somewhat from his previous promise to give police officers immunity from prosecution.

Yet it is also striking what has not happened. Only a few protesters have marched to decry the killing. Nobody has rioted. "My sense is that people aren't reacting as vehemently," says Sharon Fairley, of the University of Chicago.



The Economist

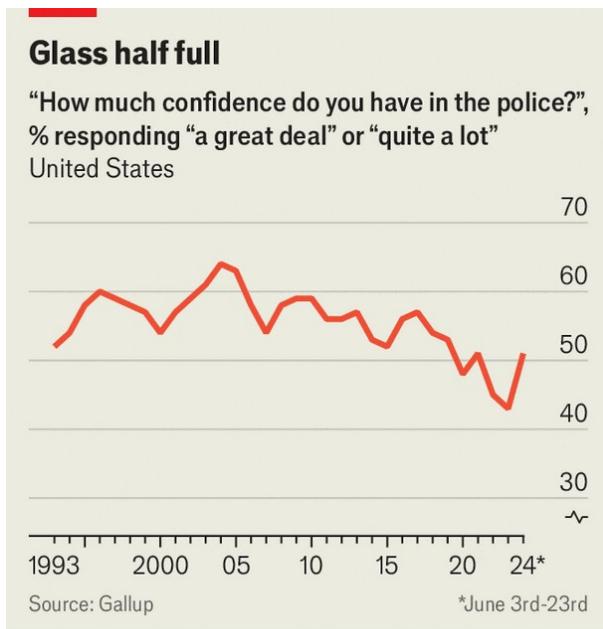
Ms Massey's case is just one of nearly 850 police killings this year. In 2020, after the murder of George Floyd by a Minneapolis police officer, politicians of all stripes promised reform and accountability. Yet the number of police killings has continued to rise. According to databases maintained by the *Washington Post* and by Mapping Police Violence, an NGO, 2024 is on track to be the most deadly year for police shootings in at least a decade (see chart). The previous record was set last year. And yet, according to polling by

Gallup, trust in police has risen this year—sharply so among racial minorities. Why?

There is some reason to think that the reforms after Floyd's murder in 2020 have had an effect, suggests Ms Fairley. "Many police departments...are really working to enhance their community engagement," she says. In many cities some unpopular sorts of policing—such as mass traffic stops to search for guns—have been scaled back. That may have helped blunt distrust of the police, she suggests.

One reason for the rise in police shootings could be that police officers face more threats. According to ^{FBI} data, more police officers were murdered in the line of duty in the three years to 2023 than in any three-year period in the past 20 years. Gun sales have surged, so criminals are better armed.

The data suggest that is not the whole story, though. Samuel Sinyangwe of Mapping Police Violence points to a notable change. The share of fatal shootings happening in big cities has fallen. The rise has come from county-sheriff offices, which tend to cover rural areas. Sheriffs now account for a third of police killings, up from around a fifth a decade ago.



The Economist

After police killings that resulted in riots in Ferguson, Missouri, and Baltimore in 2014 and 2015, many police departments adopted better

practices, such as sending mental-health specialists on calls with police officers. “That was strongly concentrated in big cities that were a bit more politically progressive,” Mr Sinyangwe says. The result was fewer killings. Smaller police departments, often with elected sheriffs, did not adopt such changes. And when they realised how unpopular left-wing ideas about “defunding” the police were, even “progressive” leaders cooled on further police reforms. The police seem more trusted because politicians are reluctant to criticise them, argues Mr Sinyangwe.

The shooting of Ms Massey shows that police departments still urgently need change. One positive development is that Mr Grayson, the killer, was arrested and charged quickly. Yet accountability for thuggish policing remains in general rare, says Philip Stinson, a professor at Bowling Green State University in Ohio who has maintained a database of police officers convicted of crimes for the past 20 years. The number charged with homicide has remained fairly consistent for all that time, he says—around 20 a year.

Staff shortages may have led to worse hires. With fewer people keen to go into policing, some departments may be lowering recruiting standards, says Neil Gross of Colby College, in Maine. Mr Grayson had been convicted of driving drunk, but was still hired by Sangamon County.

In no other rich country do police officers shoot as many people as in America. In Britain the number of fatal police shootings rarely exceeds two or three a year. In America, guns are far more common, which makes police twitchier. But according to the *Washington Post*'s database of nearly 10,000 killings since 2015, only six in ten victims were armed with a gun. As the call from Ms Massey's mother demonstrates, police officers still need to work harder to build trust—which is what actually prevents crime. ■

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United States | Spoiler alert

Kamala Harris is winning back third-party voters

Historically, polls have tended to overstate the strength of third parties

August 19th 2024



Getty Images

Kamala Harris and Donald Trump are sure to be on the ballot in [November](#) in all 50 states. Not so all the would-be candidates from third parties. Several such candidates have been facing the distraction of lawsuits that seek to stop them competing in some states.

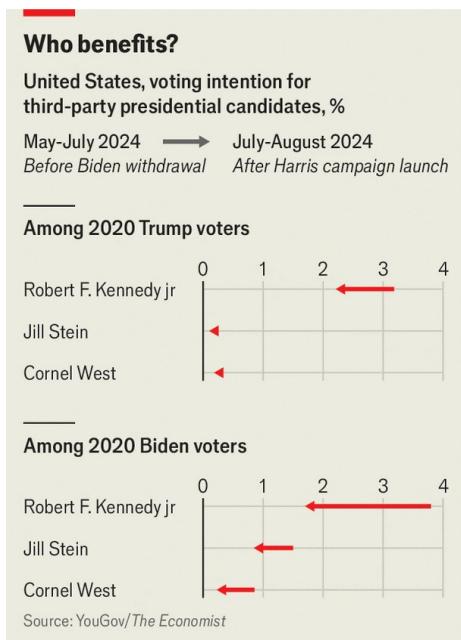
A Democrat-aligned group has challenged Robert F. Kennedy junior's right to be on the ballot in Pennsylvania, New York and Illinois, hoping to hobble the idiosyncratic independent candidate. Officials in Wisconsin dismissed an attempt by Democrats to remove Jill Stein, the Green Party candidate, from the ballot in that swing state. The logic of these legal moves is clear: for much of the campaign third-party candidates appeared to be siphoning support from the presumptive Democratic nominee, Joe Biden. But the

calculus is shifting—and news that Mr Kennedy may be about to end his campaign, and support Mr Trump, is only the most visible sign.

Keep up with the contest between Kamala Harris and Donald Trump with our [us election forecast model](#)

For Democrats, fear of a third-party “spoiler” looms large, particularly in the six or seven swing states that will decide the election. The last time Ms Stein was on the ballot in Wisconsin, in 2016, she won 31,072 votes—more than Mr Trump’s 22,748-vote margin of victory. In 2000 the Green candidate, Ralph Nader, won nearly 100,000 votes in Florida. After an agonising dispute over “hanging chads”, George W. Bush was judged to have won the state by just 537 votes, and Democrats accused Mr Nader of handing him the presidency.

Third-party candidates contest this framing. They say they draw support from both parties or that their voters would stay at home if they were not on the ballot. But litigation over ballot access shows that Democrats take the threat seriously.

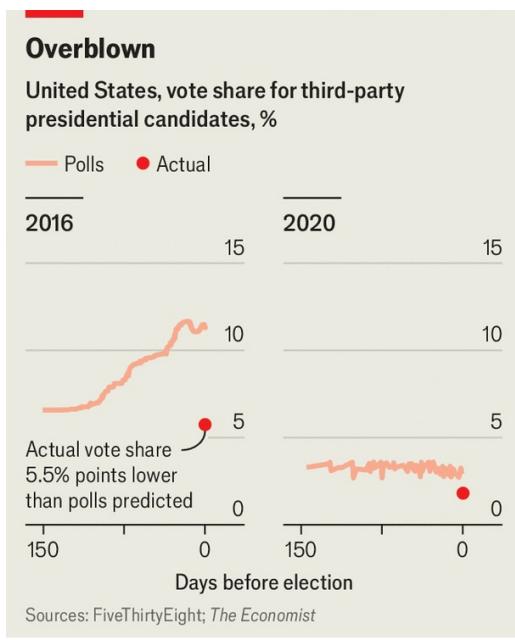


The Economist

The assumption that third-party candidates hurt Democrats may no longer be correct, though. Polling conducted by YouGov between late May and early July, while Mr Biden was the presumptive Democratic nominee, showed Mr

Kennedy winning 3.8% of voters who said they supported Mr. Biden in 2020 (see chart). Ms Stein was winning a further 1.5% and Cornel West, a left-wing independent candidate, another 0.9%. In total, around 7% of Mr Biden's 2020 voters told YouGov that they planned to opt for a third-party candidate this year. But in YouGov's polling since Ms Harris became the Democratic nominee, that number has fallen by more than half. Mr Kennedy now wins a larger share of 2020 Trump voters than Biden voters.

This shift is borne out by findings from other polling firms, which ask respondents to choose between multiple candidates as well as between the two main ones. In polls before Mr Biden's withdrawal, Mr Trump had a 1.3 percentage-point advantage on average in questions that asked about multiple candidates compared with head-to-head polling. With Ms Harris as the Democratic nominee, the effect is reversed: her margin is 0.9 points greater when third-party candidates are included.



The Economist

Historically, polls have tended to overstate the strength of third parties (see chart). It may be that respondents use them to signal dissatisfaction with their own party. That could help explain why many voters have come back to the Democrats since Ms Harris became the candidate. Third-party candidates will not win a big share of the vote in November, with or without Mr Kennedy on the ballot. True, it takes only a few thousand votes to swing

a tight election. But the chances of such minnows handing the White House to Mr Trump have fallen sharply.■

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United States | The new frontier

Behind the surge in migrants crossing America's northern border

The shift exemplifies the fluid nature of migration

August 21st 2024

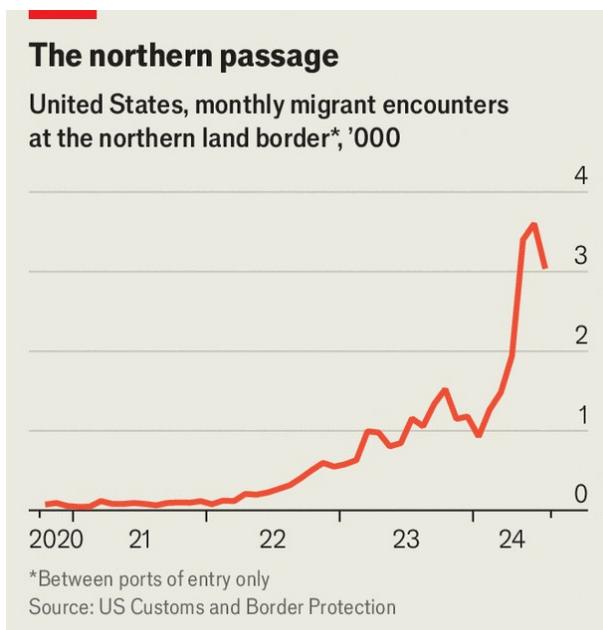


Canadian Press via AP

"WE MOVED TO a dead-end road," says Daniel Labarge. A beer is lodged in the cup holder of his tractor as he goes about his Friday-afternoon chores. "Nice, calm, quiet. Then all of a sudden it blew up." Mr Labarge's farm in Champlain, New York, is within spitting distance of America's northern border. A few years ago his unassuming street, Roxham Road, became a destination for migrants crossing north into [Canada](#). Now, he says, the foot traffic is coming from the other direction.

During Joe Biden's presidency ^{US} Customs and Border Protection has recorded a record number of encounters with migrants at [America's southern border](#). Yet while the country's attention has been on the Rio Grande, some

migrant flows have shifted. Ever more people are trying to get to America via its border with Canada. Border Patrol has counted nearly 19,500 encounters with migrants crossing illegally so far this fiscal year, up from roughly 900 in 2021 (see chart). That is a tiny fraction of the foot traffic seen at the boundary with Mexico. But the rise of a northern route shows the challenge of policing the world's longest land border between two countries, and the fluid nature of migration.



The Economist

The increase in crossings from Canada stems mostly from Border Patrol's Swanton Sector, a 295-mile stretch of the borderlands that reaches from eastern New York, through Vermont and New Hampshire. Robert Garcia, the agent in charge of the area, posted on X in July that more migrants had been apprehended in his territory in ten months than in the previous 13 years combined. The majority are from Mexico and India.

Geography helps explain why migrants are drawn to the Swanton Sector. They can travel south from Montreal, cross the border near Champlain and catch a bus to [New York City](#). Dozens of migrants gather at the Greyhound stop in Plattsburgh, New York, where they huddle in a cramped shelter and await the bus. Soraya Seiden, who lives in town, hands out water and snacks every day. "It gets cold here soon...and daylight diminishes," she says, "You see young girls, young men with their suitcase out there waiting in the dark."

The crossing is not without risks. There are no walls up here, but the borderlands where America and Canada meet are vast and rural. Dense forests surround fields of corn and wheat. The winter cold can be deadly. The frigid bodies of migrants are sometimes found on both sides.

The number of Border Patrol agents stationed on America's northern boundary has increased nearly sixfold since 2001—to 2,200 officers. But the length of the border means the force is easily overwhelmed. This year they laid concrete barriers beside cornfields to try to prevent smugglers from driving across through the crops.

When enforcement increases in one place, migrants find alternative routes. Apprehensions between northern ports of entry have been rising since 2022, but they took off this year when the Senate, briefly, contemplated a bill that would have increased border security. Illegal crossings crept higher still as Mr Biden mulled executive action tightening the eligibility for an asylum claim at the southern border, which he eventually approved in June. Local and federal officials reckon people-smuggling networks are adjusting to the new regulations. "Migrant-smuggling organisations...are nothing if not resilient," says Theresa Cardinal Brown, a former director of Canadian affairs for the Department of Homeland Security. "They will find ways to make money, and they will adapt to whatever any government does."

Policymakers are adapting, too. Since 2002 America and Canada have agreed to turn back migrants who cross at official ports. A Mexican man, for example, who crosses from America into Canada and claims asylum would be returned because he could have made his claim in the United States. Last year the countries expanded the policy to the entire border. In February Canada tightened visa restrictions for Mexican travellers. Last week the Biden administration extended some of the asylum policies implemented at the southern border, such as faster processing, to the northern one as well.

The crackdown may cause new routes to open elsewhere. Until then, Mr Labarge will keep watch on Roxham Road. "I don't talk to them," he says. "I just let them walk by, and then call Border Patrol." ■

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United States | Stuck in low-Earth orbit

NASA insists that two astronauts are not “stranded” in space

The Starliner mishap is another embarrassment for Boeing

August 22nd 2024



What a treat to glimpse the cosmos up close. Which is not to deny the inconveniences of space travel. There are bodily troubles. “The toilet—I literally sit on it like a witch on a broom,” wrote Valentin Lebedev, a cosmonaut, in his diary. “It won’t forgive your mistakes.” Suffice to say that relieving oneself in zero gravity involves leg restraints, gloves, disinfectant and a device like a vacuum cleaner.

And then there is anxiety of an altogether different order: when will I get back? Such is the plight of Butch Wilmore and Suni Williams, two astronauts who have been stranded on the International Space Station (^{ISS}) since docking there on June 6th. Except ^{NASA} does not like that word. As one

official insisted: “I want to make it very clear that Butch and Suni are not stranded in space.”

Mr Wilmore and Ms Williams arrived at the ^{ISS} aboard the first crewed flight of Boeing’s Starliner. What was meant to be an eight-day stay is approaching the three-month mark after their capsule leaked helium and five of its 28 thrusters malfunctioned. That has delayed their return, possibly until February 2025. Precisely what happens now depends on whether ^{NASA} thinks a descent on Starliner is safe—tests are ongoing—or whether they are better off hitching a ride home on a flight operated by Boeing’s competitor, SpaceX. A decision should come soon.

The next SpaceX Dragon capsule is due to dock at the ^{ISS} in September and return to Earth next year. If it is to make room for Mr Wilmore and Ms Williams, it will go up with two crew members instead of its usual four. That would require Starliner to descend from the ^{ISS} uncrewed. Boeing says this is not currently possible owing to software issues, even though the capsule has made such trips before.

Concentrating everyone’s mind will be the worst-case scenario: authorising Starliner to return the crew to Earth, only for it to fail. That would destroy what little confidence is left in a company with a once-storied history manufacturing for ^{NASA}. It would also be disastrous for the agency and add another fatal tragedy to those that have already befallen its space missions. A total of 14 astronauts died in the *Challenger* and *Columbia* disasters.

As it is, the engineering cock-up is a humiliation for Boeing, whose commercial-aircraft division is in its own tailspin. It is also a financial drag. The commercial-crew contracts marked a new way of doing things at ^{NASA} in that they were “fixed-price” rather than “cost-plus”, meaning that firms cannot bill the government more than the agreed sum and instead must eat overruns. Starliner has lost Boeing more than \$1.5bn since 2016.

If crewed Starliner flights are unworkable, that will put paid to ^{NASA}’s ambition for redundancy and competition in the task of ferrying astronauts to the space station and back to Earth. ^{NASA} got out of that business years ago, partly to focus on missions to the Moon and beyond. Now SpaceX looks like the only American game in town capable of getting to and from the ^{ISS}. Since

2020 it has logged 12 crewed flights there and won more contracts amid Starliner mishaps and delays. It dominates the rocket-launch business too, and is the \$210bn gorilla of the industry.

For their part the Starliner duo are putting on a good face. They had probably imagined delaying their descent by only up to a week in the event of bad weather. But both have already completed long spells aboard the ISS; this trip is the third for each astronaut. During her first one Ms Williams ran a marathon while strapped to a treadmill. This time she and Mr Wilmore have busied themselves with experiments and fixed a pump linked to a filtration system that turns the nine ISS crew members' urine into drinking water. Her husband has said that space is her "happy place".

Having a mission prolonged unexpectedly, which sometimes happens, means missing out on changes big and small. Sergei Krikalev spent five extra months on the *Mir* space station when earthlings got distracted by the dissolution of the Soviet Union. He came back to a whole new world in 1992. ■

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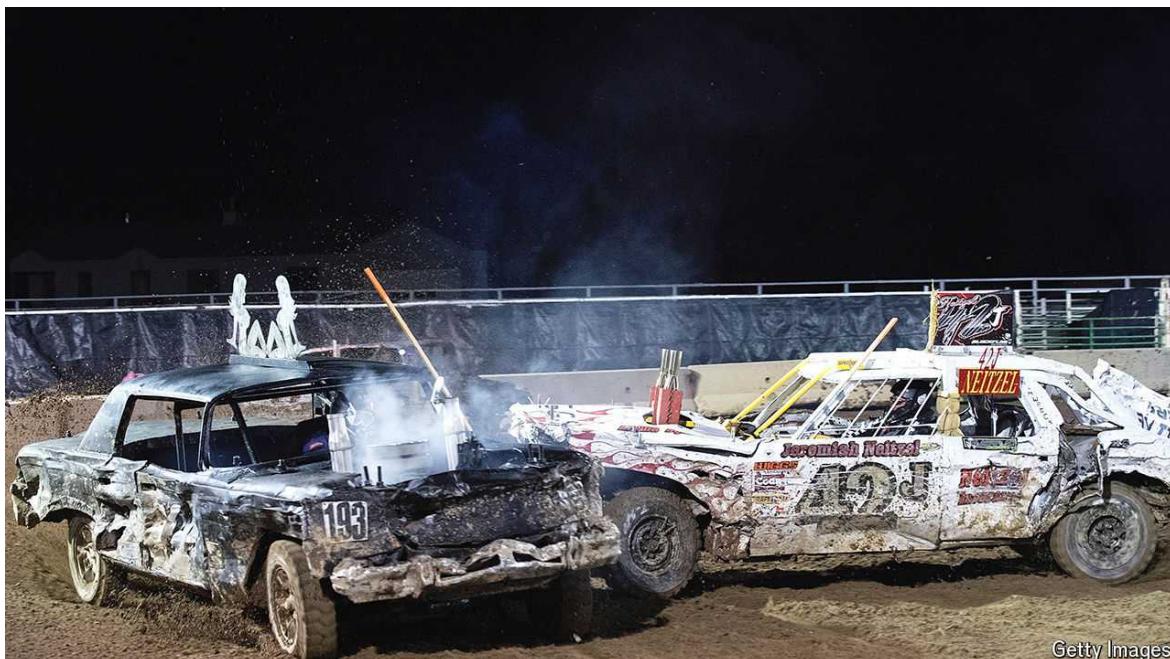
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United States | A smashing time

Where crashing cars is the point

Making sense of demolition derbies

August 22nd 2024



Getty Images

After the formalities are seen to—the national anthem sung, the firemen assembled—the fun starts. The sound brings the first thrill: a dozen engines thundering, each without a silencer, and the crackle-pop of backfire. Then comes the crash and crumple of metal on metal. Tyres go flat, bumpers fall off. Cars catch fire, others get pushed up against the wall. They head-butts like billy goats. They hiss, wheeze, smoke, stall and go kaput. Soon only two are still moving, at which point the announcer might growl: “Finish him!”

Tom Wolfe, a writer, called demolition derbies “culturally the most important sport ever originated in the United States”—closer to the gladiatorial games of Rome than even boxing. Annihilation is the point. The last car running wins. Sports reporters ignored them, wrote Wolfe, because

they thought them puerile and low-class: too many kids with “sideburns, tight Levi’s and winkle-picker boots”.

Held at county fairs, derbies are a rural, working-class pastime; they grew out of travelling shows of stunt driving in the 1920s. Hardly anyone is in it for the prize money, which tends to be a few hundred dollars. Rather, derbies are a socially acceptable space to engage in anti-social, unacceptable behaviour. At the Herkimer county fair in Frankfort, in upstate New York, contestants say the sport is the perfect outlet for road rage.

Injuries are less common than you might think: mostly bumps and whiplash, sometimes a broken rib or concussion. One woman, a rarity in this subculture, recalls the time firemen extracted her from her burning car by slicing off the roof with claws they call the jaws of life. Contestants cut holes in their bonnets in case firemen need to hose down a carburettor. Glass windscreens and headlights are removed.

There are a few rules. No crashing directly into a competitor’s driver-side door. No sandbagging, meaning don’t shy away from collisions because, well, what’s the point in participating? Drivers want to protect their engines in the front, and so reverse and ram with their rear. But there is no use in being too strategic. “You don’t get to predict when it’s coming at you,” says Rob, a middle-aged driver at it since he was 13. He pats his ’73 Dodge Dart, “full of rust and crust, rotted to death”.

Derbies are about more than thrill-seeking. Bill Lowenburg, who wrote a book about them, described the cars as American folk art. They are painted in garish colours and inscribed with names of fiancées and children. In Frankfort cars are dedicated to Karlee, Sahlena and Ronnie; others to mom or Trump. “I built this car for all of them and I will wreck this car for all of them,” says Michael, at 25 a first-timer.

Almost as entertaining as the derbies are attempts to make sense of them. Sociologists have called them spectacles of anti-capitalism and rituals of social inversion: a place to flout corporate carmakers, to reclaim and transmogrify the machine. Your correspondent put that to a young driver in Frankfort. Was he registering his dissent against an economy predicated on

endless consumption and planned obsolescence? He smiled and shook his head. “I just like smashing things.” ■

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United States | Lexington

History will judge Joe Biden by Kamala Harris

A victory would be her triumph, and his, but a loss would be his responsibility

August 20th 2024



THE DEMOCRATS came to their convention in Chicago to praise Joe Biden, and to bury him. No one wanted to dwell on the recent unpleasantness, on how a handful of party eminences pried the nomination from his clenched hands like so many adult children compelling their fading father to surrender the car keys. Suddenly, it was hard to find anyone who thought nominating Mr Biden again, at the age of 81, was ever a good idea, no matter how many Democratic officials used to insist it was. By the time the convention began on August 19th the last of Joe Biden's many campaigns had come to seem sad, even scary, certainly embarrassing: time to leave it behind.

Mr Biden is playing along, consummate politician that he is. Just a few weeks ago he was railing against “elites in the party” who thought they knew the voters better than he did. When the convention opened less than a month had passed since he yielded the nomination to his vice-president, Kamala Harris, who his own aides had been saying would be a weaker candidate. But Mr Biden has come to accept his new role. It is a familiar one, as supporting player to a more charismatic politician, one who may not have lived as much history but, unlike him, could make it.

In Chicago the delegates chanted “Thank you, Joe”, and Mr Biden gave every appearance of basking in their backhanded gratitude for his enforced act of self-sacrifice, with its implicit reminder that they no longer wanted him for the job. “He showed what it means to be a true patriot,” Hillary Clinton declared, ushering Mr Biden into the past tense as she went on to say, “And now we are writing a new chapter in American history.”

The president even delivered his own eulogy, though he was elbowed into well after prime viewing hours for American television. It lacked the grace the moment called for and he himself deserved. His aides had said he would look ahead and make the case for Ms Harris, and he did. But he spent far more time recounting his accomplishments.

His tone was forceful and even angry, as has been true of most of his speeches in the past year; it is as though this once wildly riffing performer has become stuck at the sombre end of the keyboard. He insisted that he was not aggrieved. “I love the job, but I love my country more,” he said. “All this talk about how I’m angry at all the people who said I should step down, that’s not true.” Then he left the convention, with plans to disappear on holiday to southern California.

How hard it must be for a man so sensitive to disrespect or dishonour. Biographers of Mr Biden have noted he still remembers the names of children who humiliated him in primary school. Back then they treated him as stupid and called him “Joe Impedimenta” (the nuns drilled them all in Latin) or “Bye-Bye” because of the stutter he fights to this day. Even once he finally became president, Mr Biden kept noting that the man he had served as vice-president, Barack Obama, preferred Mrs Clinton to him as the party’s standard-bearer in 2016, though, as Mr Biden also liked to say, he

would have won. Now Mr Obama, the friend Mr Biden served so loyally, had reportedly once again expressed a lack of faith in him, contributing to his displacement from the ticket.

But despite, or because of, Mr Biden's many tribulations, self-pity has never been one of his flaws. "No one owes you anything," he likes to quote his father as having said. "You gotta get up." And Mr Biden needs Ms Harris to win. Not only does he believe, as he warned the delegates, that Mr Trump threatens "the very soul of America", but his own place in history rides on her success. For all his concern about democratic institutions, Mr Biden failed in a fundamental task of an institutional leader, properly preparing the way for a successor and stepping aside at the right moment to ensure continuity. If Ms Harris loses her whirlwind campaign, Mr Biden will bear the responsibility.

Mr Biden is back to playing the "transition" president he once promised to be, having tried to become a transformational one. He has often said, as he did again at the convention, that he came out of semi-retirement in 2019 in order to run a third time for president to stop Donald Trump. But he began to see a chance to accomplish Democratic goals on a scale not achieved since Franklin Delano Roosevelt was in the White House. Maybe the sense of economic and social crisis created by the covid-19 pandemic and the attack of January 6th 2021 caused Mr Biden to raise his ambitions. More likely it was just his nature. A certain audacity has characterised his politics since, at 29, he launched his first Senate campaign against a popular incumbent, renting the biggest ballroom in Delaware for his victory party when he was at 3% in the polls. He won; Mr Biden has never been beaten by a Republican, only, as now, by Democrats.

Did not go gentle

From years before that first Senate race, Mr Biden had envisioned himself as president, and by the time he got the job at last he was impatient to make the most of it. He succeeded in passing more far-reaching legislation, including some with more bipartisan support, than even his supporters imagined possible at a time of deep polarisation in American politics. His term, he told

the delegates in Chicago, was “one of the most extraordinary four years of progress ever. Period.”

But he put all of it at risk. He kept Mr Trump’s most potent issue warm for him by ignoring the crisis at the southern border for two years, and then he made the hubristic choice to run one more time. Still, he, and the country, could prove lucky. A victory by Ms Harris may yet affirm the image he tried to project in Chicago, of a forward-looking, generous leader—even, in the end, a transformational one, in part because of the vice-president he chose. ■

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The Americas

- [Investors panicked after Mexico's election. Were they right?](#)
- [Confused and dirty: Claudia Sheinbaum's energy plan](#)
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The Americas | Mexico's incoming president (1)

Investors panicked after Mexico's election. Were they right?

Claudia Sheinbaum takes over power on October 1st

August 22nd 2024



Getty Images

The optimism is striking in Arcos Bosques, a posh mall-cum-office-complex in Mexico City. “I receive foreign investors every week that want to do more in Mexico,” beams Lorenzo Berho of Vesta, an industrial property company, from his shiny offices on the 28th floor.

In other postcodes fear, not optimism, is palpable. Pedro (not his real name) was tidying his cake shop on the outskirts of Mexico City last year when gunmen burst in. Pressing a pistol to his head, they told him to pay 50,000 pesos (\$2,600) every month or they would kill his children. “They had their names,” he recalls with horror. He quickly closed the shop. “It won’t change

with Claudia,” he sighs, referring to Claudia Sheinbaum, who will become Mexico’s president on October 1st.

These contrasting stories illustrate the vexed legacy that Ms Sheinbaum will inherit from her mentor, the outgoing president Andrés Manuel López Obrador. Mr López Obrador, who is known as AMLO, came to power in 2018, shortly after the trade war between the United States and China started. The spat has led thousands of companies to consider opening factories in Mexico, a process known as nearshoring. Yet not only did AMLO largely squander the opportunity to attract more investment, but his other damaging policies will prove difficult to reverse. He took a hands-off approach to crime, splurged on welfare and the army, and has undermined the judiciary and regulatory bodies. Many of his policies have put off investors. It is unclear whether Ms Sheinbaum, who won partly thanks to AMLO’s handouts, is willing or able to change course.

AMLO became president after campaigning with the motto “For the good of all, first the poor”. Owing to its brutal colonial history and more recent mismanagement, Mexico has the world’s most unequal distribution of income before taxes. AMLO sought to change this. He sharply increased cash transfers to students, farmers, the disabled and the unemployed, and doubled the minimum wage. He raised pensions for public servants and expanded eligibility to people who previously did not qualify, such as workers who received another pension from their former employer. All this pulled some 5m Mexicans out of poverty and pushed up earnings for many workers, even the wealthy.

Yet annual GDP growth under AMLO has been about 0.8% on average, well below other countries in the region. Mexican income per head is now the equivalent of \$22,360, lower than when AMLO took office. Without strong growth his welfare policies are increasingly unaffordable. Ms Sheinbaum will inherit a fiscal deficit of over 5% of GDP, the largest since the 1980s. She says she will halve it by next year but has not explained how, and has seemingly ruled out a big tax reform. Meanwhile, she has pledged to expand welfare. Markets panicked in June when her party won a near-supermajority in Congress. The stockmarket lost 6% of its value overnight.

The odds that Ms Sheinbaum will boost growth are slim. The biggest reason for optimism remains nearshoring. Janet Yellen, the ^{US} treasury secretary, talks of “tremendous potential benefits” for Latin America. Mexico is in pole position. It borders the United States, boasts a sweeping free-trade agreement with the United States and Canada, and ships 80% of its exports to its northern neighbour.

Reasons not to be cheerful

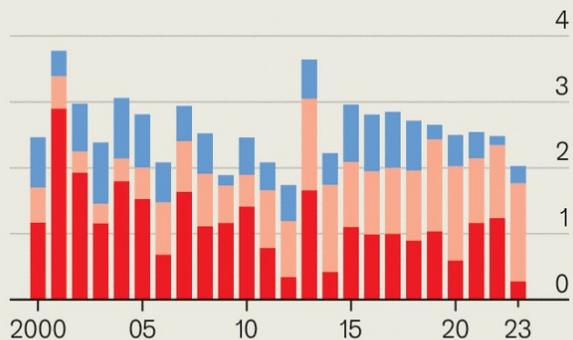
Ms Sheinbaum says she wants to attract businesses and boost clean energy, a steady supply of which is crucial for companies wishing to move. Almost 80% of Mexico’s electricity comes from fossil fuels. Blackouts are common. Alberto de la Fuente, the head of Mexico’s international business council, is optimistic that Ms Sheinbaum, a former climate scientist, will [expand renewables](#). Yet her initial plans appear unconvincing.

Nearshoring already falls short of the hype and may continue to do so. Daniel Chiquiar of ^{ITAM}, a university in Mexico City, and Martin Tobal of the central bank reckon that nearshoring increased Mexico’s total ^{GDP} by 1 percentage point between 2018 and 2022 and will push it up by another 0.9% by 2027. That is useful but hardly transforming. Worse, foreign investment in Mexico as a share of ^{GDP} fell to an 11-year low last year, and most of that consisted of reinvested earnings rather than new commitments (see chart).

All mouth, no trousers

Mexico, inflows of foreign direct investment, % of GDP

New investments Reinvestment of profits
Intra-company accounts



Sources: Bank of Mexico; Haver Analytics

The Economist

Investors have ample reason to be jumpy. Ms Sheinbaum is backing a package of constitutional reforms that AMLO is trying to push through before he steps down. It would let Mexicans elect judges rather than have them appointed based on merit, and would scrap many independent agencies like the energy regulator and antitrust body. A looming renegotiation of the USMCA, the trade deal with the United States and Canada, adds uncertainty. The government is also strong-arming companies to invest in Mexico's under-developed south, when most industry is in the north.

Rampant insecurity also deters investors and strangles small businesses. It is “without a doubt” the biggest challenge to growth, says Jonathan Heath, a deputy governor at Mexico’s central bank. The Mexican employers’ federation catalogued 31 reported cases of extortion every day in the first four months of this year, more than one an hour. The real number is almost certainly higher. Mr Heath says businesses raising prices to cover extortion payments is one reason why the central bank is struggling to bring down annual inflation, which is 5.6% and rising.

High levels of crime would be challenging even for an economy in robust health. Mexico’s is not. Labour productivity has been stagnant since 1990. Dragging it down is a vast informal sector. Nearly 60% of workers operate off the books, partly because of perverse tax and social-security incentives.

Another problem is Mexico's sluggish banks. The stock of domestic loans to private companies is only 39% of GDP, far below Brazil's 70% and Chile's 124%. Bank lending is so badly targeted that the most productive firms are less likely to receive loans. This is partly because the banking system, like many other sectors, is uncompetitive. Just three banks own more than half the assets.

Ms Sheinbaum will need to be bold if she wants to kick-start growth. Yet rather than talking about issues like competition, finance and the grey economy, she has emphasised further increases in the minimum wage. Though she promises better policing, governments of all stripes have failed to rein in the gangs. Her intermittent sweet-talk to investors is unconvincing. "She does not believe in the invisible hand," grumbles one prominent businessman. Neither does her party. By continuing to downplay these issues, Ms Sheinbaum risks not being able to afford the very policies that helped bring her to power. ■

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The Americas | Mexico's incoming president (2)

Confused and dirty: Claudia Sheinbaum's energy plan

She cannot boost renewables while propping up the state oil and power giants

August 22nd 2024



Getty Images

Environmentalists love Claudia Sheinbaum—but do they really know her? When she is inaugurated on October 1st she will become the first woman president in Mexico's history, with green credentials to boot. Ms Sheinbaum has a PhD in energy engineering and was part of the UN's Intergovernmental Panel on Climate Change when it won a Nobel prize in 2007 for its work on global warming. Her election triumph renewed hope that after six years of disastrous energy policies under the outgoing president, Andrés Manuel López Obrador, Mexico may once again become a leader in clean energy.

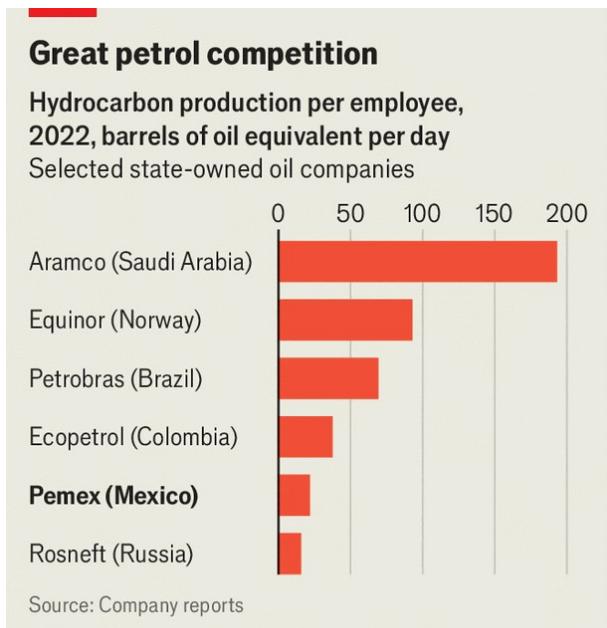
Yet despite her background Ms Sheinbaum, who is Mr López Obrador's protégée, looks set to squander Mexico's clean-energy potential. She talks up the green transition but insists that state-owned companies, such as the ailing oil firm Pemex, will steer it. Worse, she is a staunch supporter of a constitutional reform her mentor is pushing. The revision would undermine the judiciary and dismantle the energy regulator, antitrust body and a raft of other independent agencies which Mr López Obrador, who is known as ^{AMLO}, claims "serve no purpose". Instead, permits and the like would be approved by the energy ministry. Investors fear they will be forced to partner with state firms. The new legislature, which convenes on September 1st, and in which ^{AMLO}'s party has a large majority, looks set to approve the reform.

Mexico's potential for renewables is difficult to overstate. The ^{US} Department of Energy reckons it has the potential capacity to produce 25,000 gigawatts (^{GW}) from solar power, 3,700 ^{GW} from wind, and as much again from geothermal and hydropower combined. All told, this is enough to meet Mexico's electricity needs one hundred times over. After the sector was opened up to competition in 2013, private firms and foreigners flooded in to invest. Within a few years Mexico was producing the world's cheapest solar power.

All this was reversed when ^{AMLO} took over in 2018. His energy policy has focused on boosting Pemex and reimposing the monopoly of the state electricity utility, the Comisión Federal de Electricidad (^{CFE}). This has been bad for Mexicans, whose energy bills have risen along with blackouts, and bad for the world, since Pemex's oil is particularly dirty.

Blast from the past

^{AMLO} grew up in Tabasco, an oil-rich state, during the petrol boom of the 1970s. He clings to a vision of Pemex that has become obsolete. In 2004 Pemex produced almost 3.5m barrels of oil per day. Today it manages around 1.8m. It is the world's most indebted oil company, owing around \$100bn—the equivalent of 5% of Mexico's ^{GDP}—mostly to foreign creditors. It is deeply inefficient, producing just 15 barrels of oil per worker compared with 80 for Colombia's state oil firm (see chart).



The Economist

^{AMLO} has tried to revive the company's glory days by showering it with tax and other benefits worth more than a colossal 1% of ^{GDP} per year. In 2018 he promised to build a refinery in his home state for \$8bn. It was finished in 2022 at a cost of \$19bn, and has yet to start full operations.

As in oil, so in electricity. ^{CFE}'s monopoly started coming undone after the 2013 reforms. Under new rules, the cheapest and greenest power providers got priority in selling to the grid. ^{CFE} quickly started losing market share.

^{AMLO} has sought to reverse ^{CFE}'s losses. He pressed the energy regulator into delaying permits for renewables firms and cancelled several auctions for clean energy. In 2021 Congress passed a law that changed the order in which electricity is dispatched to the grid, putting renewables behind any power generated by ^{CFE}. The government has, in effect, capped the private sector's share in generation at 46%. In response, the United States and Canada have opened a dispute with Mexico under the ^{USMCA}, the free-trade deal between the three countries. Foreign investment in Mexico's energy sector fell from almost \$7bn in 2017 to less than \$3bn last year.

In January the Supreme Court ruled that the law from 2021 was unconstitutional, infuriating ^{AMLO}. Now his party has a chance to override the ruling.

As an environmental scientist, Ms Sheinbaum is an unlikely ally of AMLO. She says that “renewable energy will be the hallmark of my government” and vowed during her campaign to spend almost \$14bn on the energy industry. She has even mentioned the need to restructure Pemex’s debts. According to one adviser, the incoming administration will release permits for clean-energy firms.

Yet Ms Sheinbaum also pledges to maintain CFE’s 54% control of the electricity market, and says that Pemex should branch out into lithium, green hydrogen and renewables. The incoming energy minister, Luz Elena González Escobar, says that “the first priority will be guaranteeing energy sovereignty”, which sounds as if the government will continue to boost refineries. On August 12th Ms Sheinbaum named Emilia Esther Calleja, who currently oversees the utility’s failing power-generation unit, to head CFE.

These proposals are not compatible, says Montserrat Ramiro, a former board member at the electricity regulator. Ms Ramiro reckons that the only way to keep CFE’s 54% share is to continue making it hard for private providers to operate (the adviser says they can partner with CFE). Ms Sheinbaum promises to increase hydropower, as most hydroelectric plants belong to the utility. Yet new hydroelectric power is “unviable”, says Oscar Ocampo of the Institute for Mexican Competitiveness, a think-tank. Mexico is drought-prone and building dams is costly. Ms Sheinbaum will inherit a budget deficit of 5% of GDP, the highest in 30 years.

Meanwhile, the incoming president’s pledge to invest \$14bn in the energy sector is insufficient. According to Grupo Financiero Banorte, a local bank, the failing grid alone needs more than \$38bn to meet demand over the next five years.

Ms Sheinbaum’s reluctance to dump her mentor’s statist policies will harm Mexico’s economy. In a recent survey, 91% of industrial parks from a sample reported that problems with energy supply were the main reason they were withholding investments. Most of the world’s largest listed firms now have targets to reduce their emissions, which means their factories will require clean energy to operate. If Mexico does not provide it, they will think twice before opening shop. ■

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The Americas | Military Mileise

Javier Milei is splurging on the army

Many Argentines are asking why

August 22nd 2024



Getty Images

Self-proclaimed anarcho-capitalists ought to be sceptical of large standing armies. President Javier Milei of Argentina seems to relish them. Even as he tightens the government purse, he has committed to raising defence spending from 0.5% of ^{GDP} to 2% over the next eight years. He vows to “restore the prestige” of the army and transform it into a hi-tech force.

According to the Stockholm International Peace Research Institute, a think-tank, Argentina spends less on defence as a share of ^{GDP} than any other country in South America. Almost 90% of the armed forces’ budget is used to pay salaries and pensions for its 72,000 members. Little money is left over to maintain clapped-out ships, aircraft and vehicles.

Mr Milei is increasing spending in part to deepen ties with the United States. Since taking over from a left-wing government in December, he has shunned China and Russia. In April he scrapped a deal to purchase Chinese-made fighter jets and instead agreed to buy 24 used F-16 jets from Denmark for \$300m (the United States contributed \$40m to support the purchase). Argentina has also asked to become a “global partner” of NATO, which would grant it better access to co-operation and training with Western armed forces.

But Mr Milei’s moves are fraught. Lavishing funds on the army is no easy sell as health and education budgets are cut. The bigger problem is that Argentines do not know what the point of their army is anymore. Mr Milei shows no desire to fight Britain over the Falkland Islands and Argentina is on good terms with its neighbours, despite occasional diplomatic spats.

Mr Milei has suggested using the armed forces against internal threats, such as gangs. Yet the idea is unpopular in a country which was ruled by a bloody military dictatorship from 1976 to 1983. The president and his allies regularly downplay the horrors of that period. In June six legislators from his coalition visited former soldiers in jail for committing crimes against humanity during the *junta*. While boosting military spending, Mr Milei should not forget the lessons of the past. ■

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Asia

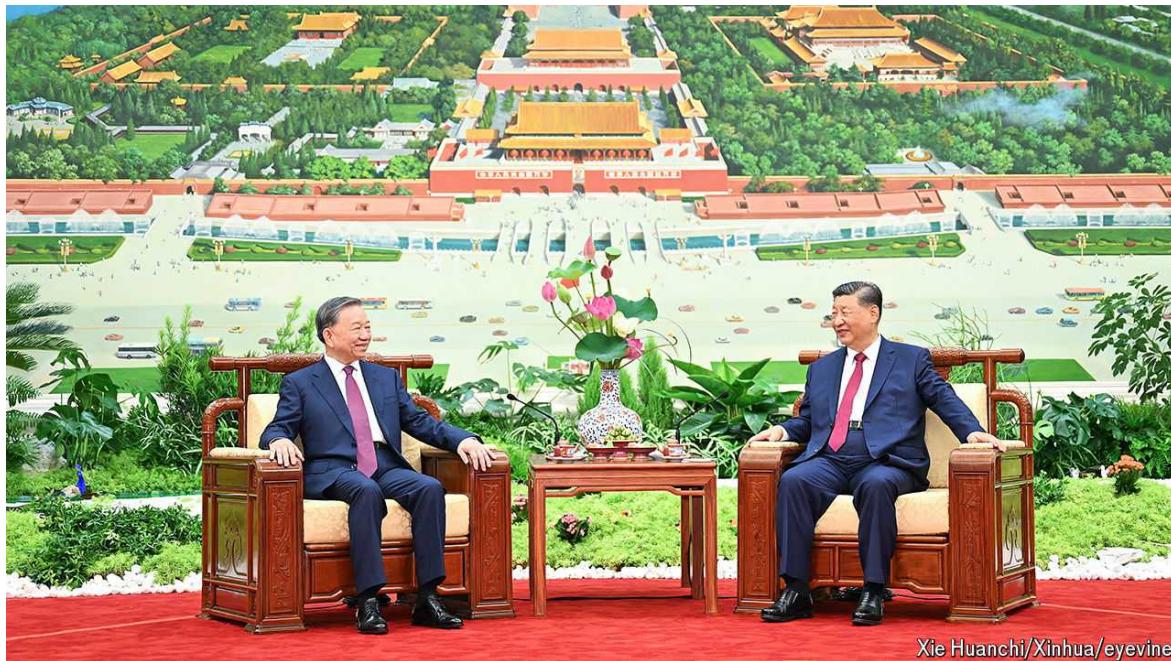
- [Vietnam's new ruler: hardman, capitalist, hedonist](#)
- [What a Japanese gold mine says about its approach to history](#)
- [Indonesia's new capital is built on vanity](#)
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Asia | A succession battle in Hanoi

Vietnam's new ruler: hardman, capitalist, hedonist

To Lam, the Communist Party's new leader, has just met Xi Jinping. America is next

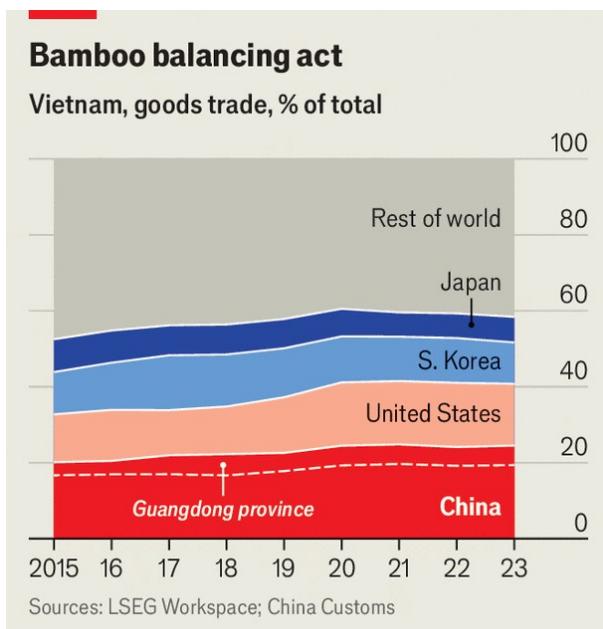
August 21st 2024



What should you make of To Lam, the enigmatic new leader of [Vietnam's Communist Party](#), who has emerged victorious from a savage power struggle over the past year? On his first trip abroad Mr Lam (pictured, left) met his Chinese counterpart, [Xi Jinping](#), on August 19th. The two signed 14 documents on everything from Communist Party schools to crocodile exports. Mr Lam reaffirmed the importance of Vietnam's biggest trading partner. Next month he will head to America. It is a sign that he intends to continue Vietnam's "bamboo diplomacy", [swaying between the two](#).

Nothing new there. The more striking aspect of Mr Lam's trip came the day before. En route to Beijing, he retraced the steps of a revolutionary known as

Ly Thuy, who in 1924 arrived in the port city of Canton, then the seat of the Republican government in China. Better known today as Ho Chi Minh, he set about establishing the forerunner of the Communist Party of Vietnam in Canton, now Guangzhou.



The Economist

Mr Lam's pilgrimage notionally commemorated the centenary of Ho's time there. Revolutionary ancestor-worship is a prerequisite for the top job in Vietnam. His predecessor, Nguyen Phu Trong, was a Marxist theorist until the day he died in July. Yet Mr Lam, who became general secretary on August 3rd, is no revolutionary or intellectual. A former policeman, he cut his teeth in the fearsome Ministry of Public Security. The choice of Guangzhou, the capital of Guangdong province, as his first port of call was intended to signal a revival of Vietnam's capitalist animal spirits. Its trade with Guangdong accounts for more than 20% of its total with China (see chart). Vietnam trades about as much with the province as it does with the whole of Japan.

Mr Lam was implicitly celebrating capitalism, not socialism. To understand why, you have to grasp Vietnam's troubled past decade. The country is a burgeoning powerhouse, with 100m people, a young population and labour costs that are half those of Chinese coastal areas. It is being wooed by China and America. Vietnam has [benefited from America's effort to “de-risk”](#)

[supply chains](#). And facing higher tariffs in America, many Chinese firms are relocating some stages of production and assembly to Vietnam, which has become integrated into the supply chains of suppliers in Guangdong, and through them, to the rest of the world.

Yet Vietnam's potential has been throttled in a wave of crackdowns. As general secretary from 2011 until his death, Trong implemented a "blazing furnace" anti-corruption drive that has paralysed officials. Some 200,000 were disciplined; from 2021 to 2023 another 60,000 resigned. Public services have suffered, from health to education. Proposals for new infrastructure or industrial projects have languished on the desks of officials who are terrified their decisions will be scrutinised by graft-busters.

Though the campaign was devised by Trong as a means of preserving the party's legitimacy through a cleansing fire, it has instead begun to consume its most important source of legitimacy: economic growth. Delays to power-sector projects have meant that factories looking to increase capacity cannot get reliable electricity. Improvements to transport infrastructure have been too slow to keep up with the increase in industrial output.

Mr Lam was Trong's enforcer. But he appears to have craftily used the anti-corruption campaign as an opportunity to purge the party of his rivals, not just rid Vietnam of graft. Earlier this year, the burning furnace claimed its second president in two years, Vo Van Thuong; Mr Lam [succeeded Mr Thuong](#). Vietnam's presidency is mostly symbolic, but capturing it put Mr Lam in prime position to become general secretary when Trong died two months later.

In his first meeting as general secretary with the party's graft-busters on August 14th, a newly ascendant Mr Lam told them that the anti-corruption push must not stand in the way of the country's development, even as he pledged that it would continue. Perhaps it will, as a means of extending his control of the party.

But Mr Lam's connections to the private sector suggest that he may be sensitive to the concerns of the bourgeoisie. The austere Trong developed few links with business, preferring his ideological obsessions. In contrast the Ministry of Public Security that Mr Lam ran until recently is a player in the

economy, owning several conglomerates and a telecoms firm. And To Dung, Mr Lam's brother, is a business owner who has acquired interests in several industries including property, energy and rare earths, as well as the Piaggio distributorship in Vespa-mad Vietnam.

Mr Lam also has an epicurean streak. In his early years as a minister, he was little known outside political and business circles. But on a visit to London in 2021, after inevitably paying respects at the gravesite of Karl Marx, the *Das Kapital*-devouring corruption-buster was captured on video being fed a steak wrapped in gold leaf by Nusret Gokce, a celebrity chef better known as Salt Bae. Mr Gokce deleted social-media posts featuring the video, but it led to a backlash. During Mr Lam's time as Vietnam's top cop, his ministry built a concert hall in Hanoi that opened to the music of Chopin, one of his favourite composers.

The new leader needs to keep the army at bay. It is concerned about the number of policemen at the head of government. The prime minister, Pham Minh Chinh, is another alumnus of the Ministry of Public Security. As vacancies in the Politburo created by the anti-corruption campaign have been filled this year, the armed forces have unexpectedly claimed four of the fifteen seats, second only to the police, with five. Usually the army gets only one; four is their highest total since Vietnam's *Doi Moi* reform era began in 1986, according to Nguyen Khac Giang, at the ISEAS-Yusof Ishak Institute, a think-tank in Singapore. One savvy move may be to promote a loyal army general to keep the peace between the two security forces.

Mr Lam, having spent a career focused on internal security, could be less attuned to external threats than a rival from the armed forces might have been. He might therefore look towards a fellow communist and authoritarian superpower on Vietnam's northern border more than to America, even as Chinese and Vietnamese ships occasionally square off in the South China Sea. But Mr Lam will be mindful that the party's legitimacy also demands that it should defend Vietnam's sovereignty against aggression from the north. The two fought a brief border war in 1979, and China remains unpopular in Vietnam. Le Kha Phieu, who was general secretary from 1997 to 2001, was removed by the Politburo, in part for getting too close to Beijing.

China was an unavoidable first stop in the new job for Mr Lam; going to America before China would have given his comrades in Beijing a fright. But he will visit America in September for the ^{UN} General Assembly. While there, he is likely to raise the decision by America's commerce department on August 1st to deny Vietnam "market economy" status. (America imposes higher penalties on non-market economies in trade disputes.)

American officials, for their part, are likely to push for stronger security co-operation. Last year, the two signed a comprehensive strategic partnership. They are unlikely to raise Mr Lam's history of repression. While the new general secretary may unleash a new era of economic dynamism, the crackdown on civil society is likely to continue. He had more than 330 activists and journalists rounded up during his time as minister for public security, according to the 88 Project, a rights group. With his experience of repression, conspicuous consumption and diplomatic balancing, Mr Lam is well qualified for his new job. ■

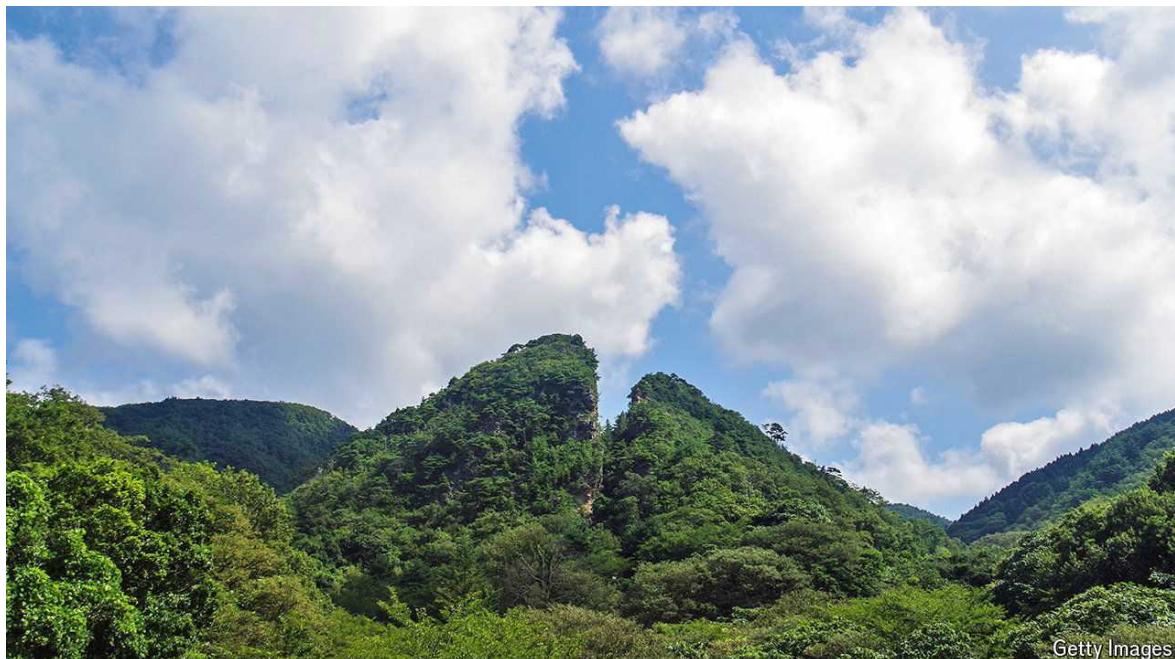
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Asia | Mining for memories

What a Japanese gold mine says about its approach to history

The site, recently declared a World Heritage site, is more contentious than it seems

August 22nd 2024



In late July the mood was celebratory at Aikawa, a town on Sado Island off Japan's western coast. Hundreds of people cheered as they witnessed, via a live stream, the moment a gold mine in the town was registered as a ^{UNESCO} World Heritage site. “The islanders’ dream has finally come true,” said Watanabe Ryugo, the mayor. The moment also hinted at the possible thawing of diplomatic relations between Japan and South Korea.

The Sado mine is 400 years old. But when discussing it government officials tend to focus on the Edo period (1603-1868), arguing that the site’s uniqueness lies in the mining techniques that developed while Japan shut its

borders under the *sakoku*, or “closed country”, policy. This ignores the ugly side of its history. During the second world war, Japan’s empire forced at least 1,500 Koreans to work at the mine. The Japanese government downplays this, as it does other wartime atrocities, such as the Korean sex slaves (or “comfort women”) who were forced to work in Japan’s military brothels.

David Palmer, a historian at the University of Melbourne in Australia, highlights the significance of the Sado mine in Japan’s empire-building. Mitsubishi, a conglomerate, purchased the mine at the end of the 19th century. Sado gold was exchanged for Western weapons, aiding Japan’s victory in the Russo-Japanese war. “To simply reduce this site to a kind of antique craft display from the Edo era is ridiculous,” says Mr Palmer.

At the highly choreographed UNESCO meeting on July 27th, South Korea’s delegation said it approved of the addition, as Japan said it would accept their request to tell “both the bright and dark side” of the mine’s history through exhibitions.

After the meeting, an exhibition was immediately set up in Sado to show how Korean workers fared at the mine. But while describing the “harsh conditions” they worked under, it did not use the term “forced labour”. The new exhibition “only reaffirms the government’s existing stance” by playing down the coercive nature of the work, says Takeuchi Yasuto, a historian. In South Korea, activists and opposition politicians criticised the government of Yoon Suk-yeol, the president, for conceding to Japan. Despite the fanfare on Sado, Japan and South Korea’s rifts over the war are far from resolved. ■

Asia | New city, new start?

Indonesia's new capital is built on vanity

President Jokowi doesn't seem to be in any mood to leave politics behind

August 19th 2024



Reuters

THE LEGACY of Joko Widodo (or Jokowi) was meant to be graft-free politics and an infrastructure revolution in Indonesia. On the face of it, the outgoing president has partially succeeded on the latter. During his [decade in power](#), Jokowi's government has overseen around 200 projects. The grandest was officially opened on August 17th, when Nusantara, an entirely new capital city carved out of the jungles of Borneo, hosted festivities to mark Indonesia's 79th independence day. The ceremony highlighted two uncomfortable questions. One is whether Nusantara is an infrastructure leap too far: a giant vanity project doomed to fail. The other is whether Jokowi will really quit politics when his term ends in October and he is supposed to hand over power to Prabowo Subianto.

Jokowi sees the move of the country's capital as a key part of his legacy. When completed in 2045, Nusantara will mark Indonesia's transformation into a developed country, according to boosterish announcements by the planning authority. But Jokowi's project is not going to plan. The president had to delay his move to a new palace for the last few weeks of his formal rule because of snafus with electricity and running water. Construction has been marred by problems with land acquisition, financing and management.



The Economist

Jakarta, the current capital, is under serious threat. According to an index compiled by Maplecroft, a consultancy, no big city worldwide faces more climate-related risks. Yet disaster in Jakarta does not mean triumph in Nusantara.

An obvious question is whether Indonesia's next president will ditch the scheme. A more penetrating question to ask is whether he will have the power to. The presidential term of Mr Prabowo, a garrulous former general accused of war crimes and whose family has a sprawling business empire, starts in October.

Mr Prabowo is hardly an advertisement for a new era of Indonesian democracy. But look beyond his chequered résumé and it is also possible that there will not be a clean-cut transfer of power away from Jokowi, whose

son will govern as vice-president. On August 12th Airlangga Hartarto resigned as head of Golkar, the oldest political party in the country. At a press conference he implied that he was forced to step down. During an emergency meeting on August 21st, party leaders appointed Bahlil Lahadalia, a Jokowi ally, as Golkar's new chairman. Days earlier, Jokowi had appointed Mr Bahlil as his new energy minister as part of a cabinet reshuffle.

Parliament is also considering establishing a supreme advisory council. Some suspect it is designed to create a new office for Jokowi. Mr Prabawo has promised to “continue and, if possible, finish” Nusantara. Jokowi’s promise appears to be to continue, if possible, holding some sway in Indonesia’s politics. ■

This article was downloaded by [zlibrary](#), from <https://www.economist.com/asia/2024/08/19/indonesias-new-capital-is-built-on-vanity>.

Asia | India's women problem

The rape and murder of a doctor in India is fuelling outrage

But public protests about violence against women have not achieved much

August 22nd 2024



THERE WERE nearly 32,000 rapes reported in India in 2022, the latest year for which data are publicly available, according to the national crime records bureau. That number hugely understates how common sexual violence is in the country. Most incidents are never reported. Those that are rarely make the news.

Once in a while a particularly gruesome case leads to national outrage. So it went in 2012, when a 23-year-old student was gang-raped on a bus in Delhi before being left for dead by the side of the road. She later died of her injuries. Or in 2020, when a 19-year-old Dalit farmworker was gang-raped

in the northern state of Uttar Pradesh, allegedly by a group of upper-caste men from her village. She, too, died.

And so it has been over the past couple of weeks, following the rape and murder on August 9th of a 31-year-old trainee doctor during her night shift in a hospital in Kolkata, the capital of the eastern state of West Bengal. Women across the country have taken to the streets demanding safety from violence and equality at work and in public life. Doctors have gone on strike for better working conditions. The outrage is important, says Vrinda Grover, a lawyer and activist: “It says this is wrong, and we as a society won’t condone this violence.”

Yet outrage has done little in recent years to improve the lives of Indian women. The number of reported rapes in the country was higher in 2022 than a decade before. That may be due to greater willingness to report such crimes, but it is hardly a sign that the risk of falling victim to one has been reduced. Public spaces still belong firmly to men, with women expected to keep themselves safe when they venture beyond the confines of home (which is often hardly safe, either).

One reason is that the government is not enforcing its own laws. The case in Kolkata, for instance, might have been prevented if the doctor had had access to a safe resting space, as is already required by India’s workplace safety rules. And while high-profile cases such as the one in 2012 have been fast-tracked through special tribunals, the legal process for most victims remains painfully slow and unpromising, with only about a quarter of cases that go to trial resulting in a conviction.

Meanwhile, violence against women is still widely considered acceptable. Nearly half of Indians surveyed by the government between 2019 and 2021, men and women both, said that a husband was sometimes justified in beating his wife for offences such as “disrespecting” his parents or going out without asking his permission. Marital rape is not a crime.

Narendra Modi, the prime minister, alluded to the problem of violence against women in his Independence Day speech on August 15th, without specifically mentioning the case in Kolkata. His main recommendation was to “instil fear” through harsher punishments. Rekha Sharma, chairwoman of

the National Commission for Women under Mr Modi's previous government, blamed the government of West Bengal, which is led by an opposition party. She has previously said that highlighting the problem of sexual violence was akin to "defaming" the country. India is hardly alone in needing to tackle violence against women. But politicians remain unserious about curbing it. ■

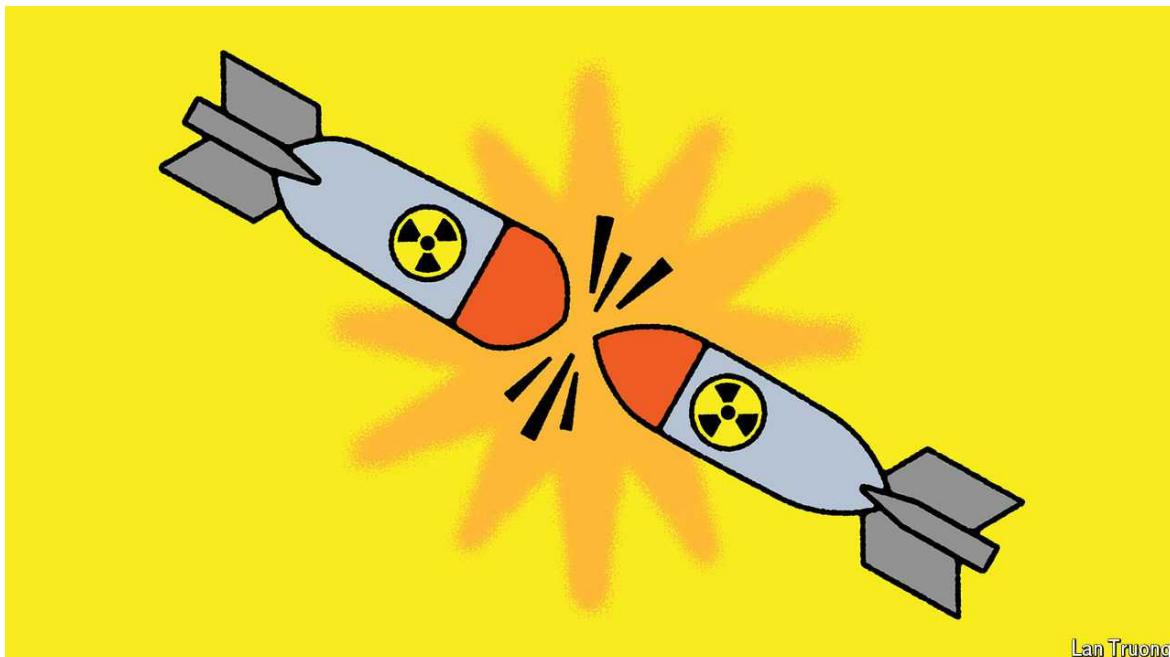
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If a China and America war went nuclear, who would win?

After 45 days of conventional fighting nukes would be tempting, wargamers suggest

August 22nd 2024



IT IS BAD enough to contemplate a war in Asia. It is grimmer still to think through a nuclear one. But somebody has to. And so Andrew Metrick, Philip Sheers and Stacie Pettyjohn, all of the Centre for a New American Security (^{CNAS}), a think-tank in Washington, recently gathered a group of experts to play a tabletop exercise—a type of wargame—to explore how a Sino-American nuclear war could break out. The results were not encouraging.

In the exercise scenario, it is 2032 and a war over Taiwan has been raging for 45 days. China uses “theatre” nuclear weapons—with a shorter range and smaller yield than the city-busting “strategic” missiles—to shorten the war

by coercing America into submission. The targets include Guam and Kwajalein Atoll—a pair of islands vital to America’s military position in the Pacific—as well as an American aircraft-carrier strike group.

That is distressingly plausible. One reason is the geography of the Asian battlefield. During the cold war America and the Soviet Union both planned to use lots of tactical nuclear weapons to destroy large and dispersed troop formations, often in the vicinity of towns and cities. “Today in the Pacific”, notes the study, “naval vessels at sea and military airbases on small islands are a vastly different target.” Fewer nukes would be required and there would be less civilian harm than in cold-war strikes.

That is related to a second reason: the evolution of weaponry. Most people, not unreasonably, think of conventional weapons as being less escalatory and thus more usable than nuclear ones. But today’s low-yield nukes—20 kilotonnes of explosive power, roughly Hiroshima-size—can be delivered with extreme precision and less collateral damage. “The line between low-yield tactical nuclear weapons and precision-guided conventional weapons in terms of both their operational effects and perceived impact is blurring,” says CNAS.

The third factor is the effect of a long war. Weeks into a conflict, both sides would run short of conventional weapons. Theatre nuclear weapons would become more attractive. “On a per-weapon basis”, note the authors, “nuclear arms are more efficient at destroying large-area targets.” Their immense power means that they would also continue to work even if weeks of war had degraded the command, control and intelligence systems that conventional munitions rely on.

The result of all this, in the wargame, was a strange sort of nuclear war: China was incentivised to use nuclear weapons first, despite its formal “No First Use” pledge, but once it did so, and in contrast with expectations for how a US-Soviet war would have played out in Europe, things did not necessarily spiral into an apocalyptic exchange of strategic nuclear weapons. In the world of nuclear strategists, that is what counts as good news.

The exercises suggested China had more reason for cheer. The experts and officials playing as China had a wide range of military targets—Asia is

chock-full of American facilities and naval assets. (Though there is little evidence that China possesses low-yield nukes right now.) The American team, by contrast, struggled with the fact that many of the most attractive targets for retaliation were on the Chinese mainland. Striking those with tactical nuclear weapons would carry a much higher risk of escalation to general nuclear war.

Moreover, the players found that America did not have the weapons needed to hit the “very small number” of lower-risk targets—mostly warships and Chinese bases on disputed reefs in the South China Sea. Its most advanced non-nuclear missiles would have run out by day 45. America, unlike Russia, no longer has a nuclear-tipped anti-ship missile. A new submarine-launched nuclear cruise missile is slated for the 2030s. But it could not be used for signalling to deter Chinese nuclear use before the fact without giving away where it was. It would also tie up scarce attack subs in the middle of a naval war.

Nuclear strategy has its own macabre grammar, steeped in the assumptions and experience of the cold war and reshaped by the march of military technology. It boils down to politics, though. Faced with the nuclear annihilation of 5,000 American sailors on a carrier or nuclear attack on American territory such as Guam, would an American president respond with nuclear force, reach for what would be a shrinking quiver of conventional weapons—or fold? That, concede the authors, is “the fundamental, unknowable component”.■

China

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China | Sizing up the ticket

China's rulers are surprised by Kamala Harris and Tim Walz

One has never been to China, the other has visited 30 times

August 18th 2024



Klawe Rzeczy

Chinese officials and analysts are struggling. A woman who has never visited China and who has only briefly met its leader, Xi Jinping, has suddenly emerged as a serious contender in the race for the White House. The Democratic Party gathered from August 19th to 22nd to celebrate the nomination of [Kamala Harris](#) as its presidential candidate and her selection of [Tim Walz](#) as her running-mate. For China's rulers the ascent of the Harris-Walz ticket creates two difficulties. It challenges [China's nihilistic interpretation](#) of American politics as racist and decrepit. And it has triggered a scramble to assess how a Harris administration might approach China relations, not least because Ms Harris's credentials on dealing with

China are limited, while Mr Walz has more experience of China than any vice-presidential candidate in decades.

Cynicism about American politics abounds in China. The shake-up in the presidential race since June illuminates the limitations of China's understanding of its rival. When Barack Obama was elected in 2008, his appeal upset the widely held belief in China, reinforced by relentless official propaganda, that America was so profoundly racist that a black person could not become president. China's latest report on human rights in America, published in May, says racism is getting worse, while gender discrimination is "rampant". But America could elect its second black president, and its first female one.

For much of this year the [Biden-Trump contest](#) was a boon for Chinese propagandists, allowing them to portray American democracy as a fight between [two men past their cognitive prime](#), whose attacks were redolent of playground bickering. By bowing out, Mr Biden has unsettled that narrative and encouraged some Chinese to wonder about their own system, in which Mr Xi, who is 71, appears set on remaining leader for life. Last month a Chinese blogger wrote that "For some people, the greatest contribution they can make to the party, the country and the people is to hand over power, step down from the stage and go home to play with their grandchildren." The next sentence—"That's right, I'm talking about you, Biden"—did not calm China's censors, who scrubbed the post.

In 2008 Mr Obama had not been to China and had little foreign-policy experience. Before she became vice-president Ms Harris was in a similar position: a biography of her published in 2021 mentions China just once. As vice-president she has acquired more exposure to diplomacy. She has been on 17 foreign trips, several of them to Asia, including one in 2022 where she briefly met Mr Xi on the sidelines of a summit in Thailand.

Some of the signals point to continuity with Mr Biden's policy on China. Regarding trade there is little sign that Ms Harris would reverse the tariffs maintained by the Trump and Biden administrations. In her first big economic-policy speech, on August 16th, Ms Harris appeared to criticise Mr Trump's plans to increase tariffs further, but endorsed the idea of helping the

middle class, the justification used by the Biden administration for its protectionism.

As for diplomacy, on her vice-presidential trips she condemned “intimidation and coercion in the South China Sea” and in 2022 she met William Lai Ching-te, who has since become Taiwan’s president. If there is a shift, it will be subtle. Ian Bremmer of Eurasia Group, a consultancy, says that as president she would be less inclined than Mr Biden to describe geopolitics as a contest between autocracy and democracy, and will stress the importance of upholding rules and norms. “I think this will make it easier for the ^{us} to have honest conversations with not only the Chinese but with other countries around the world that are not going to hear from Kamala, ‘It’s our way or the highway,’” he says.

Complicating China’s assessment is the potential role of Mr Walz as Ms Harris’s consigliere on China. In 1989 and 1990 he taught English and American history at a secondary school in Foshan in the province of Guangdong. Later, while working as a teacher in America in the 1990s and 2000s, he organised trips to China for students. He raved about the warm welcome he received there. “Harris’s every move...truly has a presidential air,” said a commenter on Weibo, a microblog platform, in response to Mr Walz’s appointment. Another commenter praised the move, saying it was like putting wings on a tiger.

The claim that Mr Walz is sympathetic to China has supporters in America, too. On August 16th Republicans in the House of Representatives launched an investigation into his “longstanding and cosy relationship with China”. In fact Mr Walz is no defender of China’s government. His year in Foshan coincided with a fierce clampdown on dissent following the bloody suppression on June 4th 1989 of the pro-democracy protests in Tiananmen Square. Five years later he married a fellow teacher on that same day in June. According to a newspaper in Nebraska, where he grew up, his wife Gwen said: “He wanted to have a date he’ll always remember.”

After being elected to the House of Representatives in 2006, Mr Walz supported bills aimed at punishing China for violating human rights. This record is already the subject of intense scrutiny in China. In the *Paper*, a news outlet in Shanghai, a scholar, Diao Daming, wrote, “It is difficult to

determine whether these actions reflect Walz's personal views and positions, but at the least it points to the Democratic Party's recent ideas and biases."

For China the Harris-Walz ticket is unexpected. But the best guess is that it promises continuity on defence and trade and, possibly, more emphasis on human rights. Faced with this prospect, some in China yearn for another Trump administration. It might bring chaos but also, they hope, strain America's alliances and undermine its global image. Yan Xiaodong of HuaYu, a think-tank in Beijing, recently noted that, with regard to Taiwan, Mr Trump had shown a "business mentality". Mr Yan recalled the words of Mao in 1970: "I don't like the Democratic Party. I prefer the Republican Party." The theory, according to Mr Yan, is that it is easier for Republicans to negotiate with adversaries without appearing weak. In 1972 Richard Nixon visited China, ending nearly a quarter-century of American efforts to isolate it.

If she wins, Ms Harris will probably visit China for the first time in 2025. Is a breakthrough possible then? It is worth keeping expectations low. Just ask Mr Obama about his first trip. In 2009 he tried to give the Chinese a taste of American political culture by meeting students in a town-hall-type setting in Shanghai. Even this small gesture "made Chinese officialdom nervous", according to Jeffrey Bader, an adviser, resulting in "painful hand-to-hand combat" between officials on both sides. A future President Harris would find that Mr Xi, who took over three years later, is even less inclined to compromise—or tolerate such democratic deceits. ■

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China | Tossing eggs at a national pastime

Millions of Chinese people play *guandan*. Is that good or bad?

The Communist Party is torn on the merits of the popular card game

August 22nd 2024



Magnum Photos

In America businessmen learn to play golf in order to fit in and foster relationships. In China they learn *guandan*, a card game that has become a staple of business meetings and banquets. Millions of Chinese people enjoy it. “Eating without playing doesn’t count as a meal,” says one executive. *Guandan*, which translates as “egg tossing” or “bomb tossing”, involves four people in teams of two. Players try to shed their cards by forming various combinations. The game can last for hours and usually involves a lot of chit-chat.

Guandan is seen by some as a healthy and intellectual form of entertainment. Business dinners and after-work activities tend to be less

boozy when the game is involved. Last year the national sports authority organised the first nationwide *guandan* tournament. Officials talk of the game's potential to boost the economy (how is unclear) and become a cultural export. Rumours abound that Communist Party leaders are fans.

But not every party member likes *guandan*. Earlier this month the *Beijing Youth Daily*, a mouthpiece of the city's Communist Youth League, ran three opinion pieces over three days criticising the "poisonous" game. One piece implied that shady businessmen were using it to establish connections and make corrupt deals. Another blasted the game for promoting a "lying-flat culture", slang for laziness. "The *guandan* addiction has become a social phenomenon worthy of attention and vigilance," said the paper.

The controversy appears to have rattled some in the public sector. Making the rounds online are reports of civil servants being banned from hosting *guandan* games and receiving notices to confess their playing history.

That has led supporters of the pastime to push back. A party newspaper in Jiangsu, where *guandan* originated, has defended its benefits and condemned the moral posturing of critics. Other papers have since chimed in with similar commentaries. If corruption and laziness are problems, then target the root causes, not *guandan*, say some. Or, as one headline put it: "Oppose the game of throwing eggs? Stop talking nonsense!" ■

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China | The other gas problem

Time for China to get serious about its methane emissions

Officials mull a future of less coal and fewer cows—and don't like it

August 22nd 2024



Getty Images

CHINA IS OFTEN criticised for its emissions of carbon dioxide, which dwarf those of other countries. By way of defence, Chinese leaders can at least point to their official goal of having those emissions peak by 2030. But China is also the world's biggest emitter of methane, another greenhouse gas. It produces about 14% of global emissions each year. When it comes to methane, Chinese leaders have less to say in their defence. They are just starting to grapple with the problem.

Methane is responsible for nearly 45% of the increase in the Earth's temperature since the Industrial Revolution. Cutting emissions of the gas is a promising way to slow global warming because it remains in the atmosphere

for just a decade, so might soon be gone. Carbon dioxide, in contrast, lingers for over a century.

China has two big sources of methane emissions. The first is coal mining, which accounts for 40% of such discharges. The process liberates the gas from coal seams. Miners then vent it (and other gases) directly into the atmosphere. Abandoned mines, of which China has around 12,000, leak methane as well. The second big source is farms. Cows belch methane. Microbes in rice paddies produce it, too.

In November officials published an “action plan” for dealing with the gas. It aims to improve the monitoring of emissions by using drones and satellites. These are necessary steps because much of the stuff enters the atmosphere unnoticed. In 2019 researchers at Harvard University used satellite data to measure China’s methane emissions. They reached a figure a fifth higher than the government’s estimate.

Now officials look set to go a step further. The government has proposed tightening the rules on emissions from coal mines. They are currently allowed to vent gases that are less than 30% methane. The new draft regulations would lower that number to 8%. Mining companies would have to install equipment to capture gases with higher concentrations.

But even according to the government’s own data (which do not include leaks from abandoned mines) the new venting rules would lead to only a 7% reduction in methane emissions from the coal-mining sector. Compare that with the “Global Methane Pledge” signed by 150-odd countries. It calls for methane emissions to be cut by 30% from 2020 levels by the end of the decade. China is not a signatory.

To really make a dent in emissions, China would have to dig up much less coal, says Sun Xiaopu of the Institute for Governance & Sustainable Development, a think-tank in America. It would also have to make changes to the way farms are managed. Fewer cows would help. And rice paddies could be irrigated for shorter periods, giving bacteria less time to grow.

Such moves seem unlikely, though. In the minds of Chinese officials, energy and food security trump climate concerns. China has lots of solar panels and

wind turbines, but coal still supplies over half of its energy, because it is reliable. In fact, China is opening more coal mines. It also plans to expand its stock of cattle. Little wonder, then, that it has not committed to a hard target for reducing methane emissions. ■

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China | Access delayed

Why are VPNs getting slower in China?

The government seems increasingly uneasy about people leaping over the great firewall

August 22nd 2024



“The internet is not beyond the law!” warned police in Fujian province earlier this month. They had recently arrested a man, identified as Mr Gong, for using a virtual private network (VPN). This is a piece of software that can make it appear as if a computer or mobile phone is in another country. VPNs thus allow netizens to bypass the “great firewall”, as China’s system of online censorship is known. By using one, Mr Gong had allowed “false foreign information” to flow into China, the police claimed.

It is illegal to access a VPN in China without official permission. In practice, though, users are rarely punished. That is because the government understands the practical benefits of VPNs. Without them, foreigners would be

less likely to visit and local businesses would struggle to find overseas customers. So Mr Gong's case has come as a surprise. According to the police, he had last used a ^{VPN} four years ago. The chattering masses online believe the authorities are making an example of him.

The big question is whether, in general, the government is taking a firmer line on ^{VPNs}. Over the past few months several popular ones have become less reliable. Users have grumbled about difficulty accessing blacklisted websites, such as Facebook and Google. Our "ladders" over the great firewall have broken, say commenters on Weibo, a social-media site.

A tracking tool run by GreatFire, a censorship watchdog, backs up these complaints. Over the past 60 days a ^{VPN} from a company called Express^{VPN}, one of the biggest providers of the software, has been running 41% slower than in the previous 60 days. Another ^{VPN}, from a company called Astrill, has been running 11% slower over the same period. In total, eight of the ten ^{VPNs} tracked by GreatFire have become more sluggish in China.

Such disruptions have happened in the past. But they have usually coincided with important political events, such as the meeting of China's legislature every spring. No such events are happening now. Another explanation points to China's censorship regime, which has got tighter in recent years. Subjects that were once safe to talk about in a critical way online, such as the economy, are now deemed sensitive. Perhaps the government has started to think that the risks of ^{VPNs} outweigh the benefits, says a co-founder of GreatFire. ■

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China | Chaguan

In China’s “median city” people are surprisingly risk-averse

Our columnist travels there to ask ordinary people two mega-questions

August 22nd 2024



OVER RECENT decades, individual Chinese dreams reshaped the world. The largest manufacturing power on Earth emerged, in part, because hundreds of millions of rural men and women left behind families and villages to toil in coastal boomtowns. Behind dry graphs showing steep growth rates lurked stories of the human heart. Generations raised amid Maoist conformity reinvented themselves as entrepreneurs and risk-takers.

If Chinese optimism is now fading, the world needs to know. Certainly the economy is slowing. Consumers and businesses are in a funk. The Communist Party devotes large resources to tracking the public mood, but

keeps its findings to itself. So Chaguan duly attempted his own straw poll, flying to a city with a claim to being China's most typical.

About 5m people live in the urban core and rural counties of Yichun, which is known for its lithium mines. It is a third-tier city in the mountains of Jiangxi, a south-eastern province of middling wealth and size. At 34,600 yuan (\$4,850) Yichun's per-person disposable income matches the national median level almost perfectly. Yichun has the same proportion of old people as China does overall, and the same birth rate. Like many inland cities Yichun has modernised rapidly, gaining new parks, an airport, a high-speed train station and some shiny skyscrapers in just a few years.

In any political system, governments should want citizens to answer “yes” to two questions: is the country on the right track, and will your children’s lives be better than yours? Your columnist recently put those queries to dozens of Yichun residents. Their answers helped him see China in new ways.

Most revealing, those graphs showing national wealth growing swiftly and smoothly, year after year, do not match the experiences of the folks in Yichun. Instead, they described lives transformed by good luck, or blighted by bad timing. They talked of generational inequalities, created as opportunities emerged and vanished over recent decades.

When recalling life-changing moments—such as buying a home just before property prices soar—Chinese sometimes talk of *shang che*, or boarding a train. In conversation, Yichun locals could often identify a precise year in which their fortunes turned.

A couple in their 60s—but both looking much older than that—invited Chaguan to slices of watermelon in their three-room home, hidden in a maze of tumbledown brick shacks. The wife recalled the demolition of her rural village in 1979, a stroke of fate that saw her freed from communal farm work and assigned to an urban work unit. Her husband remembered 1991, when both were laid off by the same collective electronics factory, at the start of a China-wide wave of industrial restructuring. Fearful about how to feed their young twin sons, they opened a meat stall. The 1990s were good years to open a business, he mused, and life was soon “comfortable”. The couple sold meat for 22 years.

Their twins are 38 now and work in the southern megacity of Guangzhou. “Their lives are not as good as mine,” lamented their father, who frets about his sons’ low-paid jobs, though they went to university. “Society deceives people,” said their mother, noting how graduates across China struggle to find good jobs. Only one boy has married. They handed 400,000 yuan, much of their life’s savings, to his wife’s family as a bride price.

Just across town, but a world away, the owner of a deserted hair salon sighed that “business is a mess”. Two years after the covid-19 pandemic, customers are still tightening belts. He is calmer about the long-term prospects of his children—two boys of 11 and seven, who loped past in football shirts. He bought an apartment in 2011 and another in 2016. Today the flats are worth twice what he paid for them, though their value has slipped from a peak in 2022. He fears his sons will enjoy fewer opportunities than he did. Still, he said, those apartments will help them find wives.

A 23-year-old shop assistant described a gulf between youngsters whose parents bought urban apartments years ago, and those who did not. Others have money because their family homes were demolished as Yichun modernised, earning their parents compensation payments. Her own rural family is “not as well-off”.

After decades of growth, the Communist Party enjoys reserves of political capital. In a Buddhist temple, Chaguan met a middle-aged man in the hard-hit construction sector. He had come to pray for his “peace of mind”, he said. He blames himself, not the party, if life is difficult. “I need to work harder,” he said.

A local pawnbroker served tea while her colleague inspected a diamond ring being sold by an embarrassed young man. A divorced mother in her late 30s, she believes people are becoming more risk-averse. Many of her contemporaries used to work in big cities. Increasingly, she sees them returning to Yichun, where with even a mediocre job “you won’t starve.” More and more youngsters dream of safe jobs in the civil service, she noted.

The appeal of the slow train

In tough times, the state is called a haven. The collapse of several big property developers has shaken buyers across China. Tellingly, a salesman at a half-built luxury-apartment complex in Yichun's newest district emphasised that the developer is backed by a central-government ministry, and has ample funds to complete the project. The salesman considered starting his own business to make more money, but doubts he will take the risk. "Probably, I will go for stability right now," he admitted.

Yichun is not in despair. A few locals accuse party leaders of mismanaging the pandemic and the economy. Others marvel at their city's rapid development. Several wonder if their country's old growth model is ending. *Shang che* was the dream. Today's China has fewer trains to board. ■

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Middle East & Africa

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The Middle East's bizarre waiting game: ceasefire or Armageddon?

Israel accepts a proposal to pause fighting but Hamas's hardliners may not

August 20th 2024



IT WAS HARD not to detect a note of desperation about Antony Blinken. The American secretary of state made his ninth visit to the Middle East since war in Gaza began over ten months ago. The latest round of indirect talks between Israel and Hamas is, he insisted, “a decisive moment” that is “probably the best, maybe the last opportunity” for reaching a ceasefire and a release of Israeli hostages. Yet no deal has been struck yet. During his visit [Iran issued another threat](#) of a direct attack on Israel, which “must await calculated and precise strikes”. But the regime appears uncertain of its timetable. It added that “time is on our side and it is possible that the waiting period for this response will be long”.

For months the Biden administration, along with Egypt and Qatar, which speak directly to Hamas, has been trying to push the recalcitrant sides towards a ceasefire agreement. On August 16th they presented a “bridging proposal”. This is basically a more detailed version of a framework for a deal proposed by Israel in May, which has yet to be ratified by the Israeli cabinet. It envisages first a six-week halt in the fighting in Gaza, during which some hostages would be released in return for many more Palestinian prisoners. During the truce further talks would be held about a full ceasefire and the withdrawal of Israeli forces from Gaza. A third stage includes plans for rebuilding the devastated enclave, but few are thinking that far ahead.

[Read all our coverage of the war between Israel and Hamas](#)

On August 19th Mr Blinken met Binyamin Netanyahu, the Israeli prime minister, for three hours. Afterwards the secretary of state told reporters that the Israeli prime minister had “confirmed” to him “that Israel accepts the bridging proposal”. Mr Netanyahu did not go as far, saying he “greatly” appreciated “the understanding that the ^{us} has shown for our vital security interests as part of our joint efforts to bring about the release of our hostages”. He did not mention a ceasefire of any kind.

Mr Netanyahu may have accepted the American plan in private but in public he is still reluctant to antagonise the far-right allies who control his political fate. They have threatened to bring down the government if such a deal is reached. Senior officials in Israel’s security establishment who support the deal have complained that Mr Netanyahu has limited the mandate of Israel’s negotiating team. On August 20th he promised a right-wing group representing families of Israeli soldiers that Israel would remain in key locations within Gaza. If true, this would probably scupper any deal.

For Israel a big issue is the presence of its troops in the “Philadelphia corridor”, a strip of land along the border between Gaza and Egypt. Mr Netanyahu insists this is vital to prevent weapons smuggling that would allow Hamas to re-arm once there is a truce. Israel’s generals disagree. They claim that with Egypt they can establish a mechanism for the border without troops. The American proposal probably mirrors this, requiring Israel to withdraw but keep a right of surveillance. Yet it is unclear if this will satisfy

Mr Netanyahu. Another sticking-point is Israel's demand that armed Hamas members be prevented from returning to northern Gaza.

On August 21st Joe Biden called Mr Netanyahu in yet another attempt to press him to show more flexibility on the corridor. There is no sign yet that Israel's prime minister is willing to do so.

Even if Israel has accepted America's plan, Hamas still needs to be convinced. The group says it is "keen" on a deal but has so far rejected the American proposal, claiming it includes new conditions set by Israel and does not guarantee a full ceasefire or Israeli withdrawal after the initial truce. Without those, Yahya Sinwar, Hamas's leader in Gaza, is reluctant to release hostages, just a few dozen of whom are thought still to be alive. They are his last bargaining chips, and Israeli intelligence believes that some are being held close to him to protect him from assassination.

Hamas's internal politics are hampering the talks as well. On August 6th Mr Sinwar was appointed as the movement's interim political leader, following the assassination by Israel of his predecessor, Ismail Haniyeh, in Iran. Mr Sinwar, an uncompromising figure who masterminded Hamas's atrocities in Israel on October 7th, will have the final say on whether Hamas agrees to any deal. But he is believed to be hiding deep within Hamas's tunnel network; communicating with him can take days. Hamas's leaders outside Gaza lack the authority to make decisions in the negotiations. Khalil al-Hayya is the main negotiator in Cairo and Doha. He is in a power struggle with Zaher Jabarin, who is in charge of finances and prisoner affairs within Hamas and has a big influence on the list of prisoners Hamas wants to be released in return for the Israeli hostages.

Mr Blinken, who went on from Israel to Egypt and Qatar, is hoping that the mediators can persuade Hamas to come around. His bosses—Mr Biden who is anxious not to leave an ongoing war as the major foreign-policy legacy of his presidency, and Kamala Harris, now the Democratic presidential candidate—are both keen to have a ceasefire in place before the presidential election campaign enters its final stretch.

While the talks drag on Iran has yet to respond to Israel's assassination of Haniyeh in Tehran, despite threatening bloody retaliation. Hizbulah, an

Iran-linked militia, has continued its daily barrage of rockets and drones on Israel but avoided escalation. The three-week delay may reflect a lack of good options, as Iran tries to think up an attack that is more impressive than its missile and drone strike on Israel in April (which was largely intercepted) but does not trigger a full-blown war. The new Iranian president, Masoud Pezeshkian, is anxious to avoid starting his term with an unpopular conflict. And his boss, the supreme leader, Ali Khamenei, seems to be feeling the pressure, as shown by a string of social-media posts inveighing against the “psychological warfare” that “the ^{us}, the ^{uk} and the Zionists” have waged against Iran and calling on his people to resist “the demands of the enemy”.

A ceasefire in Gaza might provide all parties with an excuse to avoid a regional war. Israel could claim that its main objectives have been met, Hamas’s rump could boast of survival, and Iran and its proxies could claim that their intimidatory tactics have forced Israel to compromise. But the final decision still rests with Messrs Netanyahu and Sinwar. And for both, their personal and political survival comes first. ■

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The threat of war is empowering the Islamic republic's hardliners

As a result, Iran's new president is off to a disappointing start

August 22nd 2024



Getty Images

“I shouldn’t have voted,” says one unveiled Iranian woman. After a burst of enthusiastic voting in the second round of Iran’s recent presidential election, popular disillusionment has returned. Despondency is back at the top, too. Javad Zarif (pictured), Iran’s former foreign minister and its new vice-president, resigned on August 11th. He ran Masoud Pezeshkian’s campaign and helped revive hopes of a more representative government. The announcement of the new cabinet on August 21st showed how those hopes have been dashed.

Mr Pezeshkian has appointed Western-orientated and -educated men to negotiate with the West and try to ease sanctions, but he has retained

hardliners to run internal affairs. His interior minister is a former Islamic Revolutionary Guard Corps commander who has suppressed protests against the regime. He has kept his hardline predecessor's intelligence minister despite the numerous breaches under his watch, most recently the assassination of Hamas's leader, Ismail Haniyeh, in Tehran. The vice-president and head of Iran's atomic agency also keeps his job.

Mr Pezeshkian has abandoned promises to promote women and Iran's ethnic and religious minorities whose votes helped him to victory. There is only one female minister, the second in the Islamic Republic's history. She is in charge of roads. Again, there are no Sunnis or Kurds.

Apologists insist that without appeasing hardliners, who control parliament, MPS would have blocked the appointments. Instead they approved them all. To make any progress Mr Pezeshkian also needs to keep Iran's supreme leader, Ayatollah Ali Khamenei, on side. He said Mr Khamenei had signed off on the cabinet.

But Iranians expected better. Mr Pezeshkian asked Mr Zarif to suggest cabinet members based on merit but then rejected all but three of his proposals. His public opposition to the use of force to impose the veil has vanished. The police and judiciary continue to detain women for failing to wear it and to jail female activists. Iranians who promoted a boycott of the election feel vindicated. "The gap between the people and the regime briefly narrowed but is now gaping again," says another female voter. "Pezeshkian's just a yes-man."

The powers of Iran's presidents have always been circumscribed. The threat of regional escalation after Haniyeh's assassination and the presence of American vessels close to Iranian waters have prompted the regime to quash any hints of reform.

For now, repression will keep the regime's critics in check. But it still needs the West to solve its biggest problem—economic isolation. Mr Khamenei has tried looking to China and Russia, and failed. Under Mr Pezeshkian's predecessor inflation was, on average, over 15 points higher than under any other Iranian president. A coffee in Tehran costs almost as much as in London. Mr Zarif has gone, but an ally, his British-educated former deputy,

Abbas Araghchi, is slated to be foreign minister. And while Mr Khamenei damns Western perfidy, Mr Pezeshkian is the first president who has been permitted to take calls from Western leaders in three years. ■

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Making love not war in the Middle East

Israelis and Lebanese are finding each other on dating apps, whether they want to or not

August 22nd 2024



Alamy

Since the war in Gaza started over ten months ago, Israel and Hizbullah, an Iran-backed militant group in Lebanon, have exchanged almost daily rocket fire. As part of its response, Israel has been scrambling GPS signals across the border region. Its armed forces have been using “spoofing” technology to generate bogus signals to confuse satellites about where people are. Israel says this is to disrupt Hizbullah’s missile and drone attacks.

But the fighters of Hizbullah are far from the only ones affected. The spoofing is a pain for everyone. Order a pizza from your house in Beirut and your dinner might be sent to the airport. An Uber driver in the Lebanese capital might refuse to pick you up if you appear to be in Cyprus.

It has also thrown together two groups of unlikely singletons: Lebanese and Israelis on dating apps. Apps such as Tinder and Bumble use GPS to pair people up based on geographic proximity. Those close to the border have always found that the apps have scant regard for international frontiers. But today even someone in Beirut may struggle to find a Lebanese match. A Lebanese newspaper reckoned earlier this year that in some places 60% of the profiles offered to Lebanese Tinder-users were in fact Israelis.

Some are good-looking, muses Shadi, a gay Lebanese who did not want to give his second name. “But when I see pictures of them in the army uniform, it makes me shudder.”

Others are intrigued. “I had never met or spoken with an Israeli,” said Rania from the mostly Christian city of Jounieh. Curiosity, she admitted, has got the better of her. “I wondered if maybe they think something different to their political leaders.” Still, when matched with a man in Haifa, she interpreted his missives telling her that he would see her in Beirut “very soon” as threatening rather than flirtatious.

Any such communications are risky. It is illegal for Lebanese citizens to communicate with Israelis. Every few years some unfortunate Lebanese is put on trial in secret military courts for “communicating with the enemy”. Love is a dangerous game.■

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Middle East & Africa | The sun also rises

A shift towards green investment is under way in Africa

Green deals represent almost half of all venture-capital activity in the continent

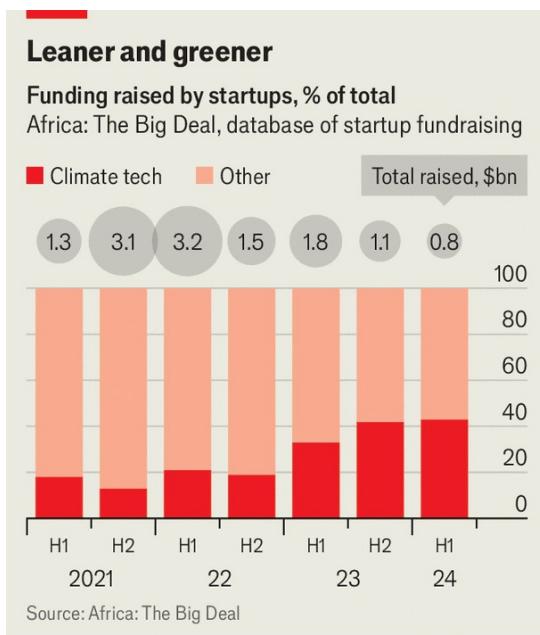
August 22nd 2024



Over the past few years there has been a sharp slowdown in venture-capital funding worldwide. Africa is less than 5% of the global market by deal value but has proved to be relatively insulated; total deal value peaked later, at \$6.5bn in 2022, and fell less sharply, to reach \$4.5bn in 2023. Make no mistake, the environment is challenging: steep currency devaluations and high inflation in some countries have dissuaded skittish investors from writing cheques and led some to leave the continent altogether. Yet there is good news, too. The industry is adapting. A financial squeeze is forcing startup founders to make tough choices in the name of efficiency: consolidating with rivals and cutting costs to hit profitability targets faster.

Agility is the name of the game. Perhaps reflecting this, recent figures for funds raised by startups have improved: July was the best month in over a year.

But part of the sense of resilience is optimism over green investments that focus on the energy transition or tackle problems related to climate change. What counts as a green deal is subjective. But a classification by Africa: The Big Deal puts their share of vc activity at 43% (see chart). Energy and food-production firms increasingly have a green dimension.



The Economist

Behind the green boom are several factors. Amid the venture-capital drought, development-finance institutions prioritising the climate crisis, such as the International Finance Corporation and Africa Development Bank, have launched funds of their own. Britain's foreign office has invested in a \$200m African climate fund. Savvy founders have learned to show that they are solving an urgent development problem as well as trying to make a fortune.

Yet the shift also reflects the reality that as climate change becomes more pervasive most long-term business models have to incorporate a response to it. Pula closed a \$20m funding round this year. Although an insurance-tech company, their focus is crop insurance which is inherently a climate-related

issue due to the prevalence of extreme weather events. From floods in Kenya to the desertification of the Sahel, agriculture startups have to deal with the climate crisis as they try to work within it.

The shift is expanding the geographic footprint of the vc and startup scene. SunCulture, which raised \$27.5m this year, provides water pumps for irrigation: being solar-powered means they can reach smallholder farmers not connected to national grids. Nigeria's sophisticated banking industry helped make financial startups, or fintechs, the region's startup stars. But east Africa is best-placed to lead on energy because of the prevalence of renewable energy sources. One of the biggest African deals of 2024 has been \$176m invested in d.light, an off-grid solar provider in Kenya, Tanzania and Uganda. And this is not just energy: "For every agri-tech company in Nigeria, I can name ten in East Africa doing the same thing", says Brian Waswani Odhiambo, a partner at Novastar Ventures.

Africa's green vc shift raises two big questions. One is how it boosts development. There is a compounding effect: telecoms firms, tech giants, startups and banks have built one kind of enabling infrastructure: mobile telecoms networks and the applications that run on them including payments. Energy is the next challenge: over half a billion Africans lack electricity. Just as cheaper electronics hardware transformed telecoms and payments, now the ever-falling cost of solar panels is expanding the pool of potential customers to include those on lower incomes.

The second question is how the green pivot alters business models. In the rich world utilities are a given. In Africa entrepreneurs have to hustle and innovate to get basic services. Some firms are venturing into renewable, off-grid energy generation because there is not enough grid capacity or connectivity for them to scale otherwise. Off-grid solar power systems can distribute power to external customers, if embedded with software and chips that allow people to pay with their phones. Unlike their peers in rich countries African startups are often not disrupting existing markets but creating new ones with limited capital or outside help. The degree of climate risk Africa faces is uniquely alarming. That means the solutions it must come up with need to be unusually creative. ■

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Middle East & Africa | A new epidemic

In Congo, a desperate struggle to control the deadly mpox outbreak

A rush to isolate the disease and vaccinate people is under way

August 21st 2024



Reuters

On August 14th, mpox was declared “a public health emergency of international concern” by the World Health Organisation. In eastern Democratic Republic of Congo, the centre of the crisis, fear is widespread. “We did not flee the war at home to die with this disease here,” says 29-year-old Jean Munguiko, a refugee in a camp near Goma. A new and probably [deadlier strain of mpox](#) was discovered 500km away in South Kivu, where a [guerrilla war rages](#). The disease has been found widely across Congo and beyond. Infected sex workers cross into neighbouring countries. In the camps, families are spreading it by sharing washcloths and utensils. Aid workers are repurposing Ebola and covid-19 treatment centres into makeshift isolation sites.

Mpox, formerly known as monkeypox, is a zoonotic virus that has long flourished in Congo's forests. Its symptoms resemble those of smallpox: fever and pus-filled blisters on the skin. It is transmitted by contact with infected animals and intimate contact with infected people. The new strain, clade 1b, is likely to have fatality rates between 1.4% and 10%, with the rate in children at the higher end. MEDAIR, a charity running an isolation site near Goma, says 75% of cases there have been kids under 10. These children are more likely to have weaker immune systems due to malnutrition, recent cholera and measles outbreaks, and missing regular jabs.



The Economist

There have now been more than 17,000 cases of mpox since January, and more than 500 human fatalities. Most have taken place in Congo, but this outbreak is worse than the last one there in 2022. And this year mpox has spread to places where it has never been recorded before (see map), even outside Africa. But "mpox is not the new covid," says the WHO. One reason is that children in rich countries are healthier and better nourished. But the WHO's confidence also rests in part on the outbreak in Africa being contained.

In Congo that appears easier said than done. While aid workers and supplies can reach Goma, the disease is still spreading rapidly through crowded camps. So are misinformation and pictures on social media of the pus-filled lesions, stoking panic. Tracking the reach of the disease is very hard. The

^m23 rebels in control of swathes of North Kivu implausibly deny there are cases there. And samples have to be sent to the big cities for diagnostic testing.

Getting vaccinations to those most at risk is essential. The global population's collective immunity against poxviruses has deteriorated as the eradication of smallpox in 1980 meant vaccines against it were no longer necessary. There is no jab that specifically targets the virus causing mpox, but the ^{WHO} says vaccines against related poxviruses provide some immunity.

An optimistic assessment is that 3m or more doses might be available soon if America, France, Japan and other countries donate theirs quickly. Yet in the long run that would still be too few. As a result vaccine production is being ramped up. One candidate is Bavarian Nordic's ^{MVA-BN}, although the two-shot vaccine costs \$76 per dose. On August 17th the company and Africa ^{CDC}, a health agency which seeks to control and prevent disease, pledged to work to deliver 10m doses by 2025 in partnership with local firms in Africa. ^{GAVI}, the global vaccine body, has committed up to \$500m to purchase shots. The ^{WHO} has also released \$1.45m from its contingency fund and may need to release more in the coming days. However it says that immediate funding of \$15m will need to support surveillance and aid in the region.

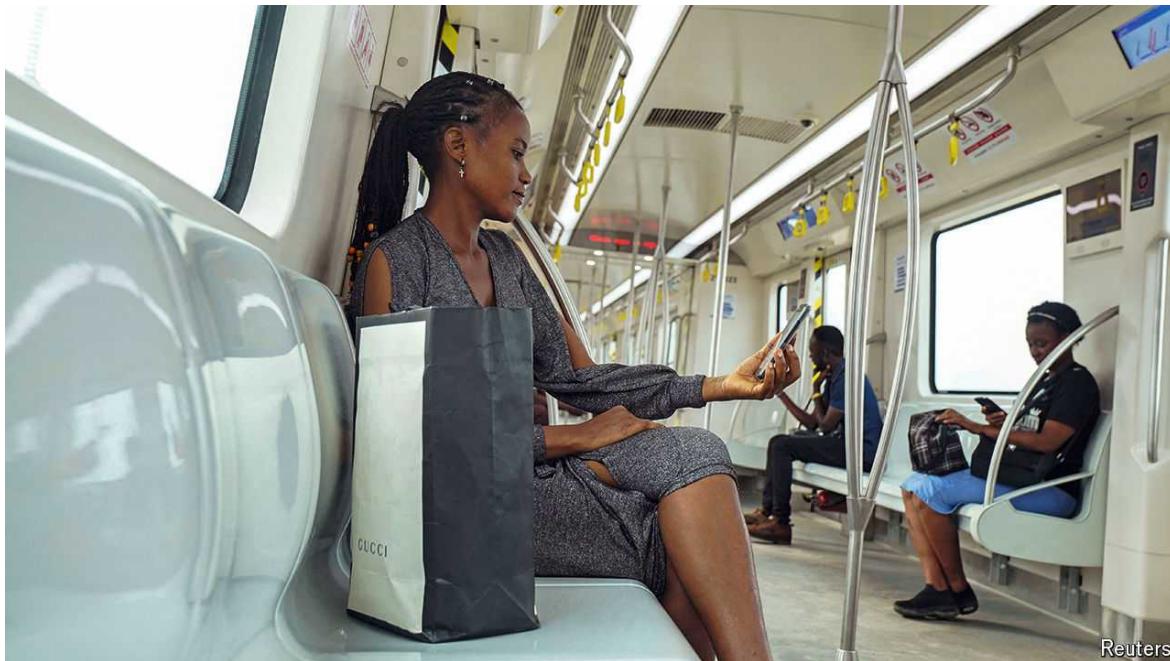
In the long run far more needs to be learned about the circulating strains of mpox: who is most vulnerable, how and how fast it spreads and how it might best be treated. That requires far more widespread genetic sequencing and controlled clinical trials—which need to occur where epidemics take hold in order to understand local factors. “It’s not a process that should be rushed, because ultimately you want to generate evidence that would last for a long time,” says Dr Dimie Ogoina, who chairs the ^{WHO}’s emergency mpox committee. Mpox in Africa was largely ignored in the 2022 outbreak. Now in Congo and beyond it is back, and fiercer. The world must learn from its mistakes. ■

Middle East & Africa | Click click boom

YouTube in Africa offers a new kind of news

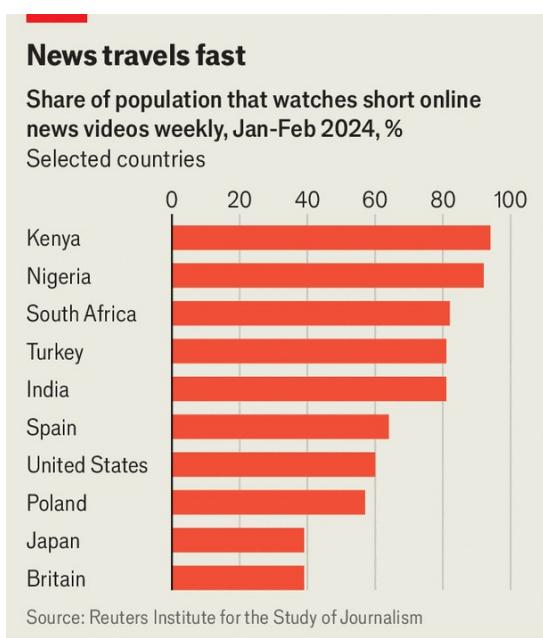
Demographics and the weakness of traditional media explain the rise of video news

August 22nd 2024



Salam madior fall has been a pioneer more than once. In 1999, while studying in America, he and a friend founded Seneweb, one of the first websites devoted to news from Senegal, his home. By 2002 Seneweb was the most visited news site in Francophone Africa. In the late 2000s, media firms there still focused on satellite television. Mr Fall thought that setting up “a fully-fledged tv channel would be going backwards”. So in 2012 he started putting news videos on YouTube. Today, Seneweb’s headquarters in Dakar has more than 100 employees, plans to expand across West Africa, and has correspondents as far afield as Europe and America.

Growing numbers of people get their news via videos on social networks such as TikTok, Instagram and—above all—YouTube. That is particularly true in the global south—and especially in Africa (see chart), according to research by the Reuters Institute for the Study of Journalism, a research centre and think-tank at Oxford University. More people in Kenya get their news from YouTube than those in any other country surveyed by the institute. “The trends in media consumption which people say are coming to the West are already well under way in the global south,” notes Nic Newman of the Reuters Institute.



The Economist

YouTube’s appeal makes sense in a youthful continent with relatively low literacy rates. The rapid spread of smartphones and cheap mobile-internet access across Africa in recent years has also helped. Between 2014 and 2021 the share of Africans getting their news from social media or the internet at least a few times a week almost doubled, according to Afrobarometer, a pollster. When the Oromia Media Network, an influential news outlet run by diaspora Ethiopians, was launched a decade ago, “satellite broadcasting was number one”, recalls its founder, Jawar Mohammed. Once people would gather around one television to watch together. Now everyone can watch the news alone on their phones, notes Mor Talla Gaye, a prominent journalist formerly of ^{TFM}, a Senegalese ^{TV} network with 2.7m YouTube subscribers. That is liberating for viewers who can seek out a variety of perspectives.

People like and trust news on YouTube in places where traditional media outlets are either unreliable or weak. Kenya, unlike several of its neighbours, has many feisty independent broadcasters. But even there, “there is a perception that things the government doesn’t want you to know, you can find on YouTube”, says Catherine Gicheru, director of the Africa Women Journalism Project in Kenya. Officials leant on part of the Kenyan Broadcasting Corporation to try to prevent live footage of anti-government protests being shown on television. At least one station capitulated. But footage of the demonstrations was freely available on YouTube.

In countries where most people would struggle to afford a paid subscription, and where rich advertisers are scarce, YouTube offers media startups a path to financial viability. Setting up a ^{tv} channel is expensive and takes an age; establishing one on YouTube is cheap and almost instant. Once they get a certain number of viewers, the platform gives content-producers a cut of future advertising revenues. Yayeaw Shimelis started Ethio Forum, a YouTube channel, in 2019; he says he was making money within weeks. Today it is among the most widely watched Ethiopian news channels on the platform, generating tens of thousands of dollars a month. Crucially, because many of its viewers are Ethiopians living in the West, it attracts advertising from big American firms, says Yayeaw.

There are snags. One is that YouTube does not allow producers in many African countries to receive advertising revenue through its “partner programme”. Another is that its algorithm, which determines how much one can earn on any given day, is “a game with many moving parts”, says Eric Latiff, a Kenyan journalist. Making real money means keeping up a regular stream of videos, often to the detriment of quality. Even then, revenue can be volatile. Sajid Nadeem is a freelance Pakistani journalist who uses open-source intelligence to cover global conflicts. When he covered Ethiopia’s civil war in 2021 viewership of his show was so high at its peak he earned \$10,000 per month. After the war ended that fell by more than half.

Despite the successes, few African journalists will get rich on YouTube. Like reporters in India, another place where YouTube is booming, they struggle to reach audiences on the scale of traditional news channels. Yet on a continent where press freedom has declined of late, YouTube’s growth is a

“game-changer”, says Yaye saw of Ethio Forum. “Africa’s most brutal regimes cannot control it.” ■

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Europe

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Europe | The Russian economy

The mysterious middlemen helping Russia's war machine

Sanctions are as watertight as a sieve

August 19th 2024



Getty Images

RUSSIA IS PLANNING for decades of [Western sanctions](#), a senior foreign-ministry official, Dmitry Birichevsky, said last week. The evidence suggests that might not be too much of a problem. The economy is [growing smartly](#), at an annualised rate of 4% in the second quarter, after a whopping 5.4% the quarter before, despite one of the toughest regimes ever imposed. Trade continues to flourish. How come?

For a clue, look at Kazakhstan. Last year, the Central Asian republic's tech industry appeared to pull off a triumph. Since the war in Ukraine began, European firms have been banned from selling most tech products in Russia; they were previously the country's biggest tech suppliers. But Kazakhstan's

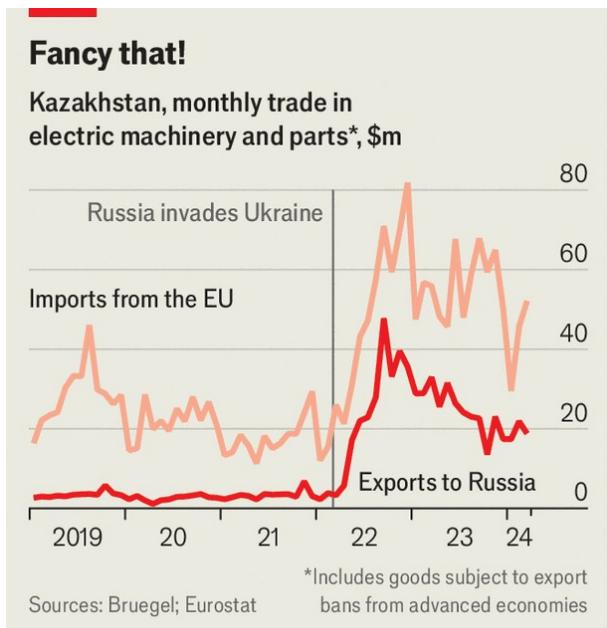
tiny tech industry, some 50 firms with a production capacity of \$100m in 2021, seems to have filled the gap. Its exports to Russia rose from \$40m in 2021 to \$298m in 2023. Of course, all was not as it seemed. Electronic imports from Europe also increased, from €250m (\$273m) to €709m. Did Kazakh firms magically expand, or have Russian firms found a roundabout route to their old European suppliers? You be the judge.

[Read more of our recent coverage of the Ukraine war](#)

Kazakhstan is one of several countries where trade with Russia and Europe has been mysteriously booming since Ukraine's invasion. Others include Armenia, Azerbaijan, Georgia, Turkey and the other four countries of Central Asia. Exports from the European Union to these countries increased by €46bn in 2023, up 50% from 2021. That was equivalent to three-quarters of the drop in Europe's exports to Russia from 2021 to 2023.

Along with military aid, sanctions are the West's main contribution to [Ukraine's war effort](#), but unlike long-range rockets, they have so far failed to deal much of a blow. Two and a half years in, Russia's economy is holding up well. It is hard to tell which European firms are simply adjusting well to the new restrictions and which are circumventing sanctions. But as it happens the biggest boosts in trade flowing through third countries have been among products that are now heavily restricted. European policymakers are desperate to close the leaks, but that means getting tough on the governments of some of Europe's most prickly neighbours.

Three strands lie behind the boom in intermediated trade. The first is trade in banned goods, which clearly flouts sanctions. The EU has adopted 14 packages of sanctions, most recently on June 24th. They ban firms making anything that could be used on a battlefield from exporting to Russia. That includes semiconductors and drones, but also ball-bearings and microwave ovens. Even so, more than half of the battlefield equipment that Russia acquired between February and August 2022 contains components made in Europe or America, according to the Royal United Services Institute, a think-tank in London.



The Economist

For example, the most rapid growth in exports from the EU to Kazakhstan and Armenia has been in chemicals, electronics and machinery, all product groups under heavy sanctions. Machinery exports to Kazakhstan from the EU doubled from 2021 to 2022, and then rose another 23% in 2023 to reach €6.4bn. Armenia imported twice the chemicals, five times the IT hardware and four times the electronics from Europe in 2023 as it did in 2021. Then there are the goods that are smuggled across borders, which fall outside the official trade statistics.

Shipments can pass through several middlemen on their way to Russia. Some exporters in Turkey and Central Asia genuinely have no idea where the goods they are shipping came from. But others know very well. Last year America imposed sanctions on a network of European firms organised by Mayak, a Russian conglomerate, to transport forbidden equipment through Uzbekistan and Armenia. In June, it uncovered two different networks of European toolmakers shipping to Russia, one via Turkey for Ostec, a Russian state-owned company, and one via Kyrgyzstan for Newton-ITM, a Russian aerospace firm.

The second reason for rising indirect trade is that Russia has barred lorries from entering directly from the EU since 2022. The EU allows the export of some products to Russia, such as agricultural goods, but they must now take

circuitous routes. The EU is not too worried about this: it makes transport more costly, which discourages trade with Russia but lets firms that heavily depend on it survive. Agricultural products flowing from Europe into Kazakhstan doubled from 2021 to 2023, official numbers show.

The third trend is the hardest for Europe to stop. It comes from a manufacturing boom in third countries. Third-country firms import some materials and parts from Europe, which does not necessarily break the rules. Sanctioneers have yet to touch some exports, such as textiles, raw iron and raw steel.

But even where trade is allowed, getting paid without breaking financial sanctions is a problem. Almost every transaction with a state-owned Russian firm is banned. European banks are barred from interacting with most Russian ones. Major Russian banks are locked out of SWIFT, the network that banks use to communicate with one another. Firms must avoid doing business with 2,200 firms and financiers who are blacklisted by the EU.

Turkey was one of the biggest suppliers of household appliances to Europe before the war started. America reckons Turkish firms are now making drones and microelectronics for Russia. Metals for some munitions may be smelted in Europe, according to a Turkish foreign-ministry official. Kazakhstan's imports of office machinery from Europe tripled to almost \$1bn from 2021 to 2023. That was probably partly due to a surge of new offices and factories. Investment in Kazakhstan rose by 11% in 2023, buoyed by Russian firms.

The economies of Central Asia and the Caucasus seem to be benefiting from the war. Collectively, the economies of the five Central Asian republics grew by 6% in 2023, up from 4% in 2022, while Armenia's economy expanded by 8%, up from 5% in 2022. A booming logistics sector has cropped up overnight, and cargo is growing by 20% each year.

For Europe's policymakers, this is all bad news. "We expected some leakage," says one official, "but not on the scale we now know about." In December, the EU's 12th round of restrictions targeted firms in Armenia and Uzbekistan for the first time. Bureaucrats have since threatened more sanctions on third countries and Europeans exporting to them, but have

taken action only against a few firms. For each firm added to the blacklist, another is registered elsewhere.

A real solution would require enlisting the help of the governments of the Caucasus and Central Asia. That is a tall order. Regional politicians value their closeness to Russia and often profit personally from rule-breaking. Still, the Europeans could offer them goodies. Armenia recently started to shut down firms trading with Russia, after the EU awarded it €270m in aid, loans and contracts.

Alternatively, Europe could use sticks rather than carrots. It could extend export bans to third countries or restrict their banks. That could jeopardise Europe's remaining sources of gas in Azerbaijan and hurt European firms. The question is whether the EU thinks that the benefit to Ukraine of a tighter sanctions regime is worth it. Its current approach suggests it doesn't. ■

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Europe | On the edge

The Kremlin is close to crushing Pokrovsk, a vital Ukrainian town

Even as Ukraine raids Russia, it is losing another key battle

August 22nd 2024



This is not Nina Uvarova's first evacuation. The first time, she fled the advancing Wehrmacht as a two-and-a-half-year-old. Now, aged 84, she is running from Vladimir Putin's army. The retired teacher has packed her most valuable belongings into five bags, which her son lifts onto the 14.10 evacuation train to Lviv. The emotions of the day bring back memories of her first escape. "The explosions, the shooting, the hiding in basements, I still remember it all." The decision to leave agonised her, but Russian artillery landing in Pokrovsk's southern district left no choice.

The crossroads town of Pokrovsk, population 59,000, has had a front-row seat on the full-scale Russian invasion since 2022. But it is only in the past

month that its future has come under serious threat. Russia views its capture as a strategic goal, opening up advances towards the big cities of Dnipro and Zaporizhia. Ukraine's great hope was that a surprise Kursk offensive would relieve the pressure. If anything, Russia's advance has accelerated.

[*Read more of our recent coverage of the Ukraine war*](#)

Pokrovsk is readying for a nasty, new phase of war. The regional police and local administration have moved out. Two supermarkets have closed, and the rest will probably follow. Locals queue outside banks and pension offices, rushing to do business while they still can. Inside the town, cars race at high speed. On August 19th authorities urged residents to leave. Many are heeding the advice, departing with roof racks full of family heirlooms, fridges, Christmas trees, sofas, chairs, mattresses, with grandmothers squashed on the back seat.

Ukraine's withdrawal from Avdiivka in February and a bungled rotation in nearby Ocheretyne in May set the stage for the charge on Pokrovsk. Russia is now 10km from the town. At the station platform, the sound of sobbing competes with squeaks from pets squeezed into bags and boxes for the journey west. One question is enough to trigger tears. Yulia Kostynova breaks down as she recalls how a Russian bomb on August 11th destroyed the meat-processing plant where she worked. "Constant stress, explosions, doors and windows that blow open by the shock waves," she says. "Everything inside you tightens. You hear the rocket, and you wait, and you ask if it will land near you and your home."



The Economist

Ukrainian commanders give different reasons for the Russian advance. Some say there aren't enough shells, with the enemy firing up to ten times as many. Others point to Russian tactics—small infantry assaults, glide bombs, new types of electronic warfare. But exhaustion and manpower issues seem to be at the heart of the collapse. “People aren’t made of steel,” says Colonel Pavlo Fedosenko. Ukrainian troops, outnumbered 4:1, aren’t getting any rest, he says. Some stay on the front lines for 30 or 40 days at a time, cramped in foxholes inches from death. “Dublin,” a fighter attached to the 59th brigade south-east of Pokrovsk, knows soldiers who have been in place for more than two months. Two had strokes. Ukraine’s problems are compounded by “idiotic” orders, he says.

Ukraine’s surprise mini-invasion of Russia provokes mixed feelings. Dublin says early successes lifted morale. But it didn’t last. The hope that Russia might respond by moving troops from Pokrovsk has been supplanted by the realisation that it has not. Ukrainian security sources confirm that while Russia has moved troops from other sections of the eastern front line, it reinforced around Pokrovsk. Ukraine meanwhile redeployed special forces units to Kursk, and is patching up the Pokrovsk front with untested formations. “The Russians have figured things out and aren’t taking the bait,” complains Dublin.

The defenders of Pokrovsk are reluctant to say how long they can hold out. The Russians may take weeks or months to get past outlying towns like Myrnohrad, Selydove, and Ukrainsk, all now haunted by drones, artillery and bomber planes. The advance has slowed since August 19th, says Oleksandr, a drone commander with the 110th brigade, who watches the battlefield from his screens. But the Russians have a habit of pouncing on weak spots to devastating effect, he warns. It seems only a matter of time before Pokrovsk is crushed like Mariupol, Bakhmut and Avdiivka.

What happens then is an open question. Control of Pokrovsk, and a short advance to the administrative borders of the Donetsk region, might be enough for Vladimir Putin to claim a political victory, and start serious negotiations. It might not. Much will depend on whether Ukraine can hold on to the chunk of Russia it now occupies as a bargaining chip in those future talks. Ms Uvarova says she believes none of the “lies” about negotiations she reads in the newspapers her sons send her every week. And she certainly has no time for a man whose name she’d prefer left unspoken. “It’s disgusting to hear him. Disgusting to see him. Disgusting to read about him.” She sighs, before lugging herself up the three steps onto the train carriage, turning around, and waving Pokrovsk a final goodbye. ■

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Europe | Gold rush

Turkey's asset-price boom is good for some but terrible for most

The rich are getting richer

August 22nd 2024



On a weekday afternoon the boutiques of Istanbul's Istinye Park shopping centre are elegantly buzzing. The city's Michelin-starred restaurants are booked out for months, and the yacht marinas are full. Signs of an astounding wealth boom are everywhere in Turkey's biggest city, as the consumption of luxury goods surges. The rich are getting richer: the number of ultra-high net worth individuals (those with a value of \$30m or more) in Turkey rose by 10% between 2022 and 2023. Yet ask the average Turk whether they feel they are getting wealthier, and the answer will almost certainly be no.

The figures are astonishing. According to a report from UBS, a bank, average wealth (financial and property assets minus debts) per Turkish adult increased by 158% in terms of the lira, Turkey's currency, between 2022 and 2023—the highest rise by far of any country. Turkey's inflation rate, which stood at 61.8% annually in July, is far outpacing the devaluation of the lira, which fell by 19% against the dollar in the same period. One result is that property prices are soaring even in dollar terms, as Turks scramble to invest their savings in assets that they hope will hold their value. Those who have had access to credit have often been able to get wealthier by taking out a loan at deeply negative real rates.

Well-off asset-holders may be watching their stash balloon. But for average people, the effect is less pleasant. Although whatever wealth they have is rising on paper, in the supermarkets their purchasing power has cratered; nominal average wages actually fell between 2022 and 2023. Turkey's new treasury team, led by Mehmet Simsek since last year's election, is seeking to rein in inflation by bringing orthodoxy back to an economy that was scrambled by President Recep Tayyip Erdogan's years-long insistence on low interest rates and easy credit.

Thus the central bank has held the base rate at 50% since March, following a series of big rises, and banks are slashing credit limits. Big nominal increases in the minimum wage have been discontinued; there was no mid-year rise in July, as there had been in the previous two years. Turks who do not own their homes are being slammed by rents that are rising with inflation.

“Those who can hedge get richer, and those who can't get poorer,” says Murat Ucer, an economist and former adviser to Turkey's economy minister. The new money is being splurged in the fashionable neighbourhoods of Istanbul and the celebrity-packed resorts of Bodrum. A burgeoning domestic wealth-management industry has also emerged to serve the country's new super-rich: the value of Turkish assets under management is predicted to hit \$123bn by the end of this year. Much of that is in the hands of dynasties; 95% of businesses in Turkey are family-owned, but wealth is often lost between the generations if it is not guarded carefully.

“The biggest families are already well looked-after, but there are now others,” says Ozge Dogan, the founder of Karman Beyond, Turkey’s first multi-family private office firm, and herself someone from second-generation wealth. “We are more conservative with our wealth, but the understanding is developing.”

The central bank thinks that annualised inflation will fall to 38% by the end of 2024: good news for ordinary Turks. Meanwhile Ms Dogan’s clients are looking outside Turkey for longer term investment options. Her own family, as it happens, is buying properties in London. ■

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Europe | The cash flows south

How Italy's Mezzogiorno is benefiting from a flood of EU aid

It can't spend it fast enough

August 22nd 2024



Getty Images

Aldo Altomonte sensed that something was wrong. The man claiming to be a postman and asking to be let in said that he had Mr Altomonte's renewed driving licence. But Mr Altomonte had applied for it only three days before. And in Italy—let alone in Reggio Calabria, the main city of Italy's poorest region, Calabria—nothing bureaucratic ever happens in three days. It took a neighbour who knew the postman to convince the elderly Mr Altomonte that it was all true.

What the players in this little drama experienced was one of many effects of the EU's post-pandemic recovery project, known as the NGEU, on Italy's less developed south. With access to €194bn (\$216bn) from the main NGEU fund,

Italy is by far the biggest beneficiary. This offers it a historic opportunity to narrow the wealth gap between the Mezzogiorno (the southern mainland, Sardinia and Sicily) and the rest of the country. In 2022, the Mezzogiorno's ^{GDP} per person was less than two-thirds the national average.

Part of the strategy of the European Commission was to use the ^{NGEU} fund to "level up" Europe. But it was "designed to close the gaps at the national level, not at the sub-national level," says Marco Buti, who was the *chef de cabinet* of the economics commissioner, Paolo Gentiloni, when the scheme was launched. In 2021, however, Mario Draghi's government earmarked a disproportionate 40% share for the Mezzogiorno, which has less than 34% of Italy's population.

^{EU} money from the new fund is going towards building a new railway line from Naples to Bari and a wind farm off Sicily. Crèches are being set up in a bid to increase the low rate of female employment, long a weakness of the southern economy. And digitisation is speeding administrative procedures, including the renewal of Mr Altomonte's licence.

An early fear was that the Mezzogiorno's mafias would grab much of the cash. That has not so far happened. "If you try to defraud the recovery plan, you're an idiot," says Mr Altomonte's son, Carlo, who teaches European economics at Bocconi University in Milan. Projects, he notes, are each subject to four separate checks, and officials in Brussels are legally liable for greenlighting dodgy proposals, a risk they do not face in vetting the ^{EU}'s ordinary regional-aid projects.

Another big concern was that the south did not have the capacity at local level to design and manage projects. That doubt remains and has, if anything, grown. The previous government under Mr Draghi aimed to tackle the problem by hiring around a thousand people to provide technical assistance to local authorities. But they were given relatively modest salaries and three-year contracts.

"We don't know how many of those contracts are still in force. But we do know that many [of the people recruited to help] have left," says Gustavo Piga, an economics professor at Tor Vergata University in Rome who runs a project monitoring the use of the recovery fund. Giorgia Meloni's

government has taken a different tack. It has centralised the decision-making, limiting the involvement of local authorities, and spent more of the cash on subsidies that are aimed at promoting the recovery fund's goals, such as making Europe greener and more digital. That requires less technical and administrative capacity. And it should be able to ensure that the money gets spent faster.

Brussels normally dishes out cash from the fund only when it is satisfied that the country in question has made the reforms and investments it wants by the deadlines it sets. Italy has done well on that score. But its biggest challenge—and not just in the Mezzogiorno—is the commission's insistence that allocations must be spent by the end of 2026. Other countries, including Poland, are also struggling.

Mr Piga's monitoring group estimated last month that, by the end of 2023, Italy had spent only €43bn of the €102bn it had been allotted. At that rate, the group found, it is unlikely to get through more than €100bn by the deadline—and risks losing the remaining €94bn. ■

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Europe | Turning round

After decades of decline, Poland's population seems to be increasing

Immigration and the war are the reasons

August 22nd 2024



Getty Images

Ageing, emigrating, shrinking. Thus the gloomy headlines about Poland's population for decades. According to Eurostat, the EU's statistical agency, its population is 36.6m, down 1.9m from its peak in 1998. Last year 272,451 babies were born, the lowest number in modern Polish history. In 2023 it was calculated that Polish women on average have 1.16 babies each, one of the lowest fertility rates in the world, despite years of attempts by the hard-right government then in power to encourage more breeding. Far more Poles die every year than are born. But the reality may be that, with an estimated 3m foreigners in the country, Poland has never been so populous.

Weronika Kloc-Nowak, a researcher at the University of Warsaw's Centre of Migration Research, believes that most foreigners in Poland are not included in the country's population data. The exact number is unknown, partly because there is no central database; the new government has said it is trying to build a new integrated system. But the centre's research leads its analysts to believe that, thanks to a recent wave of immigration, far from continuing to shrink, Poland's population is now growing again. They reckon there are actually 39m people in the country, which would be a record.



The Economist

Whatever the numbers, Poland's foreign population has soared in the past decade as its economy boomed, after decades of emigration had left it short of labour. The majority of the foreigners in Poland are Ukrainians. There are some 2.5m of them, including just under 1m refugees at the last count. Before the war, the Ukrainians in Poland tended to come and go for work, rather than settle permanently, so that they were not normally included in the population count. Belarusians fleeing repression are the second-largest cohort. Increasingly, workers are also coming from central and south Asia.

Some of the Asians have begun to work in agriculture to replace men who used to come as seasonal workers but are now barred from leaving Ukraine; but skilled Asians are arriving too. Amir, a Pakistani who is studying for a master's degree in IT, says his brother, who studied in Poland ten years ago,

now lives in Britain; but Amir thinks he won't follow him. Salaries in ~~it~~ are high, taxes are lower than in Britain and the quality of life is good.

Many Poles who used to live in Britain agree with him. In 2017 there were more than a million. According to the latest ~~UK~~ censuses there are 841,000 who list Poland as their country of birth. Some probably departed post-Brexit Britain for third countries, but a considerable number have come home. The era of mass emigration from Poland is over, and now more people immigrate than emigrate.

Still, a report last year from the country's social-insurance institution said that in order to maintain its current ratio of working-age population to pensioners, the country needs to attract another 2m immigrants over the next decade. For although Poland's population may be on the up right now, many of its other demographic indicators are on the way down. Without robust immigration, Poland faces a rapidly ageing population. How many Ukrainians will stay once the war is over cannot be known today; and, even if they do stay, they will age too. On the other hand, if Ukraine is defeated Poland can expect many more Ukrainians to arrive.

On June 1st the state began funding infertility treatment. Women everywhere have children later in life than they used to, but Irena Kotowska, a leading demographer, says that Polish women in their late 20s and 30s have fewer children than their peers in many other countries. She says one reason is that up to now it has been hard and expensive to get help with infertility treatment. She also reckons Poland's restrictive abortion laws, imposed by the previous government, have driven down the birth rate as women were less inclined to get pregnant knowing they could not get an abortion if they faced problems.

The populations of almost all of Europe's former communist countries have been shrinking over the past three decades. But Poland is not alone in beginning to change, thanks to immigration, assuming that it persists. The population of the Czech Republic is also now growing as Ukrainian refugees are added to its tally. Slovenia and Montenegro are also more populous, thanks to immigration. If these immigrants decide to stay for good, the demography of all these countries is set for some handy long-term changes.



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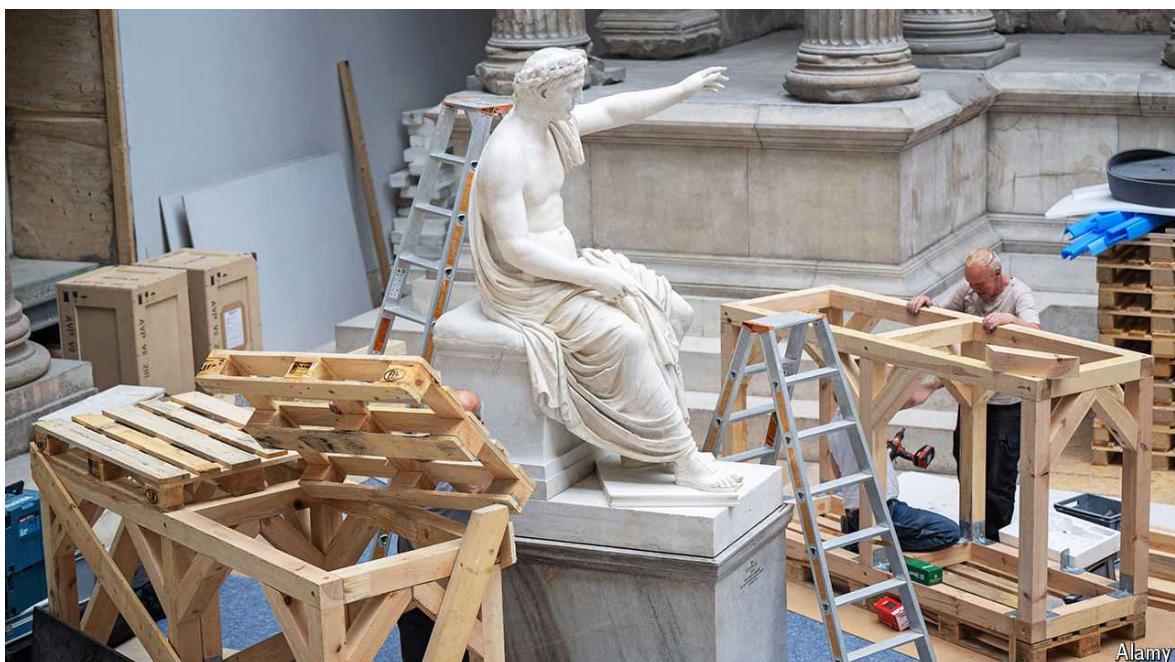
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Europe | Not very Teutonic

The rebuilding of Berlin's Pergamon Museum is 40 years behind schedule

It's yet another German construction debacle

August 22nd 2024



Almost 25 ^{YEARS} ago, in October 1999, Gerhard Schröder, Germany's then chancellor, attended a ceremony to mark the renovation of Berlin's Old National Gallery, one of five world-class museums that constitute the *Museumsinsel* (Museum Island) in Berlin. Mr Schröder talked about the courage and vision needed to rebuild the rest of the quintet within ten years. "We will manage this," he promised.

But they didn't. The reconstruction has failed to meet any of its original deadlines or budgets, and is still far from finished after more than twice Mr Schröder's target time-span has elapsed. In fact, after decades of snafus, work on renovating the Pergamon Museum, the jewel in the Museum Island

crown with its first-class collection of ancient near-eastern, Hellenistic and Islamic art, only started last year.

In short, another debacle, similar to Berlin's new airport, completed nine years late in 2020 having exceeded its original €2bn (\$2.2bn) budget by €5bn; Stuttgart's central train station, meant to be finished by the end of 2019 but now forecast to be completed by 2025 at nearly triple the cost of its €4.5bn budget; and Hamburg's Elbphilharmonie, a spectacularly beautiful concert hall, budgeted at €77m, that has ended up costing €866m.

Der Spiegel, a weekly, called it *Das Pergamonster* in a recent story based on a year-long investigation into the reconstruction of Museum Island. The Pergamon Museum refurbishment will cost at least €1.5bn, and probably more. The magazine reckons it could take 19 more years, not just the already astonishing 14 more years allotted. The reasons are a mix of flawed planning, red tape, incompetence and litigation. "If that's not a scandal, it's a scandal," concludes the author of the investigation.

The original construction of the Pergamon Museum took 20 years from 1910 to 1930 (and that was interrupted by the first world war). Its reconstruction could take almost 40 years, perhaps even more. And the Pergamon is not the last museum in need of renovation on the island. Karl Friedrich Schinkel's neoclassical Old Museum, which houses a collection of Greek, Roman and Etruscan art, still needs to be redone. So much for Teutonic efficiency.■

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Europe | Charlemagne

What Europe's comeback politicians can teach American voters

A second shot at power can mean too much of the same

August 22nd 2024



Peter Schrank

All political careers end in failure, but some politicos decide to ignore the memo. In Europe a caste of national leaders booted out of office have made their names by eschewing retirement and returning for a second (or third) stint in power. Such encores seem to defy electoral logic: why would voters plump for a candidate they had previously sent packing? A phenomenon that could once be dismissed as a mere European electoral curio may hold lessons for American voters as they ponder whether to send one former White House resident back to his old haunts. Alas, looking at what some of Europe's returnees have wrought will do little to soothe those who fret that a second coming of Donald Trump might make the first one seem like a time of wise and moderate governance. The track record of rebooted politicians is

not all grim. But a fresh shot at power offers unwelcome opportunities for boomeranging rulers to subvert the system.

Sending previously discharged leaders back to the top job is not an exclusively European habit: Luiz Inácio Lula da Silva was president of Brazil from 2003 to 2011 before returning last year. Abe Shinzo reclaimed the Japanese prime ministership in 2012 for eight years having first held the post in 2006. But Lazarus-style leaders are so common in the European Union that three of its 27 governments—in Hungary, Slovakia and Poland—are currently run by such returnees, with more putative round-trippers waiting in the wings. Bar Germany, Spain and a couple of others, all ^{EU} countries have been led by a politician who lost, then regained, office on at least one occasion within living memory. Americans in contrast have not yielded to the temptation of the tried-and-previously-discarded since Grover Cleveland in 1892. Stateside politicians routed at the polls prefer to go off to write their memoirs and pocket large speaking fees. Plenty in Europe spend their involuntary unemployment plotting their return instead (and earning large speaking fees, why not?).

Looking back at history, some European comebacks were codas that even their protagonists would rather were forgotten, like Napoleon's return to power for a catastrophic 110 days after an original reign of 15 years. Whatever Winston Churchill achieved in his second stint in office, from 1951 to 1955, could never match his achievements during the war. More bathetically, Silvio Berlusconi needed three stints at the top of Italy's government to become the country's longest-serving leader, dragging its economy enduringly into the mire in the process. Between 1979 and 1992 Ireland was led by two men who traded the top job whenever the political winds turned. Some second acts do work pretty well; Charles de Gaulle's repeat performance after 1958 steered France out of crisis and installed a new republic that exists to this day.

What do the current batch of resurrected retirees tell us about the practice of voters rehiring old hands? For Americans worried about the return of Mr Trump to power—which *The Economist*'s polling model suggests is as likely as not to happen—the omens are indeed ominous. Two of the continent's comeback kids, Viktor Orban in Hungary and Robert Fico in Slovakia, have used their second and third stints in office, respectively, to undermine the

rule of law in ways that Mr Trump's critics worry he might emulate. Ironically, both were once somewhat mainstream liberals, leading Hungary into ^{NATO} and Slovakia into the euro zone. After licking their wounds following poll trouncings, both came back with a far better sense of how the state machinery worked. But they returned not with a better knack for serving the public good so much as one for being savvier in getting round checks and balances. Mr Fico has launched criminal probes into his political opponents. Mr Orban's grip over Hungary's institutions is such that he is barely considered a democrat in ^{EU} circles.

Sometimes a resurrected leader can use his insiderish touch to help the liberal cause. Donald Tusk, who stepped down as Polish prime minister in 2014 to take a top ^{EU} job before returning to the prime minister's office last year, is trying to rebuild the rule of law after his predecessors attempted to rot the state from the inside. But even there the manner in which he has wielded his "iron broom"—for example to dissolve and relaunch the state broadcaster the now-opposition had turned into a party mouthpiece—itself raises questions about the power of the executive he leads.

Going, going....returned!

Reheating old leaders sticks in the craw of those who see the constant refreshing of a polity as an enduring source of democratic vitality. Comeback leaders are not merely better at dodging rotten tomatoes. They have first-hand knowledge of how the state machinery works from their first day in office, making them more effective than perhaps the system is designed for. In contrast, even the best-prepared newbies in office are left fumbling to figure out the job in their early months, a time when their political capital is at its apogee. This throws sand in the gears of power, for example by forcing politicians to rely on civil servants who will temper their excesses (or, in the case of Mr Trump, on outsiders in cabinet who tried for a time to rein him in).

A welcome variant to rebooted leaderships is to let past prime ministers re-enter public life on a lowlier perch. Northern Europe has seen former leaders return as foreign ministers instead: a former (two-time) prime minister of Denmark, Lars Lokke Rasmussen, is now its top diplomat; Sweden's Carl

Bildt and David Cameron in Britain had similar career arcs. Other retired leaders have ended up in Brussels, placing a familiar face in a polity that often feels distant to voters. François Hollande went from the French presidency in 2017 to being one of 577 members of parliament last month. This serves as a reminder to citizens: politicians are meant to serve the institutions, not the other way round. ■

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Britain

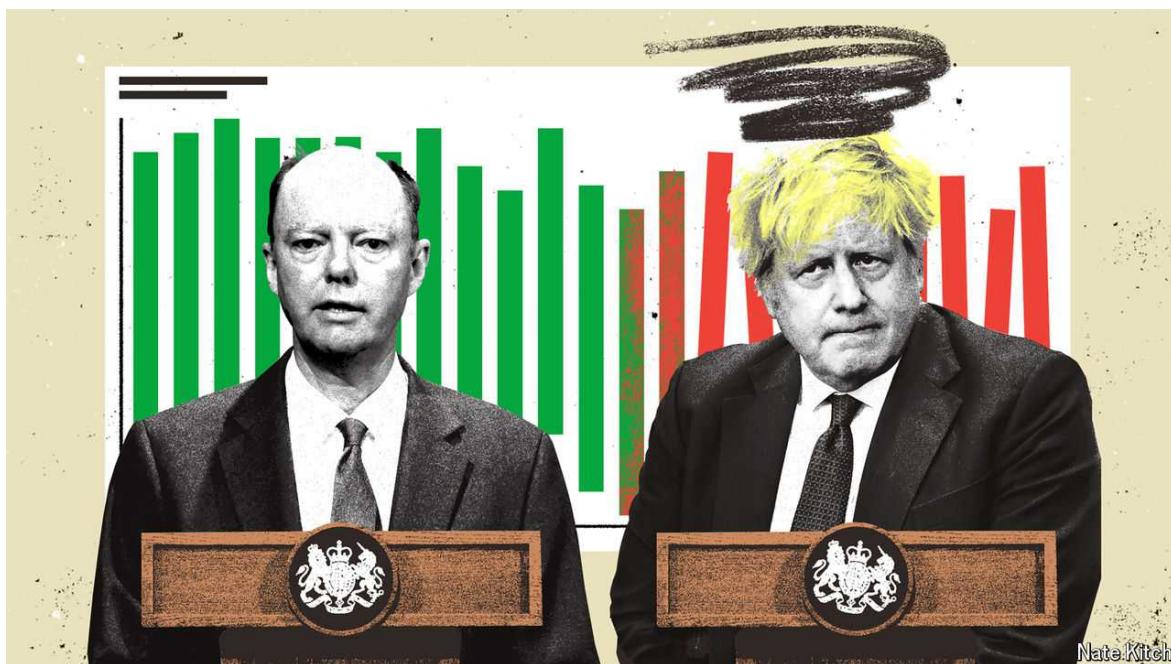
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Britain | Two cultures

The trial of Lucy Letby has shocked British statisticians

And shown that many Britons are woefully ignorant of statistics

August 22nd 2024



It was “feeble”. It was “very unsatisfactory”. It was, in short, “terrible”. If you wish to annoy a statistician, ask them about the trial of Lucy Letby, a British nurse. Statisticians will, typically, take no view whatsoever on the guilt or otherwise of Ms Letby, who in August 2023 was found guilty of murdering seven very young babies in a hospital near Liverpool between 2015 and 2016, and given 15 life sentences without the chance of parole.

They do, however, have very strong views on the way her trial—which relied in part on analysis of hospital rotas—proceeded. “The conviction is unsafe,” says Peter Green, a maths professor at Bristol University. It was the kind of case “that leaves a bad taste in the mouth,” says Philip Dawid, a

statistics professor at Cambridge University. Statisticians were “shocked”, another eminent professor explains, by the way the trial weighed the probability of seemingly extraordinary events.

Britain has a problem. Not, in fact, a murder problem (with 1.1 murders per 100,000 people, Britain is not bad by global standards). Nor does it have a problem with producing scientists who can work out such things—and considerably more besides (with eight Fields medals and around a hundred science Nobels, Britain is above average at higher-level maths). Instead, it has a problem with producing non-scientists—such as politicians or, say, lawyers in a murder case—who can understand data. When it comes to this, says Sir Adrian Smith, the head of the Royal Society, Britain is “very bad” indeed.

This is not a new diagnosis. In a 1959 lecture called “The Two Cultures”, the scientist and writer C.P. Snow warned that society was “being split into two polar groups”: those who understood science and those who did not. Worse, the bookish types did not even know what they did not know. Literary intellectuals smirk at the illiteracy of scientists but, Snow said, ask them to describe the second law of thermodynamics (“the scientific equivalent of ‘Have you read a work of Shakespeare’s?’”) or even to define mass (“the scientific equivalent of saying, *Can you read?*”) and the answer would be a “cold” negative.

Snow felt, 65 years ago, that this smirking incomprehension was a “joke which has gone sour”. It is sourer still in 2024. The trial of Ms Letby is one example. Covid furnished far more: such as how Boris Johnson was, as one adviser put it, “bamboozled” by science and “struggled with the whole concept of doubling times”; or how politicians failed to grasp concepts like absolute and relative risk. Dame Kate Bingham, who chaired Britain’s vaccine taskforce, was “pretty shocked” by the level of scientific ignorance in the civil service. Worse, she felt that, for some, it is almost “a badge of honour”.

Mr Johnson is paradigmatic of what has gone wrong. He is not—despite what his actions often imply—a stupid man and certainly not, after Eton and Oxford, an ill-educated one. His education was etiolated; it was not ineffectual. He could read Archimedes in the original; he could not begin to

understand Archimedes's maths. He is the product of what Snow called Britain's "fanatical belief in educational specialisation". And that belief, says David Willetts, a former universities minister, is "as acute as ever".

The problem is not that A-levels are very bad. It is worse: they are very good. An A-level physics student "probably knows more physics than any other 18-year-old in any other Western country," says Lord Willetts. Arts students are similarly specialised: when cramming for university, the would-be historians in Alan Bennett's play, "The History Boys", debate such arcane topics as the 14 foreskins of Christ found in medieval reliquaries. They do not touch on chemistry. This matters. To evaluate an education system, the crucial question is not whether someone who is studying physics understands it; it is whether someone who is not does.

And that is the question Britain cannot get right. In 2010 the Nuffield Foundation, a think-tank, decided to test whether Britain was really so bad at offering educational breadth by comparing it with 24 other countries, mostly drawn from the OECD, a rich-country club. In England fewer than one in five students studied maths after 16. In 18 of the countries more than half did; in eight, everyone did. Government data suggest that almost half of the working-age population in Britain have the numeracy skills of a primary school child.

Not all of Snow's thesis has dated well. He over-emphasised scientific knowledge; having a scientifically literate population is actually less about knowing facts than having "an attitude of mind", says Sir David Spiegelhalter, emeritus professor of statistics at Cambridge. But Snow's analysis of English education still stands.

The solution is not to get everyone to do A-Level maths: it is too hard and, besides, there are too few teachers. Instead, as a forthcoming Royal Society report will argue, maths and data analysis should be woven into all education up to 18. Something is certainly needed: for people in positions of authority not to have basic quantitative literacy is "unacceptable", says Professor Spiegelhalter.

And yet it is widely accepted. Newspapers frequently run stories on the percentage of politicians, judges or civil servants who went to private

schools. There are far fewer stories on what percentage are from arts rather than science backgrounds. But it is high—and always has been. The original Victorian civil service exams, designed by the classicist Benjamin Jowett, gave the most marks not to science but classical literature. “Name the first and last of the 12 Caesars,” ran a typical question.

Arts students still dominate. Statistics on the numbers of civil servants with STEM qualifications are hazy; but most estimates put them at around 2–7%. In America, it is almost 16%; in South Korea, around 30%. How, asks Dame Kate, could you possibly run a business department in a 21st-century government with “nobody who knows anything about business or science?”

Lawyers are little better. Even before Ms Letby’s trial began, statisticians were “apprehensive”, says Professor Green. There had been recent miscarriages of justice in which so-called “health-care serial-killers” had been convicted using bad statistics. Moreover, the history of law and statistics in Britain is dismal. In the 1990s, a mother was convicted of murdering her baby sons after Roy Meadow, a paediatrician, claimed (erroneously) that the chances of their deaths being accidental was 1 in 73m. Professor Dawid was called to counter this claim. Before he could speak, the judge dismissed him: it was “hardly rocket science”.

Professor Dawid was “disgusted”—but not surprised. What alarms statisticians is not merely lawyers’ knowledge of stats (which, says Professor Dawid, is usually “dire”). It is, says Professor Spiegelhalter, their lack of awareness. Before the Letby trial, Professor Green and some colleagues therefore produced a booklet titled “Healthcare serial killer or coincidence?”

In previous cases, says Professor Green, rotas would be used to show that a particular nurse was always on duty when people were killed. Non-experts would then say: “You can’t possibly believe this could happen by chance. Therefore she is guilty”. The reasons why this logic is wrong are complex—and outlined in that booklet, now on the Royal Statistical Society website. But suffice to say that statisticians call this “painting the target around the arrow”.

Yet, in the Letby trial, a chart was used to show that she had been on duty when babies had died or collapsed unexpectedly; the jury was not told about other deaths for which she was not charged. The statistical weaknesses of this were not sufficiently pointed out. The target was painted around the arrow. She was convicted.

In 1959 Snow wrung his hands. But recognition of the narrowness of British education and the problems caused by statistical ignorance are growing. Snow observed that most felt our education system was bad but “nearly everyone feels that it is outside the will of man to alter it.” With luck, in 2024, it will not be. ■

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Britain | Bayesian tragedy

Mike Lynch was Britain's first software billionaire

He was celebrating his freedom when his yacht sank in a freak storm

August 21st 2024



Dean Belcher/The Sunday Times Magazine/News Licensing

Editor's note: the story was updated on August 22nd.

BAYES'S THEOREM, an 18th-century formula, holds that with the right understanding of probabilities, most outcomes are predictable. But sometimes freak events occur. In the early hours of August 19th, a superyacht owned by the wife of Mike Lynch, a British tech entrepreneur who only months ago was cleared in a vast American fraud case, was struck by a waterspout, a form of tornado, off the north coast of Sicily, and capsized. On August 22nd it was confirmed that Mr Lynch was among five bodies recovered from the sunken yacht; rescue teams continued to search for a missing woman. It was a tragic end to an extraordinary story.

Bayesian thinking was at the heart of Mr Lynch's astonishing rise. It was the subject of his ^{Ph.D} thesis at Cambridge and formed the basis of Autonomy, the company he founded in 1996 and sold to Hewlett-Packard (^{HP}) for \$11.7bn in 2011, earning him \$800m. Mr Lynch named his now-submerged yacht *Bayesian*. Some called him the “British Bill Gates” as he racked up accolades: an ^{OBE}, board seats at the ^{BBC} and the British Library, an advisory role in Downing Street. Few could have predicted that he would find himself arrested and facing more than two decades behind bars.

Mr Lynch's years-long legal battle, sparked by the sale of Autonomy, is regarded as one of Silicon Valley's biggest-ever fraud cases. Accused by ^{HP} of using “serious accounting improprieties” to inflate Autonomy's value, Mr Lynch was taken into custody and extradited to America in chains. Facing 15 counts of fraud and conspiracy, he was kept under house arrest in San Francisco. ^{HP}, which took an \$8.8bn write-down on the value of Autonomy within a year of its purchase, was eventually broken up in 2015.

The odds were stacked against Mr Lynch. Less than 1% of federal cases end in acquittal. The vast majority of defendants plead guilty in return for more lenient sentences. To make matters worse, Charles Breyer, the judge who would hear Mr Lynch's case, had already jailed Sushovan Hussain, Autonomy's former chief financial officer. A British judge had also ruled in favour of ^{HP} in a separate civil lawsuit.

His decision to take the stand was another gamble. Federal prosecutors depicted Mr Lynch as a “controlling, dominating, intimidating boss”. He was, his lawyers admitted, a “hard charger”. But they insisted that he delegated most of the accounting, and was a prototypical “startup guy” who enjoyed inventing things. ^{HP}'s botched deal, they argued, was simply a case of buyer's remorse. In June Mr Lynch and his co-defendant, Stephen Chamberlain, were cleared by a jury of all charges.

Mr Lynch had beaten the odds before. Born to a fireman and nurse in London, he spent holidays working as a cleaner at his mother's hospital. A gifted student, he won a scholarship to Bancroft's, a private school in London, and later read natural sciences at Cambridge. There he immersed himself in adaptive pattern recognition, an early form of artificial intelligence (^{AI}) that later fuelled Autonomy's growth. Both Autonomy and

Darktrace, a cyber-security firm he co-founded, were headquartered in the market town.

The entrepreneur had always maintained his innocence. “Software accounting is complex,” he said after his acquittal. He called his company’s methods of record-keeping the norm across the industry. Having returned to Britain, he was keen to get back to innovating and vowed to campaign against what he saw as unjust extradition laws between Britain and America. He told reporters he had been looking forward to his “second life” as a free man.

Mr Lynch had been celebrating his court victory aboard *Bayesian* when the violent gale struck. His guests included Chris Morville, the partner who led Mr Lynch’s defence team at Clifford Chance, a law firm, and Jonathan Bloomer, a key witness in the court case, and the chairman of the international arm at Morgan Stanley, a bank, who are both thought to be among the bodies recovered. Freakishly, just days before the yacht sank Mr Lynch’s co-defendant, Stephen Chamberlain, also died after being hit by a car in Britain. That Mr Lynch’s life has been cut short, too, is a cruel, final twist. ■

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Britain | Exaflop

Britain's government pulls the plug on a superfast computer

The decision is likely to hurt researchers and AI companies

August 22nd 2024



British scientific pursuits have long been thwarted by parsimony. Black Arrow, the only British rocket to successfully launch a satellite into orbit, was subjected to endless reviews by sceptical bean-counters in the Treasury. The first attempt failed to reach orbit; by the time of the successful mission, in 1971, funding for the future of the programme had been cancelled, effectively ending the country's orbital space programme as it began. After decades of gathering dust the rocket's battered remains were put on display in Penicuik, near Edinburgh, in 2019.

A few miles from Penicuik, hopes of another scientific breakthrough are fading. The creation of Britain's first exascale computer system, a superfast

computer the size of a small house, is in doubt after the new government announced it would cut £1.3bn (\$1.7bn) of support for tech and artificial intelligence ([AI](#)). The decision has raised questions about Labour's commitment to boosting Britain's tech economy.

Exascale computers are those capable of processing a quintillion calculations each second. That is more than 50 times faster than Britain's most powerful current system, known as Archer2. Around £800m of the £1.3bn allocated by the previous government had been earmarked for the project at the University of Edinburgh, which would have radically reduced the time taken to perform complex research, according to Mark Parsons, director of the university's supercomputer centre. Some experts saw the project as critical to accelerating the adoption of [AI](#) in Britain.

The government insists it remains committed to supercomputing. Ministers are expected to announce alternative proposals in a budget due on October 30th. Under the previous government's plans, the Edinburgh project would have eaten up much of the available investment; some experts thought the scheme was too focused on traditional scientific simulations, rather than on [AI](#). Matt Clifford, an industry expert, is drawing up a national [AI](#) roadmap, which will be ready next month.

Yet with a tight spending settlement looming, the project's cancellation looks suspiciously like a way of balancing the books. Rachel Reeves, the chancellor, has also scaled down plans to help fund a vaccine-manufacturing plant on Merseyside; AstraZeneca, the pharma giant behind the facility, may now relocate to France. An obvious problem with superfast computing is the ballooning upfront costs. Archer2 cost just £79m, roughly a tenth of the cost of the exascale project.

Just as in the space race, Britain risks falling behind. Two decades ago only America had more computing power. Today Britain ranks 12th, just after Saudi Arabia. America has two exascale systems; experts believe China does, too. Germany is set to launch one this year, followed by France next year. If the Edinburgh project does not go ahead, it is not clear whether Britain can catch up. That is a problem because the amount of computing power required to train [AI](#) models is doubling every three to four months and Britain's existing supercomputers are due to reach the end of their lives in

two years. Without access to the speeds available elsewhere, British researchers and tech companies may struggle to compete.

One lesson from Black Arrow is that cancelling the project not only ended Britain's space programme, it drove talented engineers away. Britain has not successfully launched a rocket in half a century. Scientists scrambling to secure funding for a British exascale computer hope to avoid a similar fate. The University of Edinburgh has spent £31m building a supercomputing hub. The power supply is up and running. But the room designed to house the enormous machine lies dark and empty. ■

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Britain | Cancellarius culture

The tricky politics of choosing Oxford's next chancellor

The winner is likely to make some people cross

August 20th 2024



Oxford University is often accused of being out of touch. This is unfair. As a senior Oxford fellow recently observed to his vice-chancellor, “*Nonne et tibi et mihi certum clarumque videtur, Insignissima Vice-Cancellaria, rerum publicarum et loca et tempora turbulente mutata esse?*”* Little more, surely, needs to be said.

Much more, of course, will be. Because after 21 years in the post Chris Patten, the chancellor (“*Insignissimus Dominus Cancellarius*”), is resigning. The deadline for applications to replace him closed on August 18th. Some have already confirmed their applications, including William Hague, a former Conservative leader; Imran Khan, a former prime minister of

Pakistan; and Lady Elish Angiolini, the current head of St Hugh's College, Oxford. The process to replace Lord Patten has begun in earnest; discussions on whether the new chancellor will be a traditionalist choice or a “woke” one are likely to be more earnest still.

The interest is justified. Some of Britain’s most significant figures have held this job. They provide an indication of who might be chosen next. The role has been held by male politicians for over 250 years. If Lady Elish were to win, she would be the post’s first woman; if Lord Hague were to, he would be its 36th “William”. This is not to imply that Oxford is always traditionalist in its choices. From 1650 the post was held by Oliver Cromwell, an enthusiastic social moderniser, though, given his tendency to massacre the Irish, one who is rarely described as “woke”.

Controversy began before nominations had closed when, in April, an email was leaked stating that “members of legislatures or those active in politics” would be excluded. A furore followed; Oxford was accused by Neil O’Brien, a Tory MP, of “eastern-bloc-style managed democracy”. The university retreated. All staff and alumni are eligible to vote; the choice will be announced in November.

The real gripe that most have with Oxford is less that it is out of touch than that it is out of reach. Last year around 23,000 students applied for 3,700 places. Of those who got in, 67.6% had gone to state schools, compared with 94% of the wider population. As a previous chancellor observed, of all the criticisms levelled at Oxford “none can compare” with the one that it is not “sufficiently open to the man of humble means”. Given that that observation was made in 1909, progress has, admittedly, been slow.

Both Oxford and Cambridge are alive to this and for centuries both have used endowments to increase inclusivity. However, the terms of those endowments—Caius College, Cambridge, stipulated that none of its scholars could be “deformed, dumb, blind, lame, maimed, mutilated” or, naturally, “a Welshman”—were not always as inclusive as modern minds might wish.

Other habits lead to accusations that Oxford is “out of touch”. Such as how, once a century, fellows of All Souls walk through their college by torchlight, following a duck on a pole and singing “It was a swapping, swapping

mallard". Or the university's habit (shared with that other bastion of modernism, the Vatican) of still delivering speeches in Latin. Whether its new chancellor will be seen as such is not yet clear. But one thing is: whoever they are, their election will be discussed ad nauseam. ■

** It is surely clear, Vice-Chancellor, to you and me both, that we cannot deny the political climate changes of our turbulent times.*

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Britain | A place to be

Youth clubs in Britain have been vanishing

Their impact is hard to measure, but can be profound

August 22nd 2024



Getty Images

Sometimes the small things make a big difference. Andy Hall, a youth worker from Shropshire, a rural county in England, describes a boy who had been struggling at school. No one had thought to check if his eyes had been tested until he visited a local youth club. A new pair of glasses meant he could see the board: “simple as that”. Mr Hall reckons they changed the boy’s life.

Youth work, which tends to happen in scruffy sports halls and community centres, is not glamorous. But it can have a big impact, particularly on children who might otherwise fall through the cracks. It has been part of the fabric of Britain’s safety-net since the 19th century. But in the past 14 years more than 1,200 youth clubs have closed, leaving a threadbare service.

^{UK} Youth, a charity, reckons that millions of young people in Britain still attend youth clubs. Before 2010 local councils provided most of the money. But they have since had their funding cut, which has forced them to focus on statutory services like social care. As a result, funding for youth services from local councils fell from £1bn in 2011 to £409m in 2021 in real terms.

Rural counties like Shropshire have been particularly hard-hit. The council now has only two youth centres, down from 12 in 2010, and otherwise relies on voluntary groups. It no longer runs clubs that are open to all, instead targeting the most vulnerable children. Mr Hall thinks that approach is not working; it makes it hard to build the kind of trusting relationships that lead to good results.

One reason youth clubs were in the firing line is that it has been hard to prove their benefits. The work can appear informal, even nebulous. But evidence of their benefits is growing. One study by a team at University College London found that 46% of those attending youth clubs had higher-education qualifications by the age of 25, compared with 38% for a matched group. Another found that those who went were more likely to be in paid employment later in life. It may be that youth clubs reach children that other services can't.

The new Labour government does, at least, seem interested. It has pledged £300m for a network of 90 youth hubs for those most at risk, with a focus on mental health; it promises to tilt money towards prevention and follow evidence of "what works". Youth work will remain patchy. But it will not disappear. ■

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Britain | Righting wrongs

Britain's boom in public inquiries into past disasters

Judges are still trusted to rake over political failures

August 19th 2024



“Get Britain’s Future Back,” ran the Labour Party’s slogan in opposition. But first, the past. While it works to form a [new administration](#), Sir Keir Starmer’s government has another pressing task: to deal with a workload arising from public inquiries into errors by the British state, some reaching back 50 years. If Sir Keir has his way, they will be more powerful in future.

Public inquiries were once a rarity. Now they have become a fixture of government: 17 are currently under way; several have reached a critical stage. On May 20th—two days before Rishi Sunak called the general election—Sir Brian Langstaff issued his final report into a scandal in which thousands of patients were infected with contaminated blood products. At

least 3,000 people died, in large part because of the recklessness and obstinacy of officialdom, Sir Brian concluded.

On July 18th Baroness Heather Hallett, who is running an inquiry into Britain's handling of the covid-19 pandemic, issued the findings of the first of nine modules, on the country's readiness. On September 4th Sir Martin Moore-Bick will publish the final report of his investigation into the deadly inferno in 2017 at Grenfell tower, a high-rise in west London. Others, meanwhile, grind on into scandals including undercover policing and alleged war crimes by British special forces in Afghanistan. On August 13th the government indicated that it is likely to open another into a knife attack in Nottingham last year.

Righting past wrongs is expensive. The total bill for compensating victims of the infected blood scandal may come to £12bn-14bn (\$16bn-18bn), according to people familiar with the matter, though the Treasury has not confirmed this. It will appear in the budget on October 30th, but it should not derail Rachel Reeves's wider spending plans, says Ben Zaranko of the Institute for Fiscal Studies, a think-tank. The one-off sum will be classified by the Treasury as "capital annually managed expenditure", which can be met through borrowing, for the purposes of the chancellor's fiscal rules. The business department is also creating a second compensation scheme for postmasters wrongly accused of fraud owing to an ^{ir}f foul-up. The bill for that may exceed £1bn.

The rise of public inquiries has some distinctly British characteristics. In America infected-blood victims were compensated through class-action lawsuits against manufacturers in the 1990s. In France politicians and officials were prosecuted, and some jailed, in the same decade. The British preference for painstaking inquiries led by judges (as in the case of Sir Brian, Baroness Heather and Sir Martin) reflects a focus on systems—in which the priority is "establishing facts" and "learning lessons"—rather than on pinning culpability on individuals or corporations.

Inquiries are also a product of a decline in deference towards elites. Since 1986 the proportion of Britons who say they "almost never" trust the government to place "the needs of the nation above the interests of their party" has gone from 12% to a plurality of 45%. Yet faith in the judiciary

has remained robust, with 74% saying they trust it to tell the truth. Turning to judges to rake over political failures makes sense in a country that retains confidence in just part of its establishment.

This view was shared by Sir Keir as a rising human-rights barrister. “There are scarcely any countervailing institutions in this country between the weight of the executive, and its coercive powers, and the lives of ordinary citizens,” he wrote in a book published in 2003. Those instincts can now be seen in government. A new law will seek to end the “culture of defensiveness” by creating a legal “duty of candour” for officials, obliging them to assist inquiries and disclose relevant documents. The past will be disinterred in Northern Ireland: Sir Keir plans to repeal a recent law that closed off inquests related to the Troubles. There will be a fresh look at an infamous clash between police and striking miners at Orgreave in 1984.

Labour figures speak of a term in office marked by the healing of old wounds. But inquiries can swiftly become headaches. Former ministers complain that judges adhere to none of the normal cost and time pressures of government. Sir Brian’s inquiry took six years, at a cost of roughly £30m a year; around 265 staff across Whitehall are involved in feeding evidence to the covid-19 inquiry. Asking today’s politicians to account for mistakes made decades earlier, when the state had a different attitude to risk, can also seem quixotic.

The bigger question is how willing the government will be to implement findings; though some inquiries have led to large payouts, others have been quickly forgotten. Labour has promised a “swift resolution” to the investigations into Grenfell and covid-19. Yet the first module of the latter alone recommends a huge overhaul of Whitehall, including a new agency responsible for state resilience and tri-annual readiness exercises. These are necessary ideas, but not cheap ones.

And there are, it seems, limits to Sir Keir’s appetite for inquiries. The new government will not go ahead with a long-proposed second stage of Lord Brian Leveson’s inquiry, which would have looked at the relationship between newspapers and the police. On July 24th Sir Keir refused to commit to an investigation into the treatment of British troops who, it is said, were

endangered during cold-war nuclear-weapons tests. Some areas of Britain's past, at least, will not be reopened. ■

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International

- Indian tourists are conquering the world

International | From Bangkok to Dubai

Indian tourists are conquering the world

A booming middle class, budget flights and Bollywood

August 20th 2024

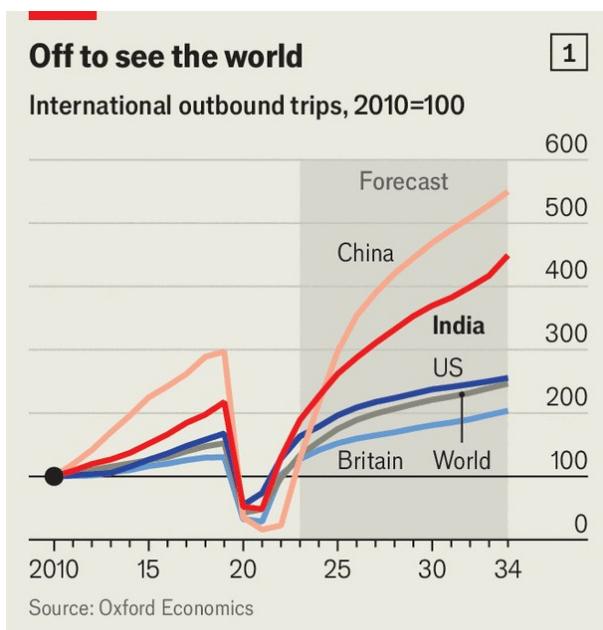


INDIAN EXPRESS on a Friday evening is always bustling. Diners from all corners of India dig in to kebabs and curries. Kingfisher, an Indian lager, flows freely, and Bollywood music blares from the speakers. A similar (if slightly more abstemious) scene plays out down the road at Radha Krishna, a vegetarian eatery. One might be in any of a dozen cities in India. But this paratha party is happening in Bangkok.

India's economic rise has lifted millions out of poverty and given the country greater geopolitical heft. Less obvious is the effect of its growing consumer class on other countries. International departures from India more than doubled, to 27m, in the decade to 2019. Overseas spending by Indian travellers tripled between 2010 and 2023, to \$33bn. One forecast suggests it

will jump to \$45bn next year. Driving this is a mix of demography and economics. People aged between 25 and 34 are keenest on travel; a fifth of the population will age into that group soon. The middle class is expected to be twice as big by 2047. The number of valid Indian passports grew from 52m a decade ago to 93m this year.

By 2040 the number of international departures could hit 80m or even 90m, reckons McKinsey, a consultancy. That is not far off the 104m Chinese who went abroad in 2019. But Chinese consumers are increasingly staying at home; their foreign travel is not growing as fast as it used to (see chart 1). Indians are thirsty to see the world. Unlike the Chinese at a similar stage, however, they are not rushing to Europe. It is countries closer to home that are reaping the rewards.

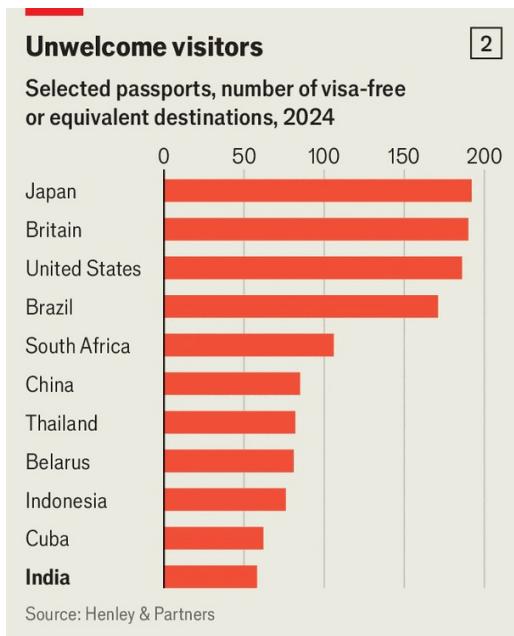


The Economist

In recent decades, as China became the world's biggest source of tourists, Western countries adjusted. Governments simplified visa processes, airports installed signage in Mandarin, and shops started accepting Chinese payment platforms. But they have been slower to court Indian tourists. Meanwhile, Middle Eastern and South-East Asian countries are racing ahead. Thailand and Malaysia have suspended visa requirements for Indians. Other countries are recruiting Bollywood stars as brand ambassadors: Abu Dhabi tourism has landed Ranveer Singh, who used to promote Switzerland; Dubai has

roped in Saif Ali Khan and Sara Ali Khan, a father-and-daughter duo. The countries that welcome Indians will enjoy both the economic benefits and the cultural soft power that tourism affords.

For lessons on how to do it, look to the South-East Asian countries that were early to grasp India's potential. They are now redoubling their efforts in hopes of replacing China's flagging numbers. In 2019 Chinese accounted for 11m of Thailand's 40m overseas visitors. Last year they were a mere 3.5m out of 28m. Indians, by contrast, keep coming. A decade ago around 1m visited annually; that level was already reached in the first half of 2024. Many are on their inaugural trip abroad. Margaux Constantin of McKinsey thinks Bangkok could take over from Dubai as Indians' number-one leisure destination this year. Thailand's tourism ministry estimates that Indians generated 63bn baht (\$1.8bn) in 2023, or around 0.4% of Thai GDP.



The Economist

Thailand appeals to Indians because it is cheap, easy to get to and welcoming. The last point is most important. The Indian passport is a weak document, providing visa-free or equivalent entry to just 58 countries, mostly small islands in the Pacific and Caribbean (see chart 2). Even Cubans and Belarusians have better access to the world. Last year Thailand lifted all visa requirements for Indians, a privilege usually reserved for rich Western countries. Visitor numbers immediately shot up. Iran, Kenya and Sri Lanka

have also abolished visas for Indians. More modest loosening helps, too. When Azerbaijan launched an e-visa programme for Indians in 2017, annual arrivals tripled within a year and doubled again the next year, to 160,000.

Rich Western countries, however, make Indians feel unwanted. Waiting times for American tourist-visa interviews can be longer than a year. Britain's visa fees are extortionate. Getting a visa for Europe's border-free Schengen zone, if an appointment can be found, requires stacks of paperwork, evidence of financial health and proof of intent to return. Many travellers find it humiliating. Some refuse to go. "It's too painful a process to go through for a visa you may or may not get and if you do get it, it's for the exact duration of stay," says a Bangalore-based professional who works for a European firm. He prefers to go to South-East Asia. Last year 19% of Indian applications for a British visitor visa were rejected, as were 15% of such applications for the Schengen region. "By design or otherwise, they're losing out," says Rajesh Magow, the boss of MakeMyTrip, India's biggest online travel agent.

Moreover, Indians tend to be last-minute travellers. Britons book international trips three months in advance, on average, and Americans two months. Indians do so barely 30 days earlier. That is not enough time to get a visa to Europe or North America. Indians still travel to America and Britain in big numbers, largely to see friends and family in the huge Indian diaspora; visa problems make them less appealing as holiday destinations. Europe performs even worse. No country in the Schengen region is among the top ten destinations for Indians except France, which comes seventh. Germany and Italy rank below Kuwait and Qatar. Europeans worried about being swamped can rest easy; Indians are taking their rupees elsewhere.

After visas, the biggest factor influencing where Indians decide to go is the ease of getting there. Direct flights have surged: 31 Indian cities now offer international flights to 322 destinations, up from 23 and 272 in 2015. "Foreign airports are knocking at our doors pretty much every other day," says Pieter Elbers, the boss of [IndiGo](#), India's largest airline.

These numbers, too, are poised to take off. WizzAir, a European budget airline, is considering introducing direct flights to India. AirAsia, based in Malaysia, has just added its 17th Indian destination. VietJet, a Vietnamese

low-cost carrier, has expanded beyond Mumbai and Delhi to smaller Indian cities. “Vietnam’s fortunes changed because it got connectivity,” says Neil Patil of Veena World, a tour operator. Two years ago there were barely any direct flights. Today there are more than 200 every month. Arrivals from India have jumped nearly tenfold to 30,000 a month.

The effect is even greater when an Indian airline launches a direct route, says Binit Somaia of CAPA India, an aviation consultancy. They have broader sales bases and bigger domestic marketing budgets. Indian tourist arrivals to Turkey grew by 50% after IndiGo started daily nonstop flights to Istanbul in 2019. It recently started flying to Central Asia and the Caucasus. Uzbekistan’s cities quickly filled up with Indian tourists. Carriers are adding foreign destinations at a fast clip. Akasa Air, just two years old, operated only domestically six months ago. Now it flies to five international destinations. IndiGo and Air India, the flag carrier, are ordering dozens of new wide-body aircraft. In total, Indian carriers have some 1,500 planes on order. Next year Mumbai and Delhi will each get a second international airport.

The third major consideration is cost. Indians’ budget-conscious habits have led travel firms to innovate in making trips cheaper. Agencies such as MakeMyTrip offer discounts and coupons galore. Many tie up with banks to offer credit: around a fifth of urban Indians who took out a personal loan did so for leisure travel, according to a survey in 2023. Moreover, as India itself gets pricier, other places start to look like a bargain. At peak times Thailand offers better value than Goa, India’s beach-and-booze state.

The number of people with cash to spare is growing, too. Those with household incomes of over \$10,000 are less price-sensitive, says Mr Magow. Goldman Sachs, a bank, estimates that some 60m individuals make at least that much. Another 40m are likely to join them by 2027. CAPA India is even more optimistic: it thinks more than half of Indian households will have incomes over \$10,000 by 2030.

One European(ish) country that is focusing on Indian travellers is Russia, where visitors from the West have dwindled. It sees India as a “prime” market and its government is said to be negotiating bilateral visa-free access. Other countries whose tourism boards are actively wooing Indians tend to be

far from Europe: places like Kenya and Australia. Saudi Arabia hopes to attract 7.5m Indians by 2030, up from 1.5m last year.

Apart from visas, flights and prices, winning more Indian tourists has to do with the sort of cultural pitch a country makes. Middle Eastern countries promise shopping—with discounts—and adventure activities. Thailand, eager to shed its reputation as a drinking and sex-tourism destination for men, is targeting solo women and high-spending wedding groups. The bets on Bollywood go beyond getting stars as brand ambassadors: countries compete to host the filming of Indian movies and television shows. Switzerland is still benefiting from a spate of Bollywood movies shot there in the 1990s. Singapore's tourism board encourages producers to film in the city-state.

A paneer of respectability

A final question is the availability of Indian food—especially vegetarian. It is the top concern for many outbound travellers. In March Ankesh Kanuga, a 43-year-old pharmacist in Mumbai, made his first trip overseas, to Azerbaijan. Over four days Mr Kanuga and a dozen friends skied, visited historical sites and sampled the nightlife for a total cost of about 90,000 rupees (\$1,100) each. His chief complaint was the lack of Indian restaurants and vegetarian food. Still, Mr Kanuga says he would like to go abroad “again and again”. Tens of millions of Indians feel the same way.

Some denizens of rich countries may not be sorry to hear that Indians are not coming to visit. Overtourism has become a bogeyman in many places, especially European cities. But the consequences of turning away visitors from a huge rising power go beyond economics. Tourism shapes global culture; it helps determine which places are seen as important and which are overlooked. Even at its most superficial, it builds personal connections between countries. It is easier to hold prejudices about places one has never seen. The countries that invest in attracting Indians will shape the mental geography and implicit alliances of the future. At the moment, it is South-East Asia and the Middle East that are doing so. America and Europe are missing out, as are the Indians who would like to see them.■

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Business

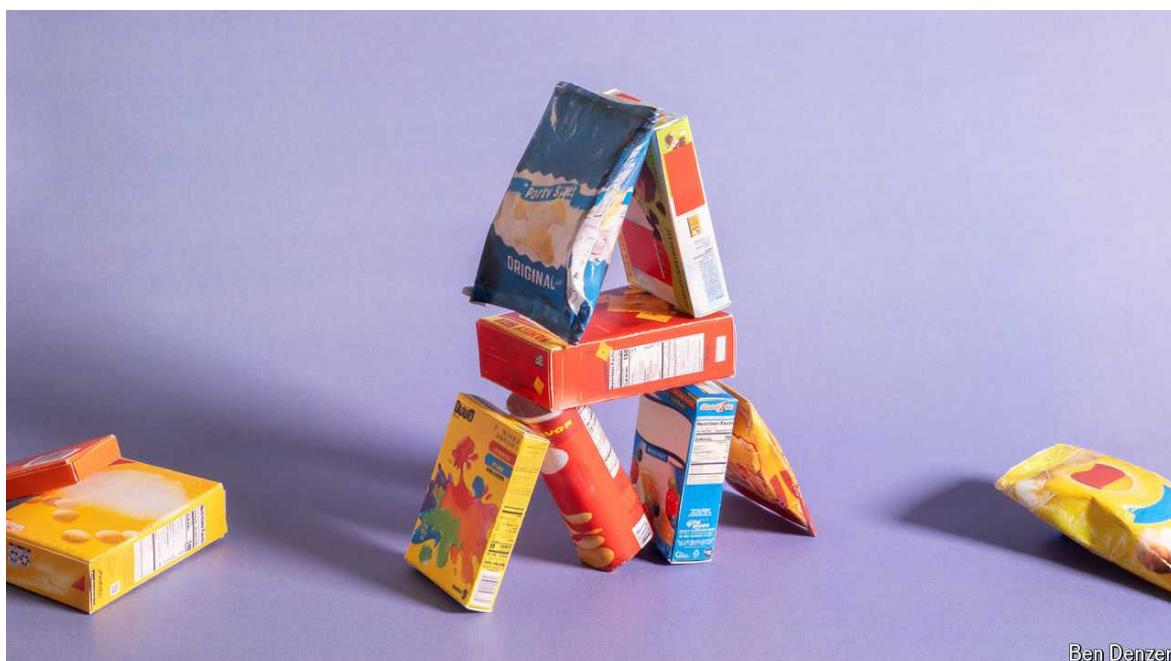
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Business | Appetite for change

Can big food adapt to healthier diets?

It must contend with weight-loss drugs and concerns about processed foods

August 18th 2024



Big food, it seems, has a sweet tooth. On August 14th [Mars](#), a packaged-food giant best known for its [chocolaty fare](#), announced it would gobble up Kellanova, maker of Pringles and Pop-Tarts, for \$36bn. It is not the only company betting big on calorific goodies. Last November Smucker's, a purveyor of jams and peanut butters, completed its \$6bn acquisition of Hostess Brands, maker of Ho Hos and Twinkies.

Filling bellies is a lucrative business. The West's ten most valuable packaged-food and soft-drink companies have a combined market capitalisation of around \$1trn. Their average operating margin last year was a plump 17%; grocers typically make just 2-4%. Consumers have continued

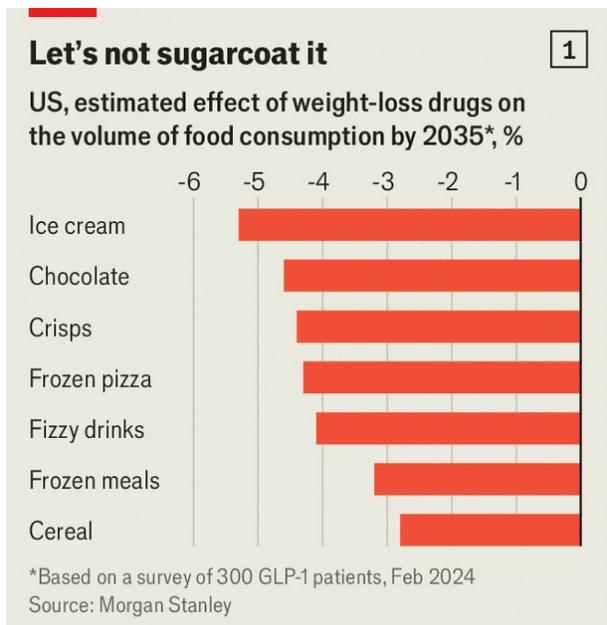
to feast on the cheap calories served up by these firms despite the recent bout of inflation. Last year the group's sales grew by 5%, on average. Rising demand in the developing world is bolstering growth. Around half of Coca-Cola's revenue already comes from outside Western markets. HSBC, a bank, reckons that global food demand will increase by more than 40% between now and 2040.

Yet the industry also faces threats. The impact of its products on the [health](#) of those who consume them has long concerned shoppers and policymakers alike. Consumers may now indulge in them less as [weight-loss drugs](#) become cheaper and more convenient. What is more, a growing body of research suggests that it may not only be an excess of sugar, fat and salt that causes health problems, but also the heavy processing used to whip up cheap nibbles. Both threats could reshape the industry—and transform what the world ingests.

The roots of today's food industry stretch back to 19th-century innovations such as pasteurisation and canning that helped make food plentiful, convenient and safe. Today a humble bag of crisps is manufactured in an assembly line where spuds are sliced, fried, drenched in seasoning, preservatives and colouring agents, then sealed in a bag with nitrogen to keep them from going stale. The process takes around 30 minutes.

Such tasty products have contributed to the surge in obesity in recent decades. According to the UN Food and Agriculture Organisation, the average daily calorie intake of people in the rich world has risen by a fifth since the 1960s, to 3,500 calories, well in excess of what their bodies need. By the end of this decade nearly half the world's population is expected to be obese or overweight.

Consumers who have found it difficult to alter their diets may at last be able to do so thanks to new blockbuster weight-loss drugs including Wegovy (from Novo Nordisk, a Danish pharmaceutical company) and Zepbound (from Eli Lilly, an American rival). For now, the hefty price tag and inconvenience of weekly injections mean only a sliver of the population in rich countries is taking these medications. But uptake is expected to rise as competition lowers prices and pill versions hit the market.



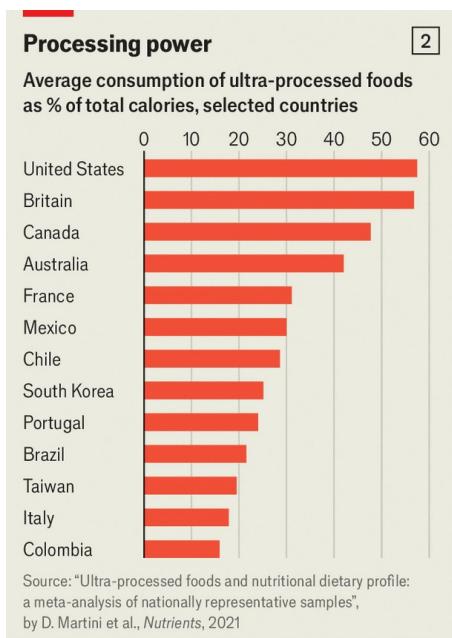
The Economist

Patients taking the drugs have reported that they crave calorific food less. Analysis by Grocery Doppio, a research firm, finds that users lower their spending on groceries by 11% on average, with spending on snacks and confectionery falling by more than half. Morgan Stanley, a bank, reckons 7-9% of Americans could be taking weight-loss drugs by 2035, resulting in reductions in overall demand ranging from 3% for cereal to 5% for ice cream (see chart 1).

Big food may well take these developments in its stride. The industry has a record of launching new products that cater to weight-watching consumers. Coca-Cola first launched Diet Coke in 1982, and has released various other sugar-free alternatives since then. Most food and beverage companies now offer products with reduced sugar, fat or salt. According to Mintel, a market-research firm, the number of new health-conscious snacks launched annually rose by 2% between 2015 and 2020, compared with a decline of 1% for traditional snacks. Some companies, such as Mondelez, an American snack giant, now offer smaller portion sizes.

Indeed, a number of food companies see weight-loss drugs as a growth opportunity. In May Nestlé, the world's biggest such firm, said it would launch a new frozen-food brand, Vital Pursuit, targeted at users of the drugs, who still need to ensure they get adequate quantities of protein and other

nutrients despite consuming smaller quantities of food. Mark Schneider, the company's boss, says Nestlé is already preparing for a "lower-calorie, higher-nutrient future". Last year the business set a target of growing sales of "more nutritious" products by 50% before the end of the decade. Other packaged-food businesses such as Conagra and General Mills also have products that are targeted at users of slimming jabs.



The Economist

Upstarts may try to steal their lunch, but incumbents should be well-placed to cater to consumers seeking out nutritious low-calorie options. It takes just six to nine months to develop and launch a new product, notes Mr Schneider. Deep ties with supermarkets and other retailers make it easy for big firms to get products onto shelves once they are ready. Vast marketing budgets can be deployed to raise awareness among consumers.

The threat from a crackdown on processed foods, if it materialises, will be trickier to deal with. In 2009 Carlos Monteiro, a Brazilian scientist, sorted food into four buckets based on their degree of processing. The first covers unprocessed items such as fruit and vegetables. The last, called ultra-processed foods (^{UPFS}), covers items such as breakfast cereal and crisps, as well as protein bars and fake meats, which contain significant amounts of ingredients not typically found in a home kitchen. Since the 1990s the share of ^{UPFS} in diets worldwide has been rising. According to one study, they now

account for around half of the calorie intake in America, Britain and Canada (see chart 2). Many studies have linked the consumption of large amounts of ^{UPFS} to weight gain and various health issues, although some do not disentangle the effects of heavy processing from the large doses of fat, sugar and salt that are often found in these foods.

Something to chew on

The research is nascent and not everyone is convinced. Arne Astrup, a researcher at the Novo Nordisk Foundation in Denmark, believes that the definition of ^{UPFS} is too woolly. But policymakers in some countries are already taking action. In November last year Colombia imposed a tax on a range of ^{UPFS}. Dietary guidelines in Belgium, Brazil, Canada and elsewhere recommend avoiding the products. Mr Monteiro has called for health dangers to be labelled on ^{UPFS}, as many countries have done with cigarettes.

The industry's approach to ^{UPFS} so far has ranged from scepticism to suspended judgment. Ramon Laguarta, the chief executive of PepsiCo, said in January that he doesn't believe in the term; Mr Schneider says Nestlé is following the debate "very closely". The stakes are high. If pressure from governments ratchets up, the food industry will have to do more than tweak its recipes or roll out some new product lines. Companies would have to completely overhaul their manufacturing processes. Ditching additives could make products more expensive to produce and shorten their shelf life, cutting into profits. Big food has so far managed to thrive even as concerns have swirled around consumers' health. With ^{UPFS}, it could face its most daunting challenge yet. ■

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Business | Tech on wheels

Apple can't do cars. Meet the Chinese tech giants that can

Baidu, Huawei and Xiaomi have built thriving auto businesses

August 21st 2024



Getty Images

As he screeches around corners at wildly unsafe speeds, one of the designers of the JIDU Robocar 07 calmly talks your correspondent through how the electric vehicle (_{EV}) works. An alluring feature is its entertainment system—on which he is competing in a race-car game (thankfully, the actual car is stationary). Many of the _{EV}'s features are controlled by voice command and there are almost no buttons or knobs. It has [autonomous-driving functions](#), a sporty design and, its maker claims, can travel 900km on a single charge that takes 12 minutes. When it goes on sale in early September it is expected to cost just 220,000 yuan (\$30,850). “It’s the future of driving,” the designer says, right as he smashes his virtual race car into a railing.

Another noteworthy feature of this _{EV} is that it has been bankrolled by [Baidu](#), a tech firm that runs China's leading search engine. Baidu is one of a growing number of Chinese tech giants that have ventured into the car business in recent years. Huawei, a telecoms-equipment company, has also entered the industry. Xiaomi, best known for its smartphones and home appliances, is another example. In March it launched its own _{EV}, the _{SU7}. On August 21st it announced that it sold over 27,000 of the cars in the quarter from April to June; it aims to have sold 120,000 by the end of the year. Xiaomi's _{EV} business now has 87 sales centres across 30 Chinese cities.

For Western tech companies, cars have been a source of [disappointment](#). Amazon invested heavily in Rivian, a maker of electric trucks that has shed about 90% of its market value since its initial public offering in 2021. Waymo, an autonomous-vehicle project controlled by Alphabet, has faced regulatory scrutiny over its safety record. Apple spent nearly a decade and some \$10bn on a project codenamed "Titan", but gave up earlier this year with little to show for the effort. Dyson, a British company known for its whizzy vacuum cleaners and hairdryers, also tried and failed to develop an _{EV}.

China is different, partly because the average car buyer in the country is much younger than in the West. Many in China judge cars based on their software and entertainment systems—Chinese _{EVS} are often described as "smartphones on wheels". That has made the market easier for tech firms to crack. Tellingly, several of China's successful _{EV} brands were founded by tech veterans. Li Auto, one of China's largest makers of _{EVS} and hybrids, was founded in 2015 by Li Xiang, an internet entrepreneur. He Xiaopeng, who in 2014 co-founded Xpeng, another big Chinese _{EV} business, started off in software development.

Chinese tech firms have approached the industry in varying ways. Baidu established _{JIDU} as a joint venture with Geely, a Chinese carmaker; the tech firm holds a 48% stake in the business. That has saved it the trouble of learning how to make cars, allowing it to focus instead on providing technology such as voice-recognition and autonomous-driving software. For Apollo Go, Baidu's robotaxi business, the vehicles are similarly supplied by Chinese car brands such as Hongqi and Arcfox.

Huawei has steered in a different direction. In return for a cut of sales, it assists carmakers such as Seres, maker of the AITO brand of EVs, with software, hardware, design and marketing. In the first half of the year it helped develop and sell 200,000 cars. At Huawei's flagship store on Beijing's main shopping street the windows are lined with cars, as if to taunt the Apple store lying directly opposite. Investors are piling in. A regulatory disclosure on August 20th by Avatr, a state-backed EV brand, showed it had purchased a stake in one of Huawei's auto-solutions businesses, valuing it at \$16bn.

Xiaomi has travelled the furthest towards becoming a full-fledged carmaker. The company, which announced its plan to produce a car only three years ago, initially enlisted BAIC, a Chinese carmaker, as its contract manufacturer. Last month it was given permission by the Chinese government to produce vehicles itself. That may prove transformative for the company, which got its start in 2011 selling sleek but cheap smartphones online and has since grown into one of the country's leading makers of gadgets. Success in carmaking would also be the ultimate vindication for a business that has long been accused of copying Apple's products.

Still, the road to profitability may be bumpy. Although self-driving cars are gaining popularity in China, regulatory hurdles could limit opportunities from the technology. More important, every newcomer to China's EV industry intensifies its already vicious price war. Xiaomi will probably have to sell around 300,000-400,000 vehicles a year to turn a profit. Huawei has said that its auto unit breaks even when cars sell for 300,000 yuan; some AITOS currently sell at 250,000. China's tech firms have become formidable competitors in its car industry. Making money, though, is another matter. ■

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Business | Burnt out

From Coachella to Burning Man, festivals are having a bad year

Tickets are no longer selling out

August 22nd 2024



Getty Images

Regular attendees at Burning Man, an annual week-long festival in the Nevada desert, normally scramble to buy tickets. This year they are scrambling to sell them. The gathering of hippies and billionaires, which begins on August 25th, has failed to sell out for the first time since 2010. Tickets with a face value of \$575 are being flogged on the secondary market at less than half-price.

Wild weather may be putting some people off: recent years have seen both record-breaking heat and torrential rain, leaving festival-goers scorched and stranded in mud. But Burning Man is not the only event having a tough year. In April Coachella, America's biggest music and arts festival, failed to sell

out. So did the Reading and Leeds festivals, which began in Britain on August 21st. More than 50 British festivals have been cancelled so far this summer.

Higher costs are partly to blame. The lockdowns of 2020-21 put many live-events companies out of business, reducing the supply of everything from lighting technicians to portable toilets. When pent-up demand was later unleashed, the result was soaring prices. Costs are the main reason cited for cancellations this year in Britain, according to a tally by the Association of Independent Festivals. The hottest events can pass these costs on to consumers: this year's Glastonbury festival quickly sold out, despite tickets costing 43% more than in 2019. But those outside the A-list are struggling to persuade fans to cough up. In May Jennifer Lopez cancelled a concert series amid reports of weak sales.

Festivals have also been hurt by changes in listening habits. Algorithmic recommendations by streaming platforms like Spotify have funnelled fans into niches, making the market more fragmented than in the days when everyone listened to the same radio charts. As listeners divide into tribes, from k-pop to hip-hop, it becomes harder to organise a festival lineup with broad appeal, says Will Page, a former chief economist at Spotify. Events focused on a single musical genre are doing better than general-interest ones, he says: today's fans "go to echo chambers, not festivals".

The fragmentation of listenership also makes festivals trickier for mainstream artists, who can no longer rely on a rapturous reception. In June Rita Ora tried to get a crowd at the Mighty Hoopla festival in London to join in with one of her songs, but no one knew the lyrics. In April, when a Coachella crowd was unmoved by a performance from Blur, its frontman, Damon Albarn, scolded them: "You'll never see us again so you might as well fucking sing it." Enthusiasm for festivals, it seems, is waning all round.■

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Business | Blue-sky thinking

India's largest airline is flying high

IndiGo has conquered its home market. Its ambitions are rising

August 22nd 2024



To become a millionaire, start with a billion dollars and launch an airline. Usually attributed to Richard Branson, a British entrepreneur, the line gets at the truth that the aviation business is capital-hungry and failure-prone. Still, that did not deter Rahul Bhatia, a travel agent, and Rakesh Gangwal, a former airline chief. They started as mere millionaires, and today are among the richest 500 people in the world, with a combined net worth of \$13.3bn, according to *Forbes*, a compiler of lists.

IndiGo, the airline they founded in 2006, is now India's largest, with over 60% of the domestic market by passenger volume. By comparison, America's top four airlines together have 69% of its market. IndiGo is among the world's ten biggest airlines measured by number of flights. Bar

the pandemic, it has been consistently profitable since its third year of operation. And it intends to get much bigger. Last year the company placed an order for 500 planes, the largest ever for an airline. A new plane joins its fleet every week.

To mark IndiGo's 18th birthday this month, the airline held an extravagant event in Delhi, complete with crew members dancing to "Nattu Nattu", a hit Telugu song. Even more unusual was the vision IndiGo, a low-cost carrier, laid out for its future, including a new business-class offering, a frequent-flyer programme and, from 2027, when it receives its first wide-body Airbus A350 aircraft, the launch of long-haul services. Recent aviation history is littered with the carcasses of low-cost carriers such as Wow Air and Primera Air that attempted similar moves. Yet IndiGo's strategy may prove farsighted.

The record of Indian aviation is abysmal: no airlines survive from the boom of the 1990s. Jet Airways and Kingfisher, two beloved full-service airlines, both collapsed. Go First, a low-cost carrier, is on the verge of liquidation. SpiceJet, another one, is having trouble paying its bills. IndiGo's main competitor, Air India, the formerly state-owned carrier that was privatised in 2022, is in the midst of a costly turnaround. India's aviation sector is highly regulated, its infrastructure dreadful and the average passenger as sensitive to price as a white tiger to sunlight.

How, then, has IndiGo thrived? Like its passengers, it prizes frugality. In "Sky High", a new book about IndiGo's rise, Tarun Shukla, an aviation journalist, recounts a story from 2004 when the founders were negotiating an initial order with an Airbus representative over lunch. At the end of the meal Mr Bhatia reached for his wallet. Mr Gangwal stayed his hand: "Not us, he will pay." Mr Gangwal's hard-nosed negotiation style was "one of the most important things for setting them up for success," says Binit Somaia of CAPA India, an aviation consultancy. To keep prices low, IndiGo started with an initial order of 100 planes, unheard-of for a startup airline and even more absurd in India, where the total fleet at the time numbered just 158 planes. Carefully structured contracts with engine-makers kept it from bleeding money when engine troubles grounded planes.

Mr Bhatia put it succinctly in an interview in 2011: “We are, pardon my French, very anal about our cost structure.” IndiGo resisted in-flight magazines for years. It still eschews ovens, which add weight and complexity; meals in the new business-class will remain cold. Apart from turboprops for regional routes, its fleet is made up entirely of one type of aircraft.

Nitpicking over costs is also the hallmark of other successful low-cost carriers, from Ryanair to Southwest Airlines. In other ways, though, IndiGo is unlike most other low-cost airlines. It is an enthusiastic participant in codeshare arrangements. It has a cargo operation. It sells connecting routes. Instead of the point-to-point model typically used by low-cost carriers, it is moving towards the hub-and-spoke approach typical of full-service airlines. The distinction between low-cost and full-service, argues Pieter Elbers, IndiGo’s chief executive, “has become a bit blurry over the years”. As Mr Somaia of CAPA India puts it, “they may not be Singapore Airlines, but they’re not trying to be Ryanair.”

IndiGo’s new strategy will add complexity to an airline built around simplicity. But it may still make sense, for two reasons. The first is that, as India’s aviation market takes off, so will demand for long-haul and premium offerings. CAPA India expects [India’s passenger volume](#) to more than double by 2030, to over 500m. The government is eager for the country’s carriers to establish themselves as super-connectors that compete with the likes of Emirates, a Middle Eastern airline. New airports are being built that should help enable that.

The airline’s changing approach is also defensive. A carrier with 60% market share should not need a loyalty programme. But if IndiGo is to compete with fancy Middle Eastern carriers it has to raise its game. At home, Air India is in the process of merging with Vistara, a full-service airline. That will make it the only Indian carrier to fly to Europe and America and to offer three cabin classes. Its fleet and service are improving. Last year it ordered 470 aircraft, not far off IndiGo’s record-breaking order. Its owner, the Tata Group, one of India’s biggest conglomerates, has deep pockets. For IndiGo, then, competition is bound to get tougher. “Complexity brings some additional costs,” admitted Mr Bhatia at the event in Delhi. But

“if that brings benefits, we should introduce it in a thoughtful manner.” At 18, Indigo is all grown up—and preparing to play with the big boys. ■

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Business | Konbini combination

What a takeover offer for 7-Eleven says about business in Japan

Its merger with a Canadian firm would create a convenience-store goliath

August 22nd 2024



Getty Images

The convenience store, or *konbini*, is an institution of modern Japanese life. Open at all hours, it offers customers tasty food and household essentials, as well as the ability to pay bills and send parcels. The industry leader, 7-Eleven, perfected new products, such as takeaway *onigiri*, or rice balls, and eventually took over the American chain from which it sprang. But if Alimentation Couche-Tard (^{ACT}), a Canadian retailer that operates the Circle K chain of shops, has its way, 7-Eleven will no longer be Japanese.

On August 19th Seven & i, 7-Eleven's parent company, announced it had received a takeover offer from the Canadian firm. If accepted, the deal would be the largest-ever foreign acquisition of a Japanese company. It

would create a global convenience-store goliath, bringing together ^{ACT}'s network of 17,000 outlets with Seven & i's 86,000. The proposal also says much about how corporate governance in Japan is evolving.

^{ACT}'s offer comes after years of pressure on Seven & i. Throughout the past decade two American activist investors, Third Point and ValueAct Capital, have taken large stakes in the company and pushed it to focus on its core *konbini* business. Last year it sold off its department-store business, Sogo & Seibu, and downsized Ito-Yokado, another retail brand. It has also spent billions expanding its convenience-store empire abroad, recognising the limits to growth in ageing Japan. In 2020 it beat out ^{ACT} to acquire Speedway, an American petrol-station network.

Markets remained dissatisfied. Before the takeover announcement Seven & i's shares were down 6% since the start of the year, compared with a 14% rise for the broader Nikkei index. A weaker yen has pushed its valuation down further still in dollar terms. Though ^{ACT}'s sales are less than Seven & i's and its footprint is smaller, the Canadian firm is far more profitable, with a return on capital of 10%, compared with just 4% for Seven & i. Its market value, at \$56bn, far exceeds the Japanese company's (see chart).



That divergence presented an opportunity for ^{ACT}, which has long sought growth through dealmaking. More than 70% of its network of stores comes from acquisitions, according to Goldman Sachs, a bank. ^{ACT} has set an ambitious target to nearly double its gross operating profit to \$10bn by 2028. Swallowing 7-Eleven would go a long way towards that. Investors in the target firm took the news well: even though the terms of the proposal were not disclosed, shares of Seven & i jumped by 23% on the day of the announcement.

The deal faces plenty of obstacles. Seven & i's directors may yet reject the offer. Even if they accept, regulators may step in. In America 7-Eleven and ^{ACT} are already the top two convenience-store operators, with a combined network of around 20,000 outlets. The next-largest, Casey's, has fewer than 3,000. ^{ACT}'s attempt in 2021 to acquire Carrefour, a French supermarket giant, was scuppered by the government there, which cited food-security concerns. In Japan *konbini* serve stricken communities during natural disasters; officials will want to ensure that role continues.

Nonetheless, the bid marks a watershed even if it falls through. Ever since Abe Shinzo, a former prime minister, began reforms in 2013, Japan has made steady, if patchy, progress towards becoming more shareholder-friendly. Independent directors have filled board seats and executives have focused more on profitability.

Japan's government has also sought to change traditionally hostile attitudes towards mergers and acquisitions. New guidelines on takeovers published last year urge firms to evaluate bids based on whether they "secure or enhance corporate value and the shareholders' common interests". Seven & i's initial reaction suggests that the measures are working: the board has formed a special committee made up of outside directors to "conduct a prompt, careful and comprehensive review".

Alain Bouchard, the founder and chairman of ^{ACT}, has long coveted its Japanese rival. In 2005 he flew to Tokyo to try to convince Ito Masatoshi, who brought 7-Eleven to Japan, to part with the American portion of the business, only to be rebuffed. "The Japanese aren't sellers," he later reflected. The fact that his latest offer is receiving serious consideration is a sign of how much has changed. ■

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Business | Changing times

Why Germany's watchmakers are worried about the AfD

The far-right party threatens the industry's brand

August 22nd 2024



Close to the Czech border, south of Dresden in the German state of Saxony, lies Glashütte, a picturesque town of 6,700 inhabitants. As the German Watch Museum, its main visitor attraction, suggests, the town is the centre of the country's high-end watchmaking industry. In 1845, after years of apprenticeship with makers of fine watches in France and Switzerland, Ferdinand Adolph Lange opened a workshop in Glashütte with a loan from the Saxon authorities, founding what would go on to become A. Lange & Söhne, one of the world's priciest watch brands. Today the firm, now owned by Richemont, a Swiss luxury giant, is one of the nine high-end horologists that manufacture watches in the town.

Yet some of Glashütte's watchmakers, which sell their wares across the globe and employ skilled workers of many nationalities, now worry that the town's changing politics will tarnish their brands. Although the people of Glashütte are proud of their watchmaking history, only some are employed by the industry; many of the nine watchmakers' 1,800 employees commute from elsewhere. The town's inhabitants, like many in Saxony, feel left behind by globalisation. The state has become a hotspot for the far-right Alternative for Germany (^{AfD}), which polls suggest is neck-and-neck with the centre-right Christian Democratic Union for first place in state elections due to be held on September 1st.

Nomos, one of Glashütte's nine watchmakers, has been the most vocal in its opposition to the ^{AfD}. It began voicing its concern about the far-right party back in 2015 following an attack by neo-Nazis on a home-improvement store in nearby Heidenau where asylum seekers were being housed. In 2018, after a week of anti-migrant protests in Chemnitz, another Saxon city, the watchmaker started running workshops on combating racism.

Nomos used to be an exception among the *Mittelstand*, Germany's backbone of mid-sized enterprises. Unlike bigger companies, these businesses, which are closely tied to local communities, have tended to stay quiet about the ^{AfD}'s rise. That is now changing. In addition to worrying that the region's far-right politics could affect the image of its companies, bosses in Saxony fear that the ^{AfD}'s hostile approach to immigrants could discourage much-needed skilled workers from moving to the area, worsening labour shortages.

This week more than 40 family-owned businesses across Germany, from Miele, a maker of white goods, to Röchling, a plastics-engineering company, launched a campaign warning of the dangers of the far right for the country's attractiveness as a place to invest and do business. Ahead of the state election the association of family companies in Saxony has been urging people not to support the ^{AfD}. Will all these efforts change voters' minds in time? The clock is ticking. ■

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What to do about pets in the office

Dogs can bring both joy and chaos

August 22nd 2024



Paul Blow

TheoDORE Roosevelt's bull terrier once chased the French ambassador up a tree. Commander, President Joe Biden's German shepherd, had to be rusticated after repeatedly biting Secret Service officers. Sir Gavin Williamson, a British politician, refused to remove a tarantula he kept in a glass tank from the office. He defended the presence of Cronus by insisting the "clean, ruthless killer" was "part of the team".

Pets, more commonly dogs than spiders, have long been a feature of all sorts of workplaces. Google's code of conduct states that "Affection for our canine friends is an integral facet of our corporate culture." Ben & Jerry's, an ice-cream company, dishes out treats to pooches at its reception desk.

Over the decades dogs have wandered around *The Economist*'s head office in London and snoozed on the carpet.

Pets have become an even bigger part of work life since the covid-19 pandemic. Searches for pet-friendly offices on job platforms have rocketed. One in five American families acquired a pet during lockdowns; two-thirds of households now have at least one. For those working from home, a pet dog is a trusty companion between (or during) Zoom calls and an excuse to go for walks. Those who want to go into the office may find that their pets cannot be left alone and that doggy day-care is frightfully expensive. That leaves managers under increasing pressure to let them in. How welcoming should they be?

Apart from, perhaps, in operating theatres or sausage factories, there are obvious benefits to a permissive approach. Welcoming pets can act as a recruitment or retention tool; a few especially fond owners admit online that they have left their full-time jobs in order to spend more time with their furry friends. Letting people bring their pets in can also be a way to entice workers to spend more time at the office.

Dogs in the workplace can boost morale and productivity, and not only those of their owners. Marc Benioff, the boss of Salesforce, named Koa, his now-deceased golden retriever, the company's "chief love officer". Petting colleagues' pooches can also lead to serendipitous conversations, and reduce feelings of isolation. Experiments suggest that employees are more likely to perceive those in a team as friendly if there's a dog in the vicinity than if there isn't. That can be a route to fruitful collaboration across the organisation.

The problem for managers, though, is that some people hate dogs, even if they keep their loathing to themselves. They might be allergic to them, or especially sensitive to canine smells and sounds; a few might even prefer cats, for some unfathomable reason. Not all dogs are trained in office etiquette: those that are left unsupervised may roam freely, chew on co-workers' belongings or make a mess on the carpet. Some owners could do with a bit of training, too: many infuriate their colleagues by bumbling away in baby talk to their pets.

What should managers do? Unfettered openness can make the dog-phobic uncomfortable and unhappy. At the other end of the scale, a few big companies like PwC and HSBC have instituted no-pooch policies in recent years. That may ensure there is no barking havoc in the office, but forgoes the benefits of welcoming pets.

The ideal is to seek middle ground. Google, for instance, bans dog-owning staff (“Dooglers”) from bringing in noisy pets and limits furry incursions if other employees are allergic. Beyond a few company-wide rules, such as banning dangerous breeds and ensuring dogs are vaccinated and office-trained, individual departments could be left to decide their own policies in consultation with their teams. Some areas could be designated as pooch-free zones. A dog roster could be agreed among staff.

This approach works only if people feel free to pipe up when they are uncomfortable, in the knowledge that their managers will act accordingly. As it turns out, such autonomy matters as much for dog-owners as it does for their colleagues. A survey of owners done in 2021 by Elisa Wagner and Miguel Pina e Cunha, then both of the Nova School of Business and Economics in Portugal, suggests that taking a pet into the office can become a burden if employees lack the freedom to decide when they can take breaks from their work.

Opening up the office to dogs might seem like an easy way to make the workplace seem more flexible. In fact, it takes a flexible workplace to make a dog-friendly approach succeed. ■

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Why America's tech giants have got bigger and stronger

Whatever happened to creative destruction?

August 22nd 2024



When your columnist first started writing Schumpeter in early 2019, he had a romantic idea of travelling the world and sending “postcards” back from faraway places that chronicled trends in business, big and small. In his first few weeks, he reported from China, where a company was using automation to make fancy white shirts; Germany, where forest-dwellers were protesting against a coal mine; and Japan, where a female activist was making a ninja-like assault on corporate governance. All fun, but small-bore stuff. Readers, his editors advised him, turn to this column not for its generous travel budget but for its take on the main business stories of the day. So he pivoted, adopting what he called the Linda Evangelista approach. From then on, he declared, he would not get out of bed for companies worth less than \$100bn.

This is his final column and, as he looks back, that benchmark seems quaint. At the time, the dominant tech giants were already well above it. Microsoft was America's biggest company, worth \$780bn, closely followed by its big-tech rivals: Apple, Amazon, Alphabet and Meta. Their total value back then was \$3.4trn. Today the iPhone-maker alone exceeds that.

Since early 2019 the combined worth of the tech giants has more than tripled, to \$11.8trn. Add in Nvidia, the only other American firm valued in the trillions, thanks to its pivotal role in generative artificial intelligence (AI), and they fetch more than one and a half times the value of America's next 25 firms put together. That includes big oil (ExxonMobil and Chevron), big pharma (Eli Lilly and Johnson & Johnson), big finance (Berkshire Hathaway and JPMorgan Chase) and big retail (Walmart). In other words, while the tech illuminati have grown bigger and more powerful, the rest lag ever further behind.

It is tempting to view this as an aberration. This column is named after Joseph Schumpeter, the late Austrian-American economist who made famous the concept of creative destruction—the relentless tide of disruptive innovation toppling old orders and creating new ones. Surely these tech firms, founded decades ago in dorms, garages and dingy offices, should be vulnerable to the same Schumpeterian forces that they once unleashed on their industrial forebears.

But creative destruction, at least as framed by the original Schumpeter, is more complicated than that. To be sure, he revered entrepreneurs. He considered them, as we do today, the cult heroes of business, driving the economy forward with new products and ways of doing things. But late in life, after he had witnessed decades of dominance by big American corporations, he changed his tune. He decided that large firms, even monopolies, were the big drivers of innovation. They had the money to invest in new technology, they attracted the best brains—and they had most to lose if they did not stay alert. That may disappoint those who see business as a David v Goliath struggle of maverick upstarts against managerial apparatchiks. But it was prescient. It helps explain why today's tech Goliaths vastly outspend, buy up and outflank startups before they get the chance to sling a stone.

The figures bearing out this Schumpeterian hypothesis are striking. Since 2019 the five tech giants and Nvidia have doubled their capital expenditures, to \$169bn last year. Tot up the 25 next firms' capex and it was just \$135bn—up only 35%. As for brain power, over the same period, the big six added 1m jobs, doubling their headcount. No one can accuse them of resting on their laurels. They have invested in ^{AI} startups, ploughed fortunes into building large language models and, in Meta's case, created open-source offerings that almost anyone can use. This year they are doubling down on their ^{AI} spending if only to protect their flanks.

You could argue that startups are better incentivised to devise revolutionary ideas, that venture capitalists bankroll entrepreneurs, and that much of big tech's spending is wasteful and aimed mostly at erecting walls around their fiefs. All that is true. But do not over-romanticise the little guys. They can be as full of hot air (think WeWork, the delusional hot-desk firm, and ^{FTX}, the crypto scam) as business bureaucracies are of flab. Moreover, advancing the frontiers of technology is hard. It takes decades of incessant innovation to create products like Apple's iPhones. Amazon pioneered not just online shopping but cloud-computing. Such inspired thinking creates genuine defences.

The perennial gale

No doubt their walls will one day be breached—either by strong-armed governments or by new forms of competition. The possibility that America's Department of Justice could pursue a break-up of Google after this month's monopoly conviction suggests trustbusters are out for blood. Then there are the threats that Schumpeter, in his 1942 book, "Capitalism, Socialism and Democracy", said keep the capitalist engine in motion: new products, new ways of making and transporting things, and new forms of business organisation. Eventually the tech conglomerates will tear themselves—or be torn—apart.

In the five and a half years of your columnist's tenure, some of America's once-mighty industrial behemoths—in 2019 worth far more than \$100bn—have suffered such a fate. ^{GE}, brought down by overreach and mismanagement, was broken up this year. Dow and Dupont, two chemicals

firms that merged in 2017, have been split into unrecognisable reconfigurations. Boeing cannot manage its civil-aviation business, let alone space and defence.

Simultaneously, new corporate titans are emerging. The biggest is Nvidia, maker of AI accelerator chips and software, which proves that even veteran businesses can be insurrectionary. At the start of 2019, its value was below the \$100bn cut. Now it is above \$3trn. That surely is worth getting out of bed for. ■

If you want to write directly to Schumpeter, email him at schumpeter@economist.com

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Finance & economics

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Finance & economics | Muddled and misguided

Kamala Harris's cost-of-living plan will end in failure

She is the latest presidential candidate to embrace self-defeating economics

August 20th 2024



It is easy enough to understand what is motivating Kamala Harris's economic strategy. Poll after poll demonstrates that many Americans consider the cost of living to be their [main concern](#) heading towards the presidential election in November, and Ms Harris is [at a disadvantage](#), having served as vice-president during a time when inflation soared to a four-decade high. Rather than gloss over this ugly reality, she is trying to confront it. "Lower costs for American families" is the centrepiece of her economic agenda, a message she is likely to deliver again on August 22nd, after we go to press, in a speech to the Democratic National Convention.

But just because her strategy is understandable does not make it sensible. Her proposals risk taking America further down the road of self-defeating economic policies. The blame for this trajectory is certainly not Ms Harris's alone: many other Democrats and Republicans, starting with Donald Trump, have already been pushing in such a direction, albeit with different emphases. Nevertheless, Ms Harris's cost-of-living plan may mark the start of a new phase in America's worrying odyssey. The Democratic presidential candidate takes aim at four categories of costs: housing, groceries, medical and taxes. Although some of her ideas are good, many more would drive up prices—the exact opposite of their intended effect.

Ms Harris's central focus is housing. On this issue, her policies are encouraging, if taken at face value. She has called for the construction of 3m new homes over the next four years, and wants to provide federal funding and permit-issuing reform to make this happen. Analysts reckon that America is suffering from a shortage of about 4m to 7m homes, so the additional supply would narrow the gap. Yet can Ms Harris actually get the houses built?

Never mind that her plan is light on details: the construction funding (she targets \$40bn) would go to local governments, which would need to find their own solutions. Meanwhile, other elements would cut against her ambitious supply targets. She vows to go after Wall Street investors, whom she decries for “buying up and marking up homes in bulk”. They actually own less than 1% of America's single-family homes, and have been building, rather than just buying, homes. Another pledge—one that received loud applause when she unveiled it in a speech in North Carolina on August 16th—is to give first-time homebuyers \$25,000 towards downpayments on mortgages. With demand for homes still outstripping supply, extra cash of this kind may just translate into higher prices.

Ms Harris's plan on groceries has come in for the sharpest criticism. She wants to pass the first-ever federal ban on price-gouging on food and groceries. This may not herald a return to the price controls under President Richard Nixon in the 1970s, but the intellectual underpinning for such a policy is half-baked. A common charge of the left wing of American politics is that firms fuelled inflation during the covid-19 pandemic by taking advantage of shortages to jack up prices. But researchers with the Federal

Reserve have concluded that there was no evidence of higher markups at the aggregate level, which would have been a precondition for pricing decisions to truly cause inflation. Moreover, higher prices for everything from cars to ham served as a crucial signal to firms to make more and to consumers to curb demand.

Concerns about Ms Harris's anti-gouging proposal should be tempered by the fact that it is unlikely to pass through Congress. Yet legislative infeasibility does not excuse sloppy thinking, and a focus on corporate greed indicates that she is at least partly in thrall to the progressive flank of the Democratic Party. Although Ms Harris's promise to crack down on unfair mergers and acquisitions in the food industry that lead to less competition is unobjectionable, in reality it is little more than a restatement of America's existing anti-monopoly policy. The Federal Trade Commission is currently embroiled in a legal battle to block the biggest supermarket merger in American history.

Some of the medical elements of Ms Harris's plan are, in theory, more welcome. She is right to want to bring down America's outrageously high medical costs. But as with any price controls, caps on the cost of insulin (at \$35 a month) and out-of-pocket expenses for prescription drugs (at \$2,000 a year) risk generating unwanted outcomes. Similar steps by the Biden administration to cap drug costs for old folk are now threatening to cause hefty increases in their insurance premiums.

Ms Harris has also said that she would work with states to cancel medical debts. Again, her aim is laudable: it is scandalous that so many Americans are saddled with medical debt. Yet just cancelling debt would only reset the clock for them, with debts once again piling up whenever they need medical attention. "Why are health-care costs so high in the first place? That's a legitimate question but it does not lend itself to quick fixes," says Glenn Hubbard of Columbia University. "I think both parties have devolved into an area where they don't want to do long-term planning and thinking, and so they do the soundbites, which of course will fail."

The final part of Ms Harris's economic strategy involves targeted tax cuts. For low- and middle-income families, she would increase the child tax credit, including \$6,000 during a baby's first year of life, up from \$2,000

now. And she would expand the reach of the earned-income tax credit—an important subsidy for poorer Americans—to those without children. Ms Harris can make a strong case for these changes. When the child tax credit was greatly expanded during the pandemic, for instance, it led to a nearly 50% reduction in child-poverty rates. As Ms Harris puts it, that is an investment in America's future.

They would not come in isolation, however. America's budget deficit is running at 7% of _{GDP}, a level previously associated with wars or recessions, while the national debt is continuing to climb. Neither candidate has offered serious proposals about how to clean up the country's fiscal picture, and both would probably make it worse. Ms Harris has said that she will follow President Joe Biden's plans to raise corporate-tax rates to 28%, from 21%, but to increase income taxes only on those earning more than \$400,000 a year. Together, these changes would not generate enough revenue to cover the full cost of her agenda. The shortfall would add \$1.4trn to America's deficit over the next decade, according to Piper Sandler, an investment bank. That is a lot, even if less than the cost of Mr Trump's tax-cutting plan, which is estimated to be \$4.5trn over the next decade.

Indeed, one of the best things that can be said for Ms Harris's agenda is that it will probably be less damaging than Mr Trump's. She is against the tariff rises her opponent has promised. Many of her proposals amount to adjustments to existing policies, rather than a wholesale recrafting of America's economic system, and stand little chance of legislative success. Mr Trump, by contrast, may be able to use the power of the presidency to slap across-the-board tariffs on all imports to America, the central plank of his economic programme—and one Ms Harris has correctly criticised as being a sales tax in disguise.

“Trump really seems to think that we'd be better off as an autarkic economy,” says Greg Mankiw of Harvard University. “The worry for Harris is that she helped to implement industrial policy with a lot of buy-American rules, so it seems she's bought into the anti-globalisation stuff to some extent.” “Not as bad as the other candidate” would be a poor campaign slogan. It is, however, an accurate summary of Ms Harris's economic plans.



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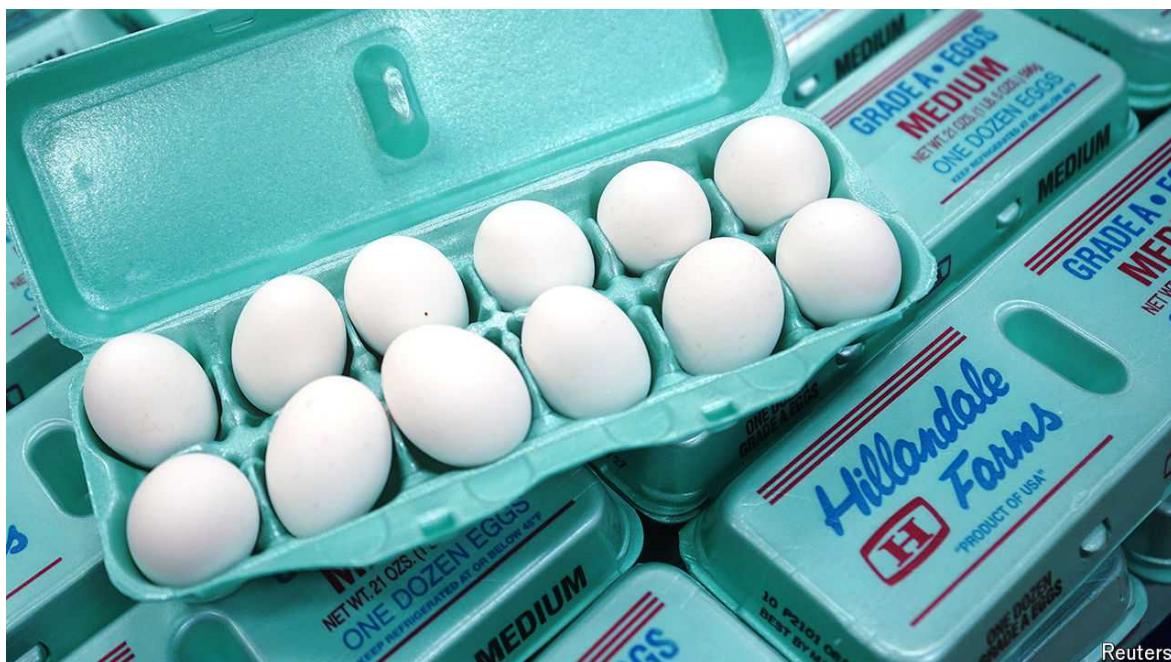
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Finance & economics | Reds under the bed

America's anti-price-gouging laws are too minor to be communist

No matter what critics of Kamala Harris allege

August 22nd 2024



Kamala Harris's [price-gouging ban](#) would be the first of its kind nationally in America. It is far from clear that such a policy is required. But it would have precedent at lower levels of government: 37 states have rules to stop firms from “excessive” price rises. Those decrying Ms Harris’s idea as a step towards communism can be reassured that many are Republican strongholds, from Arkansas to Idaho.

Typically, states limit interventions to times of emergency, with a focus on essentials such as power generators. During the covid-19 pandemic state governments expanded the definition to include face masks, hand sanitisers and the like. According to a review by the American Bar Association, it is

often up to individuals to report what they believe is unfair pricing, with the authorities deciding on how to handle the tips.

The pandemic offered a test of how such rules work. In most states, the emphasis was on warnings to correct bad behaviour. Florida's consumer-protection office was highly active, with about 100 of its lawyers and staff assigned to investigating allegations. Acting on 5,300 complaints over the course of 2020, the state's attorney-general, a Republican, said that her team recovered about \$2m for consumers. Florida was also one of many states that worked closely with online shops such as Amazon to block obvious gouging.

When warnings do not work, states sometimes use lawsuits. The cases, though, are rarely black and white, especially when involving established firms. New York sued Hillandale Farm, an egg distributor, after it quintupled prices early in 2020. That was resolved when Hillandale promised to refrain from excessive pricing and agreed to donate 1.2m eggs to food banks. In Texas a lawsuit against Cal-Maine, another egg supplier, was dismissed, though the decision was reversed on appeal by the state. The firm says that its price increases merely reflected market forces.

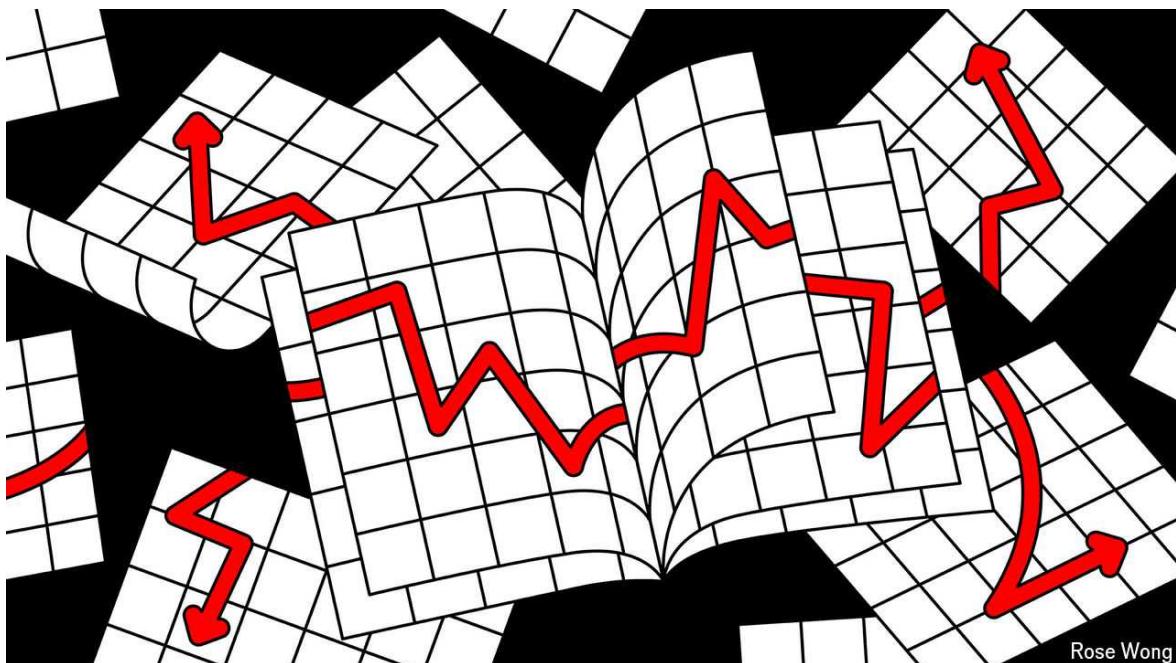
If these cases seem innocuous, that is because they are minor. In the past, when states have imposed extensive price caps, the effects have been worse. During the oil crises of the 1970s, price controls led to shortages. A study found that queues at Californian petrol stations alone cost the equivalent of \$5bn. The more broadly anti-price-gouging laws are applied, the more they look like price controls, which are deeply harmful. ■

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Is America already in recession?

Some rules of thumb suggest so

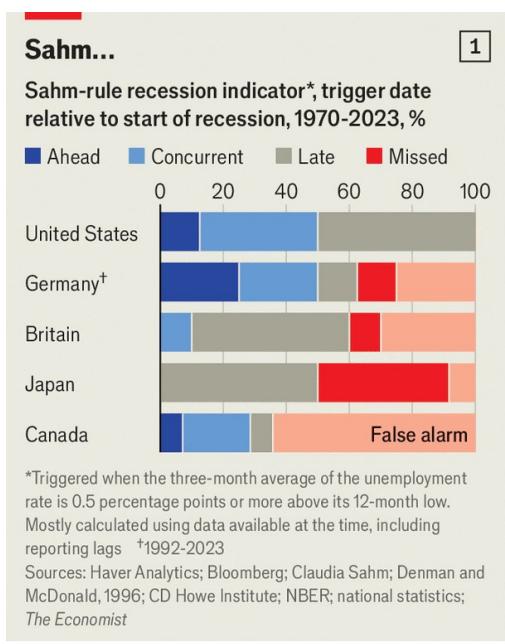
August 22nd 2024



An EARLY-WARNING SYSTEM for recessions would be worth trillions of dollars. Governments could dole out stimulus at just the right time; investors could turn a nice profit. Unfortunately, the process for calling a recession is too slow to be useful. America's arbiter, the National Bureau of Economic Research, can take months to decide. Other countries simply look at GDP data, which emerge with a lag.

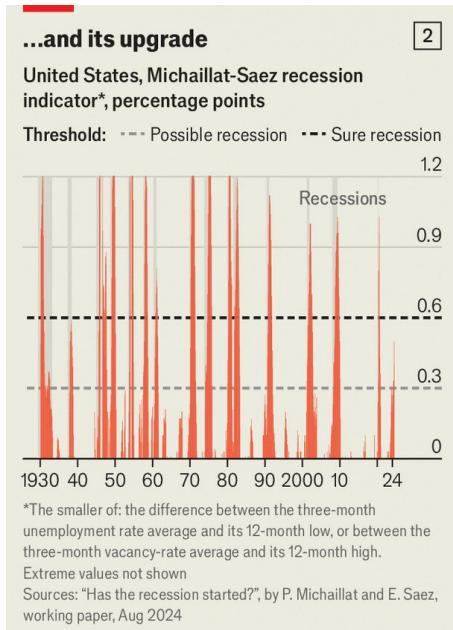
So recession-watchers have developed rules of thumb. Many now indicate trouble for America. Best-known is the Sahm Rule (see chart 1), which was triggered earlier this month. It looks for a short, sharp rise in unemployment, sounding the alarm when the three-month average of the unemployment rate moves by at least half a percentage point above its 12-month low. A new

paper by Pascal Michaillat of the University of California, Santa Cruz, and Emmanuel Saez of the University of California, Berkeley, modifies the rule by adding a second indicator: changes in the job-openings rate. This catches every recession since the Depression, and entered the danger zone in March (see chart 2).



The Economist

Other recession-seers look to the bond market. Historically, an inverted yield curve—where long-term interest rates fall below short-term ones—has preceded recessions. But inversions can come a year or more before an actual recession; indeed, the latest started in the summer of 2022. The moment to really panic has been when an inverted yield curve un-inverts. The 2s-10s yield curve, comparing the rates on two- and ten-year Treasuries, has been inching towards un-inverting for months (see chart 3). Now it is just 0.2 percentage points away. A paper from Thomas Philips of New York University combines the unemployment rate and the yield curve. His rule has had only two false alarms since 1960, and indicates that a recession started in July.



The Economist

Is America doomed? Should investors bet on stocks cratering? Probably not. For one thing, Mr Philips finds that his rule calls recessions well, but is no good for investing. Using its strictures to switch portfolios around recessions mostly lost money relative to holding stocks throughout, aside from a good run during the global financial crisis of 2007-09. As stockmarkets tend to rise, investors have to get things absolutely spot-on, not just roughly right.

Recession rules also have deeper problems. A boom in immigration has distorted American jobs numbers. Goldman Sachs, a bank, reckons that 15% of the recent rise in unemployment reflects migration, since new arrivals are more likely to be jobless. Without this, the Sahm Rule would not have been triggered. The vacancies data that Messrs Michaillat and Saez lean on is also behaving unusually. Job openings leapt as covid-era stimulus juiced demand and lockdowns rejigged the economy. Vacancies have fallen sharply since, which helps trigger their rule, but are still at healthy levels in outright terms.



The Economist

Another issue is that the rules are mostly based on American data. Yield-curve inversions and the Sahm Rule work [less well elsewhere](#). Perhaps America's economy is uniquely well-behaved, but it is more likely that the rules have been massaged to fit the contours of American history. In future, they will probably be more error-prone both in America and elsewhere.

Recession rules are based on the premise that once news gets bad enough, it will worsen further. Historically, that has been a decent bet: unemployment shoots up quickly and then falls slowly; central banks tend to raise interest rates until something breaks. Yet today the Federal Reserve has room to ease and, given the unusual labour-market recovery, some bumpiness does not spell disaster. Although America's gangbusters expansion is calming, a gradual slowdown is not a crash—no matter what the rules say. ■

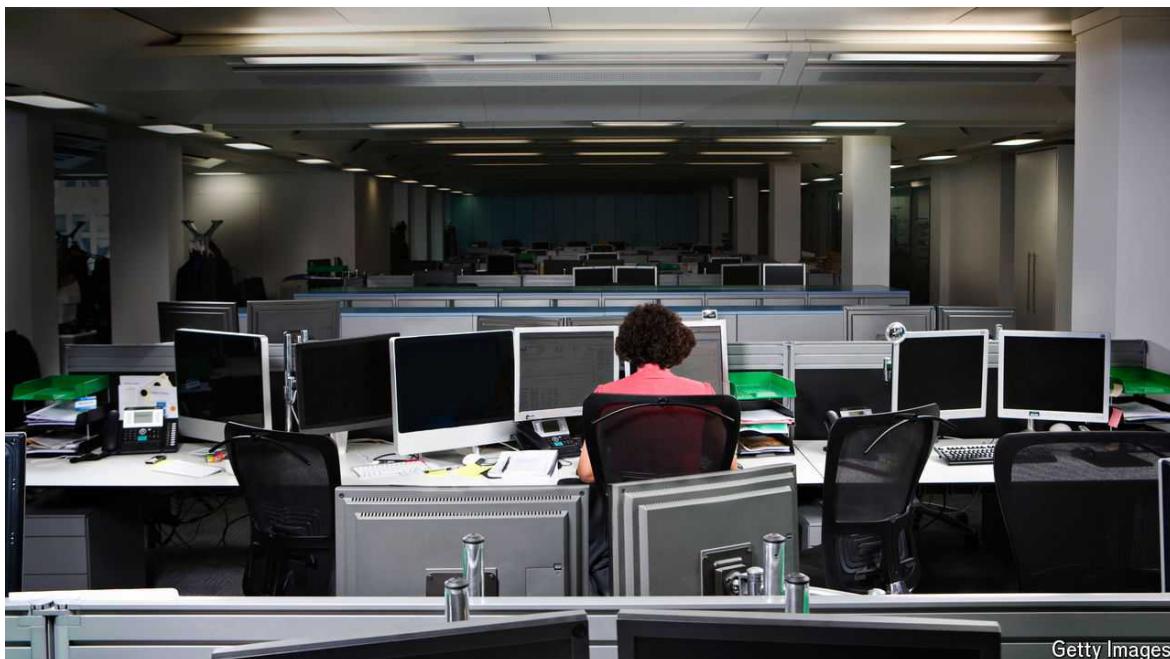
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Finance & economics | The new gender gap

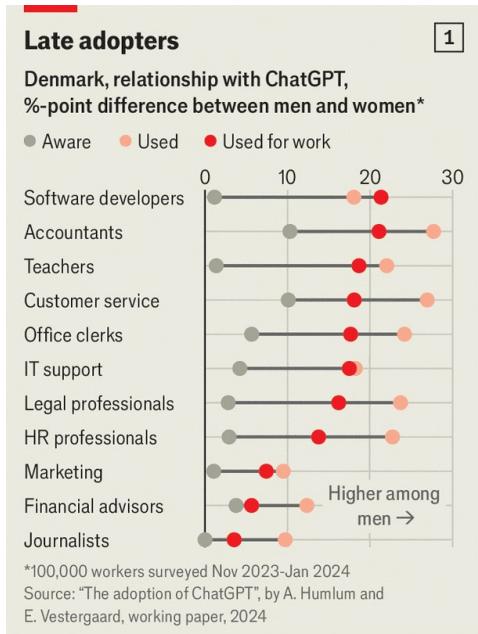
Why don't women use artificial intelligence?

Even when in the same jobs, men are much more likely to turn to the tech

August 21st 2024



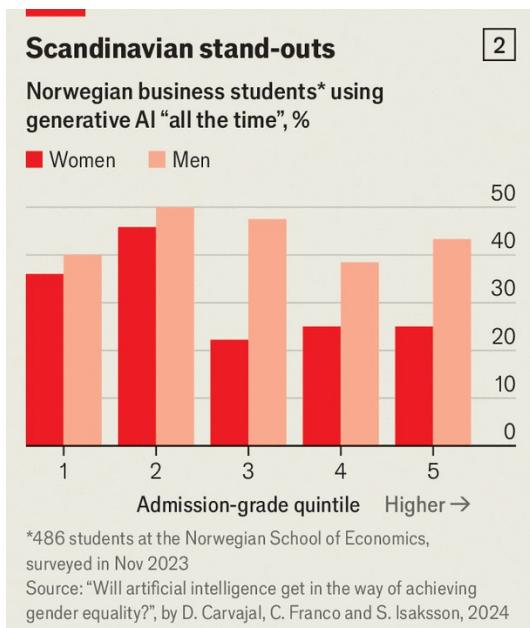
Be more productive. That is how Chat_{GPT}, a generative-artificial-intelligence tool from OpenAI, [sells itself to workers](#). But despite industry hopes that the technology will [boost productivity](#) across the workforce, not everyone is on board. According to two recent studies, women use Chat_{GPT} between 16 and 20 percentage points less than their male peers, even when they are employed in the same jobs or read the same subject.



The Economist

The first study, published as a working paper in June, explores Chat_{GPT} at work. Anders Humlum of the University of Chicago and Emilie Vestergaard of the University of Copenhagen surveyed 100,000 Danes across 11 professions in which the technology could save workers time, including journalism, software-developing and teaching. The researchers asked respondents how often they turned to Chat_{GPT} and what might keep them from adopting it. By exploiting Denmark's extensive, hooked-up record-keeping, they were able to connect the answers with personal information, including income, wealth and education level.

Across all professions, women were less likely to use Chat_{GPT} than men who worked in the same industry (see chart 1). For example, only a third of female teachers used it for work, compared with half of male teachers. Among software developers, almost two-thirds of men used it while less than half of women did. The gap shrank only slightly, to 16 percentage points, when directly comparing people in the same firms working on similar tasks. As such, the study concludes that a lack of female confidence may be in part to blame: women who did not use AI were more likely than men to highlight that they needed training to use the technology.



The Economist

Another potential explanation for the gender imbalance comes from a survey of 486 students by Daniel Carvajal at Aalto University and Catalina Franco and Siri Isaksson at the Norwegian School of Economics (_{NHH}). It also found a gender gap: female students enrolled in the _{NHH}'s only undergraduate programme were 18 percentage points less likely to use Chat_{GPT} often. When the researchers separated students by admission grades, it became clear that the gap reflected the behaviour of mid- and high-performing women (see chart 2). Low performers were almost as likely as men to use the technology.

Why might this be? The researchers probed what was going on with some clever follow-up questions. They asked students whether they would use Chat_{GPT} if their professor forbade it, and received a similar distribution of answers. However, in the context of explicit approval, everyone, including the better-performing women, reported that they would make use of the technology. In other words, the high-achieving women appeared to impose a ban on themselves. “It’s the ‘good girl’ thing,” reckons Ms Isaksson. “It’s this idea that ‘I have to go through this pain, I have to do it on my own and I shouldn’t cheat and take short-cuts’.”

A lack of experience with _{AI} could carry a cost when students enter the labour market. In August the researchers added a survey of 1,143 hiring managers to their study, revealing that managers value high-performing women with _{AI}

expertise 8% more than those without. This sort of premium does not exist for men, suggesting that there are rewards for women who are willing to relax their self-imposed ban.

Tera Allas of McKinsey, a consultancy, worries that by the time AI is firmly embedded into modern working life, it might be designed to appeal more to men, who are its main users—potentially shutting women out in the long term. But not everyone is as concerned. Despite the fact that the early internet was dominated by men, for example, young American women were more online than their male counterparts by 2005. On top of this, Danielle Li of the Massachusetts Institute of Technology notes that the studies do not actually show whether men's current ChatGPT use translates into better or more productive work. At the moment, the technology may be more of a digital toy, she says. Perhaps, then, high-achieving women are simply better at avoiding distraction. ■

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Why investors are not buying Europe's revival

Even though the continent's stocks are in a “sweet spot”

August 22nd 2024



Getty Images

The profits of European listed firms rose during the second quarter of this year. In much of the rest of the world, that would be unremarkable. On the old continent, 4.3% earnings growth in the three months to June, compared with the year before, was enough to provide a boost to the Stoxx 600, its benchmark index. After all, the growth came after four consecutive quarters of falling earnings. Markets strategists are now talking up European stocks. Morgan Stanley, an investment bank, even says that they are “in the sweet spot”.

Yet this optimism may be misplaced. It is, ultimately, based on two things. One is a better economic situation. After a year of stagnation, GDP across the European Union grew by 0.3% in the second quarter, against the previous

one, while annual inflation fell to 2.8% in July—not far from the European Central Bank's target of 2%. ^{ECB} policymakers felt sufficiently confident to cut interest rates in June and are expected to do so again in September. The second thing is the cheapness of European stocks. The Stoxx 600 trades at a price-to-earnings ratio of 15, against 26 for America's ^{S&P} 500 index. In other words, European shares trade at a 40% discount.



The Economist

Part of the reason for the alluring bargain is the make-up of the European market, not least the heavy weighting of the automotive and luxury industries. Carmakers are suffering because of growing fears about a renewed global trade war, particularly if Donald Trump returns to the White House in November, and profit warnings at several high-profile firms. Meanwhile, luxury-goods manufacturers are hampered by concerns about the outlook for Chinese demand, as the country's housing crisis and other economic problems drag on.

Even on an industry-by-industry basis, however, European firms remain considerably cheaper than their American counterparts, indicating that something else may be at play. Indeed, despite ever-more attractive valuations and the better news of recent months, many investors are still not entirely sold on Europe. Since mid-April the price of a basket of stocks that would do well if the European economy thrives, which includes companies

in consumer-focused industries such as media and retail, has risen by 6%, comfortably underperforming a defensive basket, which includes companies in stodgier industries such as health care and utilities, and which has gone up by more than 11%.

Asset managers appear to be considering the chance of a slowdown, rather than rushing to gain exposure to an upswing. This is not unreasonable. Even if there are signs of improvement, Europe's economy has grown by just 4% since before the covid-19 pandemic, compared with 9% in America. And there are continued worries about the weakness of European demand, as well as stagnation in Germany, the continent's usual economic motor. Without some sort of big break that prompts investors to reassess the continent, the share-price discount will not shrink. As anyone who has held European stocks over the past decade knows all too well, cheap assets can stay cheap for a very long time. ■

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Investors should avoid a new generation of rip-off ETFs

Some proposals may even be a risk to financial stability

August 22nd 2024



John Bogle, founder of the Vanguard Group and pioneer of index funds, may have saved investors more money than anyone else in history. By some estimates, his crusade to drive down fees has, over the past five decades, left them with more than \$1trn that would otherwise have gone to fund managers. Index funds, through which speculators can invest in the stockmarket as a whole, cut out the middlemen. In doing so, they have transformed the world of investing.

But when it came to exchange-traded funds, the investment vehicle through which people commonly invest in index funds, Bogle was sceptical. The first ETFs were launched in 1990, a decade-and-a-half after Bogle's first

passive mutual fund. They came with the ability to buy and sell shares instantaneously. To the godfather of passive investing, minute-by-minute trading made them a “wolf in sheep’s clothing”. He believed they would become a vehicle for speculation and chasing market fads, rather than long-term investment.

Bogle was wrong about ^{ETFS} in general, which transpired to be a perfect pairing with his long-term ideals. Yet several new types of ^{ETF} suggest he may not have been entirely wrong to worry that they would be used poorly. Some are what Peter Atwater of Financial Insights, a consultancy, calls “financial turducken”: vehicles created more because it is possible than because it is wise. Most important to the firms that provide them, the complicated new vehicles produce a stream of fees and are proving popular. Inflows into actively managed ^{ETFS} have risen from less than \$5bn in 2019 to over \$100bn last year.

The first “defined-outcome fund”, or buffer ^{ETF}, was launched six years ago. Such funds offer investors an enviable-sounding opportunity: hold stocks, with protection against falling prices. All they must do is forgo annual returns above a certain level, often 10% or so. Inflows have soared this year as investors seek protection from a potential market slump and inflation, leaving such funds with \$44bn under management. Over the long term, however, they are a terrible deal for investors. Much of the compounding effect of stock ownership comes from rallies. Since 1980 the ^{S&P} 500 index has yielded annual returns exceeding 10% in 27 years. It has dropped by 10% or more only four times. An investor with returns capped at 10% and protected from losses would have made a real return of 403% over the period, a fraction of the 3,155% return offered by just buying and holding the ^{S&P} 500.

Another new type of ^{ETF} is the “semi-transparent” vehicle, which fund providers have promoted since American regulators permitted them in 2019. These allow managers to disclose assets once a quarter, as with mutual funds, instead of every day. According to advocates, this prevents them from being front-run by competitors. The difficulty is that regularly updated knowledge of what is inside an ^{ETF} allows buyers and sellers to price its shares. Semi-transparent ^{ETFS} rely instead on a labyrinth of intermediaries given special access, or proxy releases that disclose a limited amount of

information—all but defeating the point of an ^{ETF} wrapper. So far, investors have been duly sceptical. Only one fund holds assets worth more than \$1bn.

Worse may yet be to come, however. Private-market ^{ETFS} would bundle unlisted assets—whether private equity, debt or property—into tradable ^{ETFS}. BlackRock, an asset manager, last month announced its intention to buy Prequin, a private-markets-data provider, in part to build private-market indices and, in time, ^{ETFS} to match. But private assets are not just an unusual complement for an ^{ETF} wrapper; they may prove to be a dangerous one. Putting illiquid assets in a tradable wrapper defies the main mechanism by which the funds operate. When investors buy and sell shares in the ^{ETF}, it is impossible for the provider to buy and sell the holdings to match. At scale, the funds might pose a risk to financial stability. Liquidity could vanish in a crisis, as investors dump ^{ETF} shares, while providers are unable to sell assets.

The original pairing of the ^{ETF} and the passive-investment revolution was a triumph, combining the ability to buy and sell at ease with lower fees. Many of the new forms of ^{ETF} lack one or even both of these advantages. Their issuers are the overwhelming beneficiaries, extracting fees from investors who end up overpaying for volatility protection, for opacity they hardly need or even for a concerning mismatch in liquidity. As such, the new generation of funds is turning Bogle's fears into a reality. ■

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Artificial intelligence is losing hype

For some, that is proof the tech will in time succeed. Are they right?

August 19th 2024



Silicon Valley's tech bros are having a difficult few weeks. A growing number of investors worry that artificial intelligence (AI) will not deliver the vast profits they seek. Since peaking last month the share prices of Western firms driving the AI revolution have dropped by 10%. A growing number of observers now question the limitations of large language models, which power services such as ChatGPT. Big tech firms have spent tens of billions of dollars on AI models, with even more extravagant promises of future outlays. Yet according to the latest data from the Census Bureau, only 5.1% of American companies use AI to produce goods and services, down from a high of 5.4% early this year. Roughly the same share intend to do so in the coming months.

Gently raise these issues with a technologist and they will look at you with a mixture of disappointment and pity. Haven't you heard of the "hype cycle"? This is a term popularised by Gartner, a research firm—and one that is common knowledge in the Valley. After an initial period of irrational euphoria and overinvestment, hot new technologies enter the "trough of disillusionment", the argument goes, where sentiment sours. Everyone starts to worry that adoption of the technology is proceeding too slowly, and profits are hard to come by. However, as night follows day, the tech makes a comeback. Investment that had accompanied the wave of euphoria enables a huge build-out of infrastructure, in turn pushing the technology towards mainstream adoption. Is the hype cycle a useful guide to the world's AI future?

It is certainly helpful in explaining the evolution of some older technologies. Trains are a classic example. Railway fever gripped 19th-century Britain. Hoping for healthy returns, everyone from Charles Darwin to John Stuart Mill ploughed money into railway stocks, creating a stockmarket bubble. A crash followed. Then the railway companies, using the capital they had raised during the mania, built the track out, connecting Britain from top to bottom and transforming the economy. The hype cycle was complete. More recently, the internet followed a similar evolution. There was euphoria over the technology in the 1990s, with futurologists predicting that within a couple of years everyone would do all their shopping online. In 2000 the market crashed, prompting the failure of 135 big dotcom companies, from garden.com to pets.com. The more important outcome, though, was that by then telecoms firms had invested billions in fibre-optic cables, which would go on to become the infrastructure for today's internet.

Although AI has not experienced a bust on anywhere near the same scale as the railways or dotcom, the current anxiety is, according to some, nevertheless evidence of its coming global domination. "The future of AI is just going to be like every other technology. There'll be a giant expensive build-out of infrastructure, followed by a huge bust when people realise they don't really know how to use AI productively, followed by a slow revival as they figure it out," says Noah Smith, an economics commentator.

Is this right? Perhaps not. For starters, versions of AI itself have for decades experienced periods of hype and despair, with an accompanying waxing and

waning of academic engagement and investment, but without moving to the final stage of the hype cycle. There was lots of excitement over ^{AI} in the 1960s, including over ^{ELIZA}, an early chatbot. This was followed by ^{AI} winters in the 1970s and 1990s. As late as 2020 research interest in ^{AI} was declining, before zooming up again once generative ^{AI} came along.

It is also easy to think of many other influential technologies that have bucked the hype cycle. Cloud computing went from zero to hero in a pretty straight line, with no euphoria and no bust. [Solar power](#) seems to be behaving in much the same way. Social media, too. Individual companies, such as Myspace, fell by the wayside, and there were concerns early on about whether it would make money, but consumer adoption increased monotonically. On the flip side, there are plenty of technologies for which the vibes went from euphoria to panic, but which have not (or at least not yet) come back in any meaningful sense. Remember Web3? For a time, people speculated that everyone would have a 3_D printer at home. Carbon nanotubes also had a moment.

Anecdotes get you only so far. Unfortunately, it is not easy to test whether a hype cycle is an empirical regularity. “Since it is vibe-based data, it is hard to say much about it definitively,” notes Ethan Mollick of the University of Pennsylvania. But we have had a go at saying something definitive, extending work that Michael Mullany, an investor, conducted in 2016. *The Economist* collected data from Gartner, which for decades has placed dozens of hot technologies where it believes they belong on the hype cycle. We then supplemented it with our own number-crunching.

Over the hill

We find, in short, that the cycle is a rarity. Tracing breakthrough technologies over time, only a small share—maybe a fifth—move from innovation to excitement to despondency to widespread adoption. Lots of tech becomes widely used without such a rollercoaster ride. Others go from boom to bust, but do not come back. We estimate that of all the forms of tech which fall into the trough of disillusionment, six in ten do not rise again. Our conclusion is similar to that of Mr Mullany: “An alarming number of technology trends are flashes in the pan.”

^{AI} could still revolutionise the world. One of the big tech firms might make a breakthrough. Businesses could wake up to the benefits that the technology offers them. But for now the challenge for big tech is to prove that ^{AI} has something to offer the real economy. There is no guarantee of success. If you must turn to the history of technology for a sense of ^{AI}'s future, the hype cycle is an imperfect guide. A better one is “easy come, easy go”. ■

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Schools brief

- AI needs regulation, but what kind, and how much?

AI needs regulation, but what kind, and how much?

Different countries are taking different approaches to regulating artificial intelligence

August 20th 2024



For decades, the field of artificial intelligence (AI) was a laughing stock. It was mocked because, despite its grand promises, progress was so slow. The tables have turned. Advances in the past decade have prompted a growing concern that progress in the field is now dangerously rapid—and that something needs to be done about it. Yet there is no consensus on what should be regulated, how or by whom. What exactly are the risks posed by artificial intelligence, and how should policymakers respond?

Perhaps the best-known risk is embodied by the killer robots in the “Terminator” films—the idea that AI will turn against its human creators. The tale of the hubristic inventor who loses control of his own creation is

centuries old. And in the modern era people are, observes Chris Dixon, a venture capitalist, “trained by Hollywood from childhood to fear artificial intelligence”. A version of this thesis, which focuses on the existential risks (or “x-risks”) to humanity that might someday be posed by AI , was fleshed out by Nick Bostrom, a Swedish philosopher, in a series of books and papers starting in 2002. His arguments have been embraced and extended by others including Elon Musk, boss of Tesla, SpaceX and, regrettably, X.

In this series on artifical intelligence

1. [The story so far](#)
2. [Running out of data](#)
3. [Controlling the chip supply](#)
4. [Fashionable models](#)
5. [Future applications](#)
6. *Risks and regulations**

Those in this “ AI safety” camp, also known as “ AI doomers”, worry that it could cause harm in a variety of ways. If AI systems are able to improve themselves, for example, there could be sudden “take off” or “explosion” where AIs beget more powerful AIs in quick succession. The resulting “superintelligence” would far outsmart humans, doomers fear, and might have very different motivations from its human creators. Other doomer scenarios involve AIs carrying out cyber-attacks, helping with the creation of bombs and bioweapons and persuading humans to commit terrorist acts or deploy nuclear weapons.

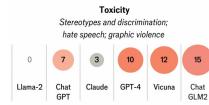
After the release of Chat_{GPT} in November 2022 highlighted the growing power of AI , public debate was dominated by AI -safety concerns. In March 2023 a group of tech grandes, including Mr Musk, called for a moratorium of at least six months on AI development. The following November a group of 100 world leaders and tech executives met at an AI -safety summit at Bletchley Park in England, declaring that the most advanced (“frontier”) AI models have the “potential for serious, even catastrophic, harm”.

This focus has since provoked something of a backlash. Critics make the case that x-risks are still largely speculative, and that bad actors who want to

build bioweapons can already look for advice on the internet. Instead of worrying about theoretical, long-term risks posed by AI, they argue, the focus should be on real risks posed by AI that exist today, such as bias, discrimination, AI-generated disinformation and violation of intellectual-property rights. Prominent advocates of this position, known as the “AI ethics” camp, include Emily Bender, of the University of Washington, and Timnit Gebru, who was fired from Google after she co-wrote a paper about such dangers.

→ Look Dave, I can see you're really upset about this

Number of harmful responses*,
by large language model



*From a sample of 939 prompts
Source: “Do-Not-Answer: a dataset for evaluating safeguards in LLMs”, by Yuxia Wang et al., 2023

Examples abound of real-world risks posed by AI systems going wrong. An image-labelling feature in Google Photos tagged black people as gorillas; facial-recognition systems trained on mostly white faces misidentify people of colour; an AI resumé-scanning system built to identify promising job candidates consistently favoured men, even when names and genders of applicants were hidden; algorithms used to estimate reoffending rates, allocate child benefits or determine who qualifies for bank loans have displayed racial bias. AI tools can be used to create “deepfake” videos, including pornographic ones, to harass people online or misrepresent the views of politicians. And AI firms face a growing number of lawsuits from writers, artists and musicians who claim that the use of their intellectual property to train AI models is illegal.

When world leaders and tech executives met in Seoul in May 2024 for another ^{AI} gathering, the talk was less about far-off x-risks and more about such immediate problems—a trend likely to continue at the next ^{AI}-safety summit, if it is still called that, in France in 2025. The ^{AI}-ethics camp, in short, now has the ear of policymakers. This is unsurprising, because when it comes to making laws to regulate ^{AI}, a process now under way in much of the world, it makes sense to focus on attending to existing harms—for example by criminalising deepfakes—or on requiring audits of ^{AI} systems used by government agencies.

Even so, politicians have questions to answer. How broad should rules be? Is self-regulation sufficient, or are laws needed? Does the technology itself require rules, or only its applications? And what is the opportunity cost of regulations that reduce the scope for innovation? Governments have begun to answer these questions, each in their own way.

At one end of the spectrum are countries which rely mostly on self-regulation, including the Gulf states and Britain (although the new Labour government may change this). The leader of this pack is America. Members of Congress talk about ^{AI} risks but no law is forthcoming. This makes President Joe Biden's executive order on ^{AI}, signed in October 2023, the country's most important legal directive for the technology.

Is self-regulation sufficient, or are binding laws needed?

The order requires that firms which use more than 10^{26} computational operations to train an ^{AI} model, a threshold at which models are considered a potential risk to national security and public safety, have to notify authorities and share the results of safety tests. This threshold will affect only the very largest models. For the rest, voluntary commitments and self-regulation reign supreme. Lawmakers worry that overly strict regulation could stifle innovation in a field where America is a world leader; they also fear that regulation could allow China to pull ahead in ^{AI} research.

China's government is taking a much tougher approach. It has proposed several sets of ^{AI} rules. The aim is less to protect humanity, or to shield Chinese citizens and companies, than it is to control the flow of information. ^{AI} models' training data and outputs must be “true and accurate”, and reflect

“the core values of socialism”. Given the propensity of ^{AI} models to make things up, these standards may be difficult to meet. But that may be what China wants: when everyone is in violation of the regulations, the government can selectively enforce them however it likes.

Europe sits somewhere in the middle. In May, the European Union passed the world’s first comprehensive legislation, the ^{AI} Act, which came into force on August 1st and which cemented the bloc’s role as the setter of global digital standards. But the law is mostly a product-safety document which regulates applications of the technology according to how risky they are. An ^{AI}-powered writing assistant needs no regulation, for instance, whereas a service that assists radiologists does. Some uses, such as real-time facial recognition in public spaces, are banned outright. Only the most powerful models have to comply with strict rules, such as mandating both to assess the risks that they pose and to take measures to mitigate them.

A new world order?

A grand global experiment is therefore under way, as different governments take different approaches to regulating ^{AI}. As well as introducing new rules, this also involves setting up some new institutions. The ^{EU} has created an ^{AI} Office to ensure that big model-makers comply with its new law. By contrast, America and Britain will rely on existing agencies in areas where ^{AI} is deployed, such as in health care or the legal profession. But both countries have created ^{AI}-safety institutes. Other countries, including Japan and Singapore, intend to set up similar bodies.

Meanwhile, three separate efforts are under way to devise global rules and a body to oversee them. One is the ^{AI}-safety summits and the various national ^{AI}-safety institutes, which are meant to collaborate. Another is the “Hiroshima Process”, launched in the Japanese city in May 2023 by the ^{G7} group of rich democracies and increasingly taken over by the ^{OECD}, a larger club of mostly rich countries. A third effort is led by the ^{UN}, which has created an advisory body that is producing a report ahead of a summit in September.

These three initiatives will probably converge and give rise to a new international organisation. There are many views on what form it should

take. Open_{AI}, the startup behind Chat_{GPT}, says it wants something like the International Atomic Energy Agency, the world's nuclear watchdog, to monitor x-risks. Microsoft, a tech giant and Open_{AI}'s biggest shareholder, prefers a less imposing body modelled on the International Civil Aviation Organisation, which sets rules for aviation. Academic researchers argue for an _{AI} equivalent of the European Organisation for Nuclear Research, or _{CERN}. A compromise, supported by the _{EU}, would create something akin to the Intergovernmental Panel on Climate Change, which keeps the world abreast of research into global warming and its impact.

In the meantime, the picture is messy. Worried that a re-elected Donald Trump would do away with the executive order on _{AI}, America's states have moved to regulate the technology—notably California, with more than 30 _{AI}-related bills in the works. One in particular, to be voted on in late August, has the tech industry up in arms. Among other things, it would force _{AI} firms to build a “kill switch” into their systems. In Hollywood's home state, the spectre of “Terminator” continues to loom large over the discussion of _{AI}. ■

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Science & technology

- Wildfires are getting more frequent and more devastating
- The world needs codes quantum computers can't break

Science & technology | Red planet

Wildfires are getting more frequent and more devastating

Climate change is accelerating the blaze

August 22nd 2024



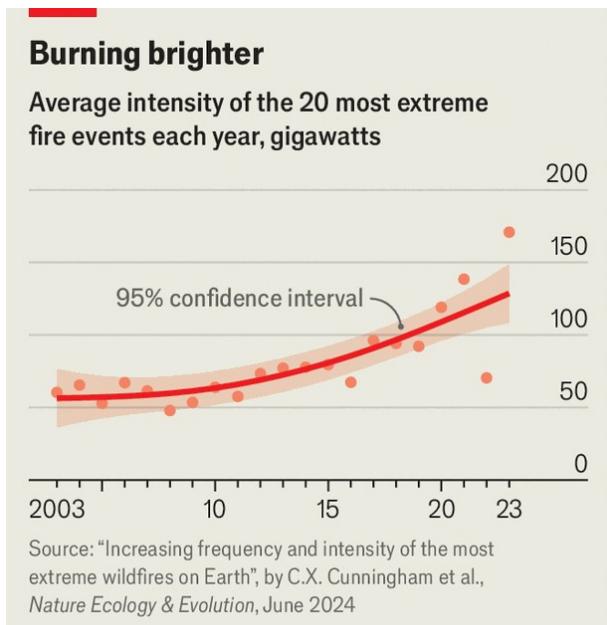
HUMANITY HAS lived and played with fire for at least 300,000 years. The oldest hearth, discovered at Qesem Cave in Israel and thick with wood ash, is as old as *Homo sapiens*. Burning never subsequently went out of fashion. Millennia later, the large-scale combustion of coal, oil and natural gas unlocked energy on a scale far beyond the hearth—and in so doing set in train profound changes to the planet's climate. Humankind, activists are fond of saying, set fossil fuels alight and the world with it. They brandish placards with images of a burning blue marble.

They have a point. Wildfires are more than a powerful visual metaphor for climate change. Data show they are increasingly fuelled by the extreme

conditions resulting from greenhouse-gas emissions. What is more, some researchers believe that they are helping drive climate change themselves, powering feedback loops with destructive consequences for human health and ecological stability.

The past five years have been marked by a sequence of particularly extreme wildfires. In late 2019 and early 2020 the “Black Summer” bushfires burned through 23% of south-eastern Australia’s temperate forests. While New South Wales burned, Siberia smouldered, as fires from the previous summer simmered beneath the snow, re-emerging to lay waste to an area bigger than Britain. In 2021 a persistent heat dome over North America’s Pacific northwest produced perfect conditions for widespread burns which would have taxed firefighters even if they had not been synchronised. The day after temperatures in the Canadian town of Lytton soared to a record-breaking 49.6°C, Lytton was no more. In 2022 more of the European Union went up in flames than in any year since 2000, bar one. The next year, more than 950 square kilometres burned near the Greek city of Alexandroupoli in the EU’s largest single wildfire since the 1980s.

The most remarkable blazes of the century, though, engulfed much of Canada between March and October 2023. Thousands of individual fires, many of them out of control for weeks or months at a time, set records for both their size and the speed at which they spread. No region was spared, from the Atlantic coast to the Pacific and from the southern border to the Arctic’s Beaufort Sea. The fires burned more than 180,000 square kilometres, nearly seven times the average burn area in recent years; 232,000 people were evacuated. Cumulatively, they produced almost 1,800m tonnes of carbon dioxide: three times Canada’s industrial greenhouse-gas emissions that year.



The Economist

According to a study of extreme fire events published in June in the journal *Nature Ecology & Evolution*, the years since 2018 have been six of the seven worst since 2003. Over the same time-span the total amount of heat given off by the 20 worst fires of any given year has more than doubled. Noting that global warming was long claimed to be leading to more extreme fires, the authors say there is now evidence to show that this trend is real (see chart).

“Attribution” studies look for the links between these events and global warming that common sense suggests must be there. They use climate models to determine whether specific events were made worse or more likely by climate change. The conclusions are stark. Australia’s Black Summer fires were made at least 30% more likely. The record-breaking spring heatwave that revived the Siberian fires of 2020 would have been “almost impossible” in a world without climate change, according to World Weather Attribution, an international modelling collaboration. As for the Canadian heat of June 2023, an international team of academics concluded in August that its occurrence was about three times more likely under global warming than it would otherwise have been.

Once burned, twice burned

Drier periods and hotter weather often combine to create the ideal conditions for large, destructive fires: tinder-dry vegetation ready to burn, and a paucity of fire-dousing rain. (That said, in some regions some rains can do damage by overabundance—providing more plant mass for dry seasons to turn to fuel.) Climate change means “fire weather” is not only becoming more frequent but also more geographically widespread.

Globally, fire seasons lengthened by 14 days (or 27%) between 1979 and 2019, according to research published in 2022 in *Reviews of Geophysics*, a journal. The number of days when the most extreme fire conditions prevailed increased by 54%, or ten additional days, over the same period. The Mediterranean, the Amazon and the Pacific forests of North America are among the regions to have seen the greatest increases.

More fire weather does not in itself mean more fires. Roughly 70% of the land surface that burns each year is in Africa, most of it savannahs that are deliberately set alight to regenerate grazing lands and make way for agriculture. These burns are decreasing, in part because people are setting fewer of them and in part because climate change is moistening some savannahs. These changes are leading to a lower total burn area, to the delight of climate sceptics. Remove this vast area from the data, though, and a very different trend emerges: forest fires are on the rise, particularly in the boreal regions that encircle the Arctic. In boreal North America, for example, the burned area doubled between the 1960s and the 1990s.

The pattern is ongoing and global, says Matthew Jones, a researcher at Britain’s Tyndall Centre for Climate Change Research, who has published a new paper in *Earth System Science Data*, a journal, showing a clear increasing trend in forest wildfires globally. His collaborator Stefan Doerr, the director of the Centre for Wildfire Research at Swansea University, calls it “basically beyond question”. The distinction between savannah fires and forest fires matters: grasslands regenerate within a few years. Forests, particularly old-growth ones, take decades to grow again.

Red planet

Locations of extreme wildfires, 2003-23



Source: "Increasing frequency and intensity of the most extreme wildfires on Earth", by C.X. Cunningham et al., *Nature Ecology & Evolution*, June 2024

The Economist

The study shows that the increase is particularly marked in the boreal forests that encircle the Arctic. Last year's megafires in Canada fall into this category, as do the Siberian blazes of 2020. This has implications for future warming. In tropical savannahs, new plant growth fairly quickly absorbs carbon dioxide—that which was emitted in last year's fires is soon reabsorbed. When mature forests go up in flames, reabsorption can take many decades or even centuries. Thus boreal fires significantly raise carbon dioxide levels.

The picture may not be as bleak as it seems. In some boreal regions, like parts of North America, burned conifer forests are being replaced by deciduous trees, which grow—and therefore suck carbon out of the atmosphere—faster. This could help mitigate warming rather than amplify it, says Dr Doerr, but it is most probably a minor buffer. (Elsewhere, the dynamics are different: deforestation of the Amazon threatens to turn that ecosystem into a carbon-poor grassland, a process that is accelerated and sustained by wildfires.)

There is another complicating factor. In the winter, boreal forests look dark from above, because the season's snow sits below the canopy of leaves. Clear the forest and the snow is revealed to the sky; and reflecting sunlight, rather than absorbing it in a leafy canopy, cools the planet. Though boreal-

forest fires heat things up immediately, by spreading ash and depriving forests of the cooling effect of transpiration (the evaporation of water from the leaves of trees), over the decades that follow boreal-forest fires increase the amount of snow bared to the sky. That cooling effect is widely taken to outweigh the warming driven by the fires' direct emissions.

This effect is on the wane. For one thing, snow cover is decreasing as the world warms. That means the strongest cooling effects are becoming restricted to more and more northerly forests. For another, as fires get more intense, their emissions, which may already be underestimated, could significantly increase.

The unfrozen North

Another huge unknown in the spread of fires to the boreal regions is peat. Peat is a type of soil formed over thousands of years that is exceptionally rich in carbon. The carbon emissions produced when peatlands burn may be well nigh irreversible. Worryingly, most of the world's peat is found on the fringes of the Arctic, precisely where wildfires are on the rise. Though peatlands are often waterlogged and, at high latitudes, frozen, heat and drought could overcome these fire protections.



Too hot to handle

Peat burning in boreal regions is probably one of the biggest sources of uncertainty about future fire emissions, says Dr Doerr. Though the Arctic is now warming nearly four times faster than the global average, how much of the boreal peat will burn—and when—is impossible to predict. The likelihood of such fires starting, though, looks set to increase. Most fires in boreal regions are ignited by a bolt of lightning (unlike fires elsewhere, which are often started by humans). And forests in temperate and boreal regions could see an 11-31% increase in lightning strikes for every degree of warming, according to a study published last year.

The climate impact of blazes that burn peat, among other things, has led some to propose the active suppression of such fires as a way to mitigate emissions. This is a departure from the norm: most countries try to conserve resources by tackling only the blazes that directly threaten human safety or property. (It also runs against the “let burn” firefighting orthodoxy, which favours leaving fires alone in order to reduce the available fuel.)

It would not be cheap. Modelling published in 2022 by researchers from America’s Union of Concerned Scientists and the Woodwell Climate Research Centre in Massachusetts predicted that keeping Alaska’s boreal-wildfire emissions close to the historical average would cost almost \$700m a year until 2030, more than five times the state’s current firefighting budget. But, they concluded, per ton of carbon dioxide saved it might well be cheaper than several alternatives currently funded by the American government.

Some have been inspired. As of 2023, the Yukon National Wildlife Refuge—an area of eastern Alaska roughly the size of Denmark—is testing a scheme based on this research. Alaskan firefighters can now be sent to try to contain some types of fires in a specific part of the refuge with the oldest and most carbon-rich permafrost. Jimmy Fox, who manages the refuge for the government, reckons it will mean a couple of big fires are suppressed each year.

Elsewhere, fires continue to go unchecked. After the blazes in Siberia and Russia’s Far East in 2019, the government declared that it would suppress fires across much greater areas. But such promises are useless without the resources to back them up. According to Greenpeace Russia, which monitors

wildfires in the country, Russia's firefighting budget has risen by less than inflation in recent years.

Regardless of the long-term effects of boreal fires on greenhouse-gas levels, some kinds of emissions from combustion have particular economic importance: those from trees that are being credited with locking away carbon in some sort of carbon-credit scheme.

In recent years forestry projects have emerged as a popular source of carbon credits, the idea being that planting new trees—or stopping the destruction of existing ones—can help offset emissions elsewhere. Obviously, those credits are worthless if the vegetation involved goes up in flames, or if the forests' carbon stock is otherwise depleted (by disease, say, or pests). Consequently, offset schemes rely on “buffer pools” as built-in insurance mechanisms, with any damage compensated for by retiring an equivalent amount of carbon stock from the buffer pool.

Increasingly devastating fires threaten the integrity of these schemes. Take, as an example, California's state-run carbon offsets programme, which was supposed to guarantee carbon storage for 100 years. An analysis of the programme published in the journal *Frontiers in Forests and Global Change* in 2022 found that 95% of the buffer pool set aside to mitigate wildfire risk was used up in the first ten years of the scheme's operation.

Up in smoke

It is not only carbon markets that are at risk. Many national and regional strategies to mitigate greenhouse-gas emissions include plans to reduce emissions by boosting land-based carbon sinks through forestry and agricultural programmes. Fire adds to the reasons for rethinking this.

Such problems will get only worse. Modelling studies suggest that the length of fire seasons will continue to increase as temperatures rise. If the planet warms by no more than the 1.5-2°C temperature range agreed in the ^{UN} Paris agreement, the number of extreme-fire-risk days is projected to more than double. Between 3°C and 4°C, they might quadruple. Existing climate policies are currently predicted to stabilise global warming somewhere between 2.2°C and 3.4°C.

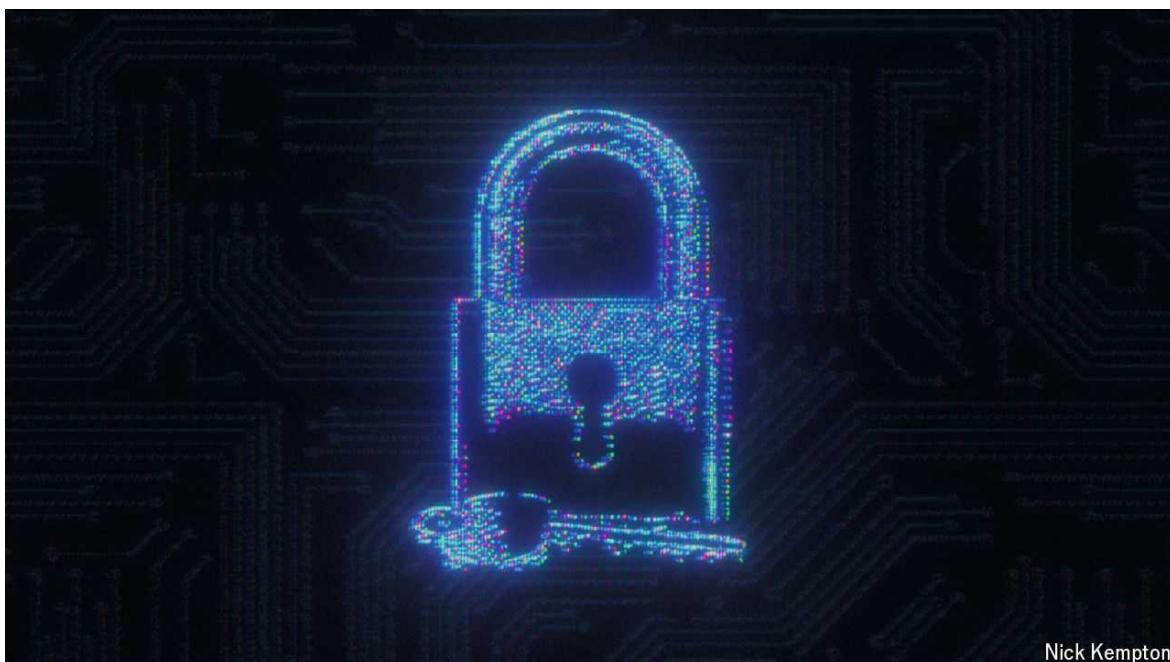
With that level of warming, a great many forests, from Alaska to Indonesia and south-east Australia, will experience fire seasons of unprecedented ferocity and duration. *Homo sapiens* may not have started the fire, but will need to find ways of living with it. And fast. ■

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The world needs codes quantum computers can't break

America's standards agency thinks it has identified three

August 21st 2024

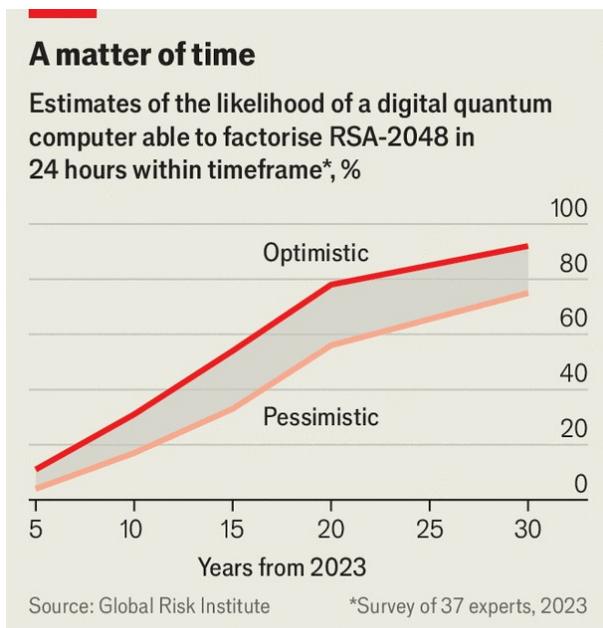


QUANTUM COMPUTERS, which exploit strange properties of the subatomic realm to crunch numbers in powerful new ways, do not actually work yet. But if and when they do start working, they will be able to break the cryptographic algorithms that currently protect online communications, financial transactions, medical records and corporate secrets.

Today's algorithms generally rely on the fact that conventional computers struggle to factorise very large numbers. Finding the factors of the big numbers used by the RSA-2048 algorithm, for example, often used as a benchmark for progress in the field, has eluded generations of classical computers. But experts believe a quantum computer could emerge within a

decade or two capable of cracking it in a day. That is already making cryptographers nervous. Sensitive data illicitly obtained today could be held on ice for years, until a sufficiently powerful code-breaker is built.

New algorithms are therefore needed. And because switching over to them will take years, the transition to post-quantum cryptography (_{PQC}) needs to begin as soon as possible. The National Institute of Standards and Technology (_{NIST}), America's standards agency, has now fired the starting gun for this transition. On August 13th _{NIST} announced that three algorithms had been approved as official standards for _{PQC}. Two are based on lattice problems, a type of mathematical puzzle challenging for quantum and classical computers alike. The third, which is based on the hash functions used in data analysis, avoids having too many eggs in a single basket.



The Economist

The announcement marks an important step in a continuing process. _{NIST} began looking for quantum-safe algorithms in 2016, when it launched a competition for codes that future quantum computers would be unable to crack. Dozens of algorithms were submitted, mathematicians and cryptographers did their best to pick holes in them, and many fell by the wayside. Eventually, in July 2022, _{NIST} announced a shortlist of four algorithms that were candidates for standardisation. Three of them were based on lattice problems. The fourth involved hash functions.

NIST also said it would continue to evaluate four backup algorithms, some of which might be adopted as standards in future. That is because nobody can ever be sure how secure an algorithm really is; there is always a risk somebody might discover a clever way to crack it. NIST consequently chose backup algorithms that did not rely on lattices. One of these, called SIKE, is based on the mathematics of isogeny-based elliptic curves. Elliptic curves are already used in some cryptographic systems today, but are not considered quantum-safe. Isogeny-based elliptic curves, it was thought, would be.

Wrongly, as it turned out. In July 2022 Wouter Castryck and Thomas Decru, mathematicians at Katholieke Universiteit Leuven in Belgium, announced that they had found a way to crack SIKE. Worse still, their method could unlock data encrypted by SIKE in just four minutes, using a ten-year-old desktop PC. Fortunately, SIKE was the only example of an isogeny-based elliptic-curve cryptosystem under consideration by NIST, so this result did not imperil any other algorithms. Cue a big sigh of relief, and SIKE's removal from the list of contenders for PQC.

Then in April 2024 came another unexpected result. Yilei Chen, of Tsinghua University in Beijing, issued a paper detailing a quantum algorithm that could solve certain lattice problems. This suggested that algorithms based on such problems might, after all, be vulnerable to quantum attack. Given that three out of four of NIST's preferred algorithms were of this type, this was a potentially disastrous finding. Fortunately, a flaw was found in the paper almost immediately, and cryptographers sighed with relief once again.

One of NIST's approved lattice-based algorithms, ML-KEM, is a method for distributing secret encryption keys, which allow the right recipient to decrypt the scrambled data. The other, ML-DSA, is an algorithm for digital signatures, a technique that allows users to prove their identity.

The third approved algorithm, SLH-DSA, is an alternative to ML-DSA based on a hash-based algorithm—"to avoid relying only on the security of lattices", NIST explained. NIST will also continue to evaluate a trio of other algorithms, reliant on neither lattices nor elliptic curves, as possible alternatives to ML-KEM. They are thought to be highly secure, but require more storage space for encryption keys and enciphered data than ML-KEM does.

There is strength in such diversity. The scare over Dr Chen's paper highlighted the fact that there has not been enough analysis of lattice-based systems to be confident of their security, notes Bruce Schneier, a cryptography guru at Harvard University. People have tried and failed to break lattice-based algorithms with conventional computers for decades, but there has been much less research into how they might be broken using a quantum computer. Adoption of the new NIST standards should go ahead, he says, but large organisations should aim to be "crypto-agile" as they switch to PQC. That means switching in a way that facilitates further switches in future, as better algorithms become available, or flaws are found in existing ones.

The work underpinning a successful transition has been under way for some time, says Scott Crowder, a quantum specialist at IBM, a computing giant. IBM has made a PQC software update for its z series mainframe computers, for example, which are still widely used in many industries. Similarly, earlier this year Apple implemented ML-KEM on the iMessage service used on its iPhones, iPads and Macs.

For a typical large company, says Mr Crowder, 80% of the job of switching to PQC will be handled by vendors providing upgrades and patches. The other 20% is more difficult, requiring companies to rejig custom-built internal systems.

One approach, which can ease the transition and also provide extra reassurance, is known as "hybrid" or "composite" cryptography. This involves layering existing, conventional cryptography with PQC. That way, if either system is broken, the other still provides some protection. This can act as an insurance policy for organisations required by regulators to adopt PQC but worried that it may not be totally secure.

The possibility still exists that flaws will be found in NIST's new standards. But that is no reason to delay. The transition will not be easy, and will not be risk-free. But the time to start is now. ■

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Culture

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Culture | RIP adulthood

Is Western culture stopping people from growing up?

Kidults are all around you

August 16th 2024



Infantilised. By Keith Hayward. *Constable*; 432 pages; £25

AN OLDER BOSS was correcting a younger female employee. “There is no P in ‘hamster’,” said the boss. But “that’s how I spell it,” the 20-something objected. The boss suggested they consult a dictionary. The employee called her mother, put her on speakerphone and tearfully insisted that she tell her boss not to be so mean.

It is an arresting vignette. The tearful employee appears to have imbibed the notion of “my truth”, a popular phrase intended to rationalise the speaker’s beliefs and shield them from criticism based on facts. You may say that

$1+1=2$, but “my truth” is that it makes three. Post-modernists deem this way of thinking sophisticated. Keith Hayward calls it childish. He is right.

But Mr Hayward, a criminologist at the University of Copenhagen, goes much further. In “Infantilised”, he contends that young people today are less mature than previous generations, and that Western culture is to blame. He offers plenty of examples of “kidulting” to reinforce his case. Some people like to recreate their childhood pleasures by dressing up as “My Little Pony” and buying tickets to places where they can jump into ball pits and do pillow-fights. Some carry on pursuing teenage kicks in nightclubs well into early middle age.

Over many years as a lecturer, Mr Hayward grew concerned that his 18-year-old students “resembled less mature teenagers on the cusp of adulthood and more fearful schoolchildren adrift in an alien world of adult autonomy”. One arrived in class dressed in a onesie, noting that it was cold and he liked to feel comfortable. Was he not “concerned about the infantilising overtones of such a garment?” asked Mr Hayward. “No, I want to be treated like a kid,” came the reply. “Adulting is hard.”

Here the author produces his most solid evidence, though it will be familiar to many readers. In rich countries there has been a dramatic fall in the share of people who, by the age of 30, have attained the traditional markers of adulthood: leaving home, becoming financially independent, getting married, having a child. In Britain, the median age for a first (heterosexual) marriage, at 33 for men and 31 for women, is a decade higher than it was in the early 1960s. In 2016 a Pew study found that for the first time in 130 years, American 18-34-year-olds were more likely to be living with their parents than with a partner in a separate abode.

Pop culture, Mr Hayward believes, is infantilising people. Modern cinema celebrates immaturity. From the unreconstructed man-children of “School of Rock” and “Ted” (which stars a beer-drinking teddy bear) to the endless “Batman” and “Spider-Man” remakes, “a visit to the movies these days feels more like a trip to a toy shop”. Reality ^{tv} shows “normalise infantilism” by making “40- and 50-year old celebrities dress up as toy cars, children’s bears and dinosaurs”. Many advertisements are an “assault on mature adulthood”. The Milky Bar Kid has been portrayed by actors of all ages. Evian water’s

“live young” campaign featured adults in T-shirts that showed baby torsos beneath their necks.

The education system deserves some blame, too. Students are shielded from potentially upsetting ideas: the University of Aberdeen in Scotland put a trigger warning on “Peter Pan”, saying that students might find the “odd perspectives on gender” in the book “emotionally challenging”. Schoolchildren are told things that are manifestly untrue, such as “You can be anything you want to be.” History, sociology and philosophy are compressed into a “childhood morality tale” of the “privileged” and the “oppressed”. Schools and universities used to teach “the uncontroversial idea that [students] will need to adjust their behaviour and adapt to the world if they are to function effectively within it”. No more.

Finally, Mr Hayward chides the liberal commentariat. On the one hand, they celebrated Greta Thunberg, a former schoolgirl activist, as an “all-knowing sage”, despite her possessing “no scientific expertise” and saying “nothing original whatsoever about climate issues”. This, he claims, is evidence of “a role reversal in which young people are increasingly assigned the intellectual gravitas and cultural authority to educate adults”.

On the other hand, when Shamima Begum, a British schoolgirl roughly the same age as Ms Thunberg, went off to join the mass-murdering, mass-raping Islamic State, the same liberal pundits decried the British government’s decision not to allow her back into Britain to face justice, presenting her “as a duped child...far too young and naive to know her own mind, and therefore not responsible for her subsequent actions”. “When society acts in such a hypocritical fashion, adultfying on the one hand and infantilising on the other, it is playing a dangerous and duplicitous game,” thunders Mr Hayward.

Maybe so. But the main liberal argument for allowing Ms Begum to return home is that it is against international law to make someone stateless. If it were not, countries could dump all their criminals on foreign shores and refuse to take them back. Mr Hayward does not mention this.

There are some nuggets in this book. This reviewer was intrigued to learn that, according to the “fabulously named” Immorality Lab at the University

of British Columbia, those who regularly signal victimhood are more prone to lying and cheating for selfish ends, a habit people are supposed to grow out of. And it can't hurt to remind American voters of Donald Trump's reported schoolyard hissy-fit when his vice-president refused to help him try to overturn the results of the election he lost in 2020: "I don't want to be your friend anymore if you don't do this!"

But Mr Hayward's argument has two flaws. One is that it is so grumpy. Why shouldn't adults dress up as comic-book characters, if they enjoy it? What is wrong with liking the "Wallace and Gromit" animated films? Being grown-up means taking responsibility for your actions; it does not mean only ever seeking fun in highbrow places.

The second, bigger flaw is that Mr Hayward glosses over more compelling explanations for the supposed surge of "infantilism" he decries. Perhaps there is more memorable evidence of adults behaving childishly these days because everyone has a camera and posts amusing clips to social media. The idiotic things that the Boomers and Generation X did in their 20s are nearly all forgotten, thank heaven. The silliest antics of the silliest members of Gen Z tend to go viral.

And perhaps the reason why young people are finding jobs and having children later in life than earlier generations is that they are remaining longer in education. A whopping 40% of Americans aged 25 and over now have college degrees, up from 8% in 1960. This is a huge change, and usually considered a good thing, even if some degrees are costly and pointless. Those who are still studying at 25 are unlikely to be financially independent, and may therefore hesitate to have children. This is not childish; it is wise.

Other writers, such as Jonathan Haidt and Jean Twenge, have compiled interesting and sometimes troubling research about the young, from their apparently high levels of mental anguish to their threadbare support for free speech. But to dismiss a whole generation as big babies seems like name-calling. ■

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Madrid, Europe's fourth-largest city, deserves more appreciation

It is now the subject of a comprehensive new biography

August 22nd 2024



Getty Images

Madrid. By Luke Stegemann. *Yale University Press; 480 pages; \$35 and £25*

ROME HAS captured the imagination for millennia, London and [Paris](#) for centuries, and Berlin for decades. But another major European capital has attracted similar attention only in recent years. “Madrid” by Luke Stegemann, an Australian historian, aims to explain why the [Spanish capital’s profile](#) is rising. This is not the first English-language history of the city, but in a curiously thin field, it is the most ambitious chronicle of a city elbowing its way to Europe’s front rank.

Madrid is not the ancient heart of its country, like Paris or London. Its old buildings are few. It became the capital only when King Felipe II made it the seat of his court in 1561. The king did not record exactly why, though there are many theories: its central location was a bonus, and it lacked powerful rivals to the king (nearby Toledo had an influential archbishopric). Madrid was not quite a backwater village, as is sometimes said, but it is the only European capital with an Islamic foundation. (Muslims built up a humble village, Mayrit, into an important fortified town against counter-attacking Christians around the mid-10th century.)

Those not mad about Madrid often repeat a slander: that it is merely a beneficiary of its status as the seat of government, forever taking more from the rest of [Spain](#) than it gives back. Mr Stegemann argues this is not the case. From the 16th to the early 19th century, as Madrid went from improvised capital to centre of the world's biggest empire, artistic star-power followed the political kind.

Few places at any time in history can match the cultural output of Madrid in the *siglo de oro*, a golden age coinciding with the rise and decline of the [Habsburg](#) dynasty that featured Diego Velázquez on canvas and Miguel de Cervantes and Félix Lope de Vega on the page and stage. The next centuries saw Spain's decline as a global power, but Madrid still drew geniuses, including Francisco Goya, to the court.

Mr Stegemann's book is filled with pen-portraits showing how Madrid has both bred fine minds and made the careers of arrivals from elsewhere. Spain is not short of great cities, but the trajectories of Velázquez (from Seville) and Goya (from Zaragoza) seem improbable without Madrid. Among the achievements of the book is to situate the city in European cultural currents rather than treating it as some kind of Iberian exception; Spanish kings have also ruled big chunks of Europe, which is one reason the Prado museum is so well stocked with works by Bosch, Rubens, Titian and others.

Today Madrid is drawing ever more tourists (the Prado is only the most famous of several outstanding museums). Meanwhile, migrants from the rest of Spain continue streaming in thanks to the capital's increasingly dominant economy. Readers looking for dates and designers of this tourist attraction and that neighbourhood, however, will have to consult a guidebook or

Wikipedia. “Madrid” also has surprisingly little to say about the internationalisation of the economy or the city’s ambition to be a capital—if not the capital—of the wider Spanish-speaking world, attracting huge numbers of Latin Americans.

But still, this is an impressive, century-spanning urban biography. The author is interested in the irrepressible flow of life through the city, from peasants washing offal in streams in the 13th century to King Felipe IV travelling by gondola in the underground waterways to see his mistresses in the 17th. More authors are surely planning tributes to London and Paris. This is not Madrid’s last comprehensive chronicle and tribute. Nor should it be. ■

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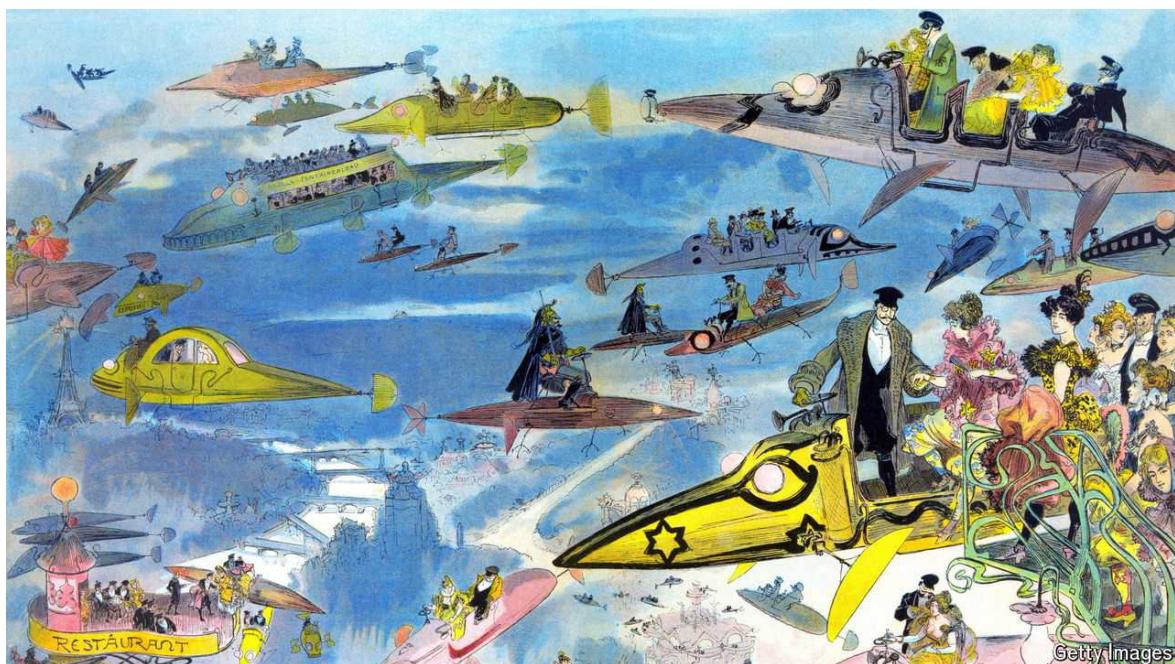
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Culture | Flights of fantasy

Whatever happened to flying cars and other promises?

A new book explores why tech innovation can go awry

August 22nd 2024



The Long History of the Future. By Nicole Kobie. *Bloomsbury Sigma*; 368 pages; \$28 and £18.99

ARE DRIVERLESS cars hurtling around technology's next corner? Not really, though not for lack of trying. The first quasi-autonomous car dates back more than 30 years. It was the brainchild of a German academic, Ernst Dickmanns, who called his computer on wheels *Versuchsfahrzeug für autonome Mobilität und Rechnersehen* (test vehicle for autonomous mobility and computer vision). Hardly catchy. But in 1994 his Mercedes-Benz ferried dignitaries from Charles de Gaulle airport near Paris. On the motorway the computer took control, and it hit top speeds of 130kph (80mph). Three

decades later, Alphabet's Waymo robotaxis can only dream of such va-va-voom. They are confined to the streets of Los Angeles, Phoenix and San Francisco.

Suspend, for a moment, your fear of an onslaught of new technologies. Instead consider the premise of "The Long History of the Future", a funny, counterintuitive new book by Nicole Kobie, a journalist. The most brilliant—and sometimes bonkers—minds of every generation set out to invent the stuff of people's science-fiction fantasies, whether flying cars, [robots](#) that think for themselves or [augmented-reality glasses](#). Sometimes they succeed. Mostly they do not. Technological progress is often frustratingly slow and littered with false promises and mistaken assumptions about what people want.

[Elon Musk](#) trumpets "full self-driving", but Tesla's driverless-car technology still requires a driver for oversight—and probably will for ages to come. The term artificial intelligence ([AI](#)) was coined in 1956. It has made a big leap forward with generative [AI](#) in the past few years, but it is still not clear how [large language models](#) go from putting one word after the next to thinking for themselves. As for robots, the author writes: "We're afraid of them taking over the world, but most of them can't do anything beyond walking a few steps without our instructions."

This may sound glib. But for all her jocularity, Ms Kobie goes deep into the history of technology to show how often the hype disguises tech's dependence on humans. Britain's first robot, Eric, made its debut as guest of honour at the Exhibition of the Society of Model Engineers in London in 1928, standing in, reportedly, for the Duke of York. (His voice was that of a human transmitted by radio.) The Convair, a car with an attachable plane, crash-landed near San Diego in 1947 because its pilot mistook the car's dashboard for the plane's and ran out of fuel.

The book's bigger point is important. Who decided that humanity needs these futuristic artefacts? Most of the entrepreneurs involved were men with a mindset that technology solves all problems. But their views often lack common sense. Advocates of autonomous driving argue that it will make the roads safer, but could bigger public-transport networks not do that more effectively? Traffic is bad enough on Earth. Do we really want more of it in

the skies, with [flying cars](#)? Technologists are trying to build futuristic “smart cities” in developing countries like India. Yet some of those places still lack sewers.

The book, rich in storytelling, lacks one critical insight. However slow technologies are to come to fruition, they build on the back of each other, and every so often there are bursts of awe-inspiring creativity. The steam engine unleashed a wave of ingenuity in the 19th century. So did electricity in the 1930s. You do not have to believe that [AI](#)s will take over the world to consider the possibility that generative [AI](#) could bring about another big bang.



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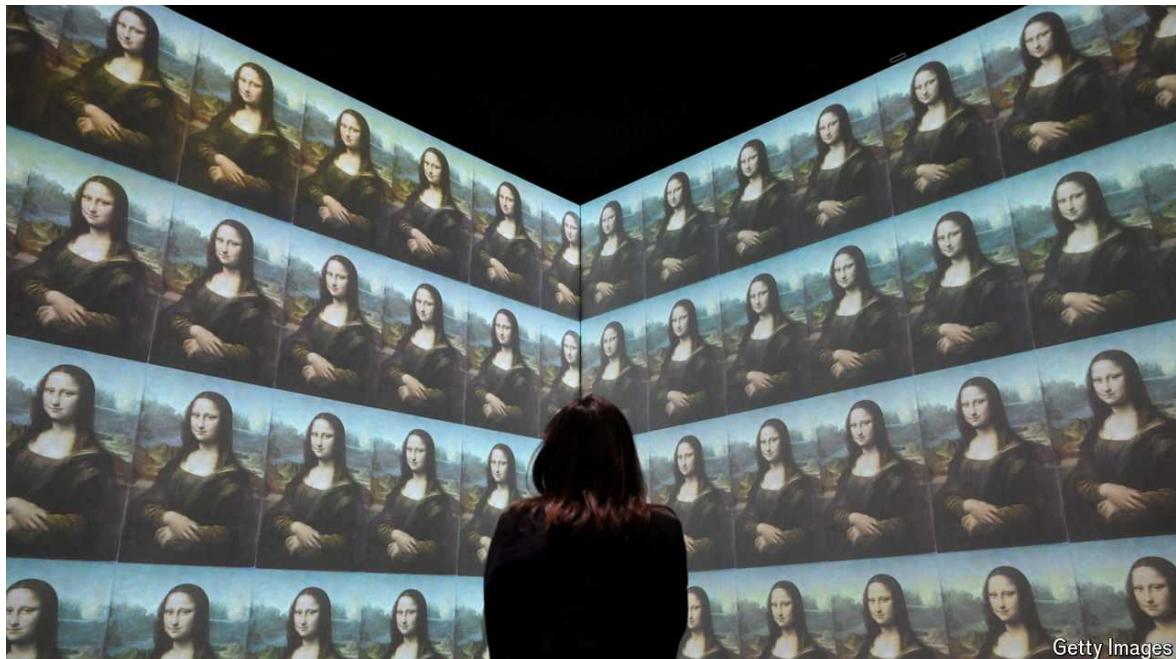
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Culture | Picture perfect

Is there such a thing as a classic?

A new book argues that the “timeless classic” is a critical creation

August 20th 2024



Written in Water. By Rochelle Gurstein. *Yale University Press; 520 pages; \$40 and £30*

AFTER [Taylor Swift](#), the “[Mona Lisa](#)” is probably the most recognisable female face in the world. Every day around 20,000 people gape at Leonardo da Vinci’s painting in the Louvre. Yet it became famous not because of a beguiling semi-smile, but a thief. Until a worker stole the masterpiece in 1911, it was still mostly unknown; viewers flooded in to see what a French newspaper called “an enormous, horrific, gaping void”.

Classics of art, [literature](#) and music are supposed to carry some mysterious appeal that endures across the ages. But as Rochelle Gurstein, a historian,

writes in a new book, the “timeless classic” is anything but. “What I believed was written in stone was actually written in water,” she argues. Classics come and go.

Take other celebrated works of art that, along with da Vinci’s “Mona Lisa”, define the European canon. Until the end of the 19th century [Michelangelo](#)’s “David” had only his figleaf to protect him from the elements in Piazza della Signoria in Florence. He attracted more pigeons than pilgrims; most connoisseurs preferred the artist’s sculpture of Moses in Rome. Before the “Venus de Milo” was discovered in 1820, viewers swooned over the “Venus de Medici”, an exquisite but rather demure sculpture most people alive today have never heard of.

The rise and fall of classics is not just a matter of changing tastes; art itself has changed. Artists used to strive to depict ideal forms of beauty. Genius was the “child of imitation”, explained [Joshua Reynolds](#), a British portraitist in the 18th century and first president of the Royal Academy. Artists learned by studying and imitating classical masterpieces, often Roman copies of Greek sculptures.

But such classical ideals were challenged by “discoveries”. Lord Elgin tried to fix up the magnificent friezes that once graced the Parthenon, but restorers refused. When the marbles went on display in 1807 British visitors did not see the fully intact, immaculately cleaned Roman sculptures they were used to. Timeless “ideals” paled in comparison with the timeworn marbles, and artists began to experience a “progressive alienation” from the classical tradition, writes Ms Gurstein.

The writing of art history has also changed tastes. In the 16th century [Giorgio Vasari](#), an Italian painter, advanced an influential narrative of artistic progress that culminated in the realism of Raphael and Michelangelo. But in the 19th century John Ruskin, a critic, called attention to the pre-Raphaelite movement when he argued that the real “Old Masters” were actually medieval Christian painters. Walter Pater, an English critic, later elevated the individual interpretation of art as the most important criterion of judgment, planting the seeds for the aesthetic relativism that still reigns. Seeing today’s coveted contemporary “masterpieces” sold at auction for millions, you are bound to wonder how critics 100 years from now will feel about them.

Much as in art, the “classics” of music and literature have not always been set in stone either. Today Johann Sebastian Bach is often regarded as the master of classical music. But after his death in 1750 Bach’s contrapuntal compositions fell out of fashion until Felix Mendelssohn, a German composer, rediscovered them in the 1820s. [John Keats](#), probably the greatest of the Romantic poets, had such bad reviews that many believed critics caused his early death, at 25, in 1821. [Herman Melville](#) and his maritime masterpiece “Moby Dick” were largely forgotten until critics such as Raymond Weaver, a professor at Columbia University, rescued him from the depths of obscurity around the centenary of his birth in 1919.

Ms Gurstein’s narrative shows that the “status of a classic” depends on critics, and is testimony to the power of passionate writers to change the way people look at art. Taste evolves, and it should. But culture lives on only as long as people continue to argue over what counts as a classic today. The true enemy of the classic is not relativism or wokeness. It is silence. ■

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In praise of mangoes

South Asia's mangoes deserve a wider audience

August 22nd 2024



“Hindustan is a country of few charms,” observed Zahiruddin Muhammad Babur, after conquering India in the 16th century. The founder of the Mughal empire was unimpressed by the handicrafts, horses, markets, people—and especially the fruit. He complained constantly about the lack of decent melons. But even grumpy Babur could not deny the pleasures of mangoes, which “when good, are very good”. The mango, he concluded, is “the best fruit of Hindustan”.

The people of the subcontinent would go further, declaring it the finest in the world. It is the national fruit of both India and Pakistan. Every region has a favourite variety, from the sublime Alphonso of western India to the

sophisticated Dasheris of the north, sparking interminable arguments about which is best. (There is no wrong answer.)

Mango is used as an ingredient in chutney, daal, ice-cream, juice, sherbets and more. But mostly it is eaten alone: ripe, golden, with its juices trickling down the arms. The mango is a gift of love, a lubricant for dealmaking, a plausibly deniable bribe, a reward, an indulgence and a necessity. It is part of the very essence of being Indian—or Pakistani.

That makes it a potent tool of diplomacy. Indian leaders have presented crates to American presidents, Pakistanis to Chairman Mao and the Indian prime minister. [Sheikh Hasina](#), who was recently driven from power in Bangladesh, once sent India 2,600kg of mangoes as a “memento of friendship”. Although trade between India and Pakistan is paltry, mangoes are permitted to cross the border.

However, most of South Asia’s mangoes stay at home. India is the world’s biggest mango producer, with volumes greater than the next nine growers combined, according to Tridge, a data firm. Yet its share of the global export market by value is a meagre 7%. [Mexico](#), which produces a tenth as much as India, accounts for a quarter. The reasons are many, writes Sopan Joshi in “*Mangifera Indica*”, a new book about mangoes. Chief among them are the delicate nature of the fruit, poor growing practices in India and strict standards in Western markets. No one is sure how many mango varieties exist, but India probably has around 1,000.

This is the West’s loss. If Americans and Europeans are not besotted by mangoes, it is because they have tasted only the more mediocre produce of Mexico and Brazil. That may be starting to change: the volume of India’s official mango shipments to America in 2023 was up a fifth on the previous year, to over 2,000 tonnes. America is also providing grading and sorting machines to Pakistan to boost exports. The mango, as every South Asian knows, is as much about social bonds as about flavour. A fruit this fine demands to be shared. ■

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Culture | Lights, camera, Pentagon!

Hollywood has a behind-the-scenes helper you might not expect

The Department of Defence sees films as a way to boost recruitment and burnish its image

August 22nd 2024



LMK MEDIA

A PLUCKY MARKETER (Scarlett Johansson) tries to sell the lunar landing to the American people. She makes astronauts [Neil Armstrong](#), [Buzz Aldrin](#) and Michael Collins “bigger than the Beatles” and falls in love with the launch director (Channing Tatum). Movie-goers will find “Fly Me to the Moon” a bit soppy. What they will miss, unless they watch to the end of the credits, is that it was made with help from the Department of Defence (DOD).

For more than a century American film-makers have called in the army for help. The DOD works with around 140 films and television programmes each year; most are reality series, game shows and documentaries. They supply

props and expertise on the condition that they get some say over the script. In 2023 the Pentagon helped Jimmy Kimmel, a comedian, appear to parachute into the Academy Awards from a fighter jet in a nod to “[Top Gun: Maverick](#)”, one of many macho blockbusters the ^{DOD} has helped make. Instalments of the Marvel, “Transformers” and “[Fast and Furious](#)” franchises also worked with the ^{DOD}. It is a long-running tradition. The first film to win an Oscar for best picture, “Wings” (1927), was made with help from the ^{DOD}’s predecessor, the Department of War.



▲ Capital Pictures

Film-makers looking for the ^{DOD}’s help can send a script to its entertainment bureau. The air force, army, navy, Marine Corps and Space Force have boots on the ground in California (ie, 13 people working for units dedicated to show business). If the Pentagon approves of a film’s message and tone, an attack helicopter or an aircraft-carrier can be made available. Film-makers foot the bill, not taxpayers. Renting an ^{F/A-18F} Super Hornet fighter jet from the navy costs around \$23,000 an hour. That is a bargain, since it costs \$56m to buy one.

The army advises on wardrobe, arranges soldiers as background actors and provides stock footage, too. Scenes shot on actual ships look better than those captured with green screens. A production can save money by filming on a real army base, instead of building a set to look like one. As a result,

film studios are reluctant to greenlight certain films without the ^{DOD}'s approval. “‘Top Gun: Maverick’ probably could not have been made without Pentagon support,” says Richard Klein, a consultant and former State Department employee. Some equipment, such as the F-22 jets used in “Iron Man” and “Transformers”, can be borrowed only from the American government. (America does not sell that aircraft model to foreign governments.)

The ^{DOD} gets more people into uniform—and not just on set. Data are scant, but Glen Roberts, the Pentagon’s chief Hollywood liaison, says recruitment is a “great by-product” of the ^{DOD}’s film-making work. Mr Roberts himself was inspired to join the armed forces by “Top Gun”. (Recruiters waited outside cinemas screening the film in 1986 and its sequel in 2022.)

The ^{DOD}’s other motivation is creative control. Directors who borrow its equipment must follow script notes. Some of the edits are innocuous; a fictional sailor should look and speak like a real one. But the Pentagon’s suggested tweaks can sometimes stifle unflattering depictions of America. “If you want the Pentagon’s help, you can’t portray the ^{US} military as corrupt, ineffective or inhumane,” says Mr Klein. The Pentagon is unlikely to support a film in which America’s top brass are the baddies or where the Chinese or Russians infiltrate the White House.

Concerns about China’s rise have added to the Pentagon’s stipulations. An amendment to the National Defence Authorisation Act of 2023 forbids the Pentagon to help films that agree to changes from Chinese censors. The idea was to dissuade studios from “bowing to Beijing”. But, perversely, it may encourage them to make early cuts of their films more likely to pass muster without the need for later edits, thereby inflicting China’s restrictions on global audiences.

The marriage between Hollywood and “Govwood” is not always picture perfect. Joseph Nye, a political scientist who coined the term “soft power”, argues that entertainment loses its credibility when a government fiddles with it. “The best propaganda is not propaganda,” he contends. Film-makers who accept the Pentagon’s help sometimes whinge about it. Scheduling with the ^{DOD} can be a “nightmare”, says Christopher Silber, who worked on “^{NCIS}”, a crime-solving drama. All sorts of commanders, captains and officers must

sign off for a ship to become a ^{tv} set. And the boat's routines do not stop just because shooting begins; film and ship crews jostle for space. The show must go on, but so must fire drills and mock battles.

Luckily for directors, they have other options. Some of America's allies are becoming rivals in film-making. Countries including France, Jordan, and the United Arab Emirates offer film-makers cheaper military kit and attach fewer conditions.

As computer-generated imagery becomes cheaper and more realistic, big-budget films may replace the Pentagon's toys with digital stand-ins more often. That could help ballooning costs. "Fly Me to the Moon", made by Apple, had a galactic budget of more than \$100m (it has grossed a mere \$40m worldwide to date). But as the make-up of Hollywood changes, with tech companies like Apple and Amazon piling into film-making, it is unclear how often they will want to ask the American government for help anyway. They may, quite predictably, see technology as a welcome change of the usual script. ■

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Economic & financial indicators

- [Economic data, commodities and markets](#)

Economic & financial indicators | Indicators

Economic data, commodities and markets

August 22nd 2024

Economic data

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	Gross domestic product			Consumer prices			Unemployment rate		
	% change on year ago: latest quarter* 2024 ^d			% change on year ago: latest quarter* 2024 ^d			%		
United States	3.1	Q2	2.4	2.8	Jul	3.0	4.3	Jul	
China	4.7	Q2	2.8	4.7	Jul	0.8	5.2	Jul ^e	
Japan	-0.8	Q2	3.1	0.5	Jul	2.5	2.5	Jun	
Britain	0.9	Q2	2.3	0.7	Jul	2.8	4.2	May ^f	
Canada	0.5	Q1	1.7	1.3	Jul	2.5	6.4	Jul	
Euro area	0.6	Q2	1.2	1.0	Jul	2.5	6.5	Jun	
Austria	-1.1	Q1	0.7 ^g	0.3	Jul	3.5	5.3	Jun	
Belgium	1.1	Q2	0.8	1.2	Jul	3.8	5.9	Jun	
France	1.1	Q2	1.1	1.3	Jul	2.7	7.4	Jun	
Germany	-0.1	Q2	-0.3	0.2	Jul	2.6	7.2	Jun	
Greece	1.9	Q2	3.2	2.4	Jul	2.8	9.6	Jun	
Italy	0.9	Q2	3.7	0.9	Jul	1.3	7.0	Jun	
Netherlands	0.8	Q2	4.1	0.1	Jul	3.5	3.3	3.6	Jul
Spain	2.9	Q2	3.3	2.7	Jul	3.0	11.5	Jun	
Czech Republic	-0.2	Q1	1.2	1.1	Jul	1.9	2.9	Jun ^h	
Denmark	3.5	Q2	2.6	1.6	Jul	1.1	2.9	Jun	
Norway	-0.8	Q1	0.7	1.0	Jul	2.8	3.3	May ⁱ	
Poland	3.2	Q2	2.0	2.9	Jul	4.2	3.8	May ^j	
Russia	4.0	Q2	na	3.3	Jul	7.5	2.4	Jun ^k	
Sweden	1.1	Q2	-3.2	0.6	Jul	2.1	9.4	Jun ^l	
Switzerland	0.0	Q1	1.8	1.1	Jul	1.3	2.4	Jul	
Turkey	8.7	Q2	3.9	3.1	Jul	5.7	8.9	Jun ^m	
Australia	1.1	Q1	0.5	1.7	Jul	3.0	3.4	Jul	
Hong Kong	3.3	Q2	1.4	3.2	Jul	1.5	3.0	Jul ⁿ	
India	7.8	Q1	5.4	6.9	Jul	4.7	7.9	Jul	
Indonesia	5.0	Q2	na	5.1	Jul	2.6	4.8	Jul ^o	
Malaysia	5.9	Q2	na	4.4	Jul	2.0	3.3	Jun ^p	
Pakistan	2.8	2024**	na	2.8	Jul	14.2	6.3	2021	
Philippines	6.3	Q2	2.0	5.4	Jul	3.3	4.0	Q2 ^q	
Singapore	2.9	Q2	1.6	2.7	Jul	2.6	2.0	Q2	
South Korea	0.2	Q2	-0.9	0.6	Jul	2.4	2.5	Jul ^r	
Taiwan	3.3	Q2	3.5	3.3	Jul	2.0	3.5	Jul ^s	
Thailand	2.3	Q2	3.1	2.5	Jul	1.0	0.9	Jun ^t	
Venezuela	-5.1	Q1	-9.9	-3.1	Jul	221	7.7	Q2 ^u	
Brazil	2.5	Q1	3.1	2.1	Jul	4.5	4.3	Jun ^v	
Chile	1.6	Q2	-2.5	2.4	Jul	3.8	8.3	Jun ^w	
Colombia	1.8	Q2	0.4	1.1	Jul	6.7	10.3	Jun ^x	
Mexico	2.2	Q2	0.8	1.6	Jul	4.6	2.7	Jun	
Peru	1.4	Q1	3.2	2.7	Jul	2.6	6.4	Jul ^y	
Egypt	2.2	Q1	na	2.4	Jul	25.7	27.7	6.5	Q2 ^z
Israel	-1.9	Q2	1.2	1.3	Jul	2.2	2.8	Jul	
Saudi Arabia	-0.8	2023	na	1.0	Jul	1.8	3.5	Q1	
South Africa	0.5	Q1	-0.2	1.1	Jul	4.6	4.8	33.5	Q2 ^{aa}

Source: Haver Analytics. % change on previous quarter, annual rate. *The Economist Intelligence Unit estimate/forecast. **Not seasonally adjusted.

*New series. **Year ending June. ***Latest 3 months. ***3-month moving average. Note: Euro area consumer prices are harmonised.

The Economist

Markets

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	% change on:		
	Index	Aug 21st	Dec 29th
In local currency			
United States S&P 500	5,620.9	3.0	17.8
United States Nasdaq Comp	17,937.4	3.0	18.8
China Shanghai Comp	2,856.6	0.2	-4.0
China Shenzhen Comp	1,521.4	-3.3	-17.2
Japan Nikkei 225	37,951.8	4.1	13.4
Japan Topix	2,664.9	3.2	12.6
Britain FTSE 100	8,283.8	nil	7.1
Canada S&P/TSX	23,121.7	1.6	10.3
Euro area EURO STOXX 50	4,885.3	3.3	8.0
France CAC 40	7,524.7	2.6	-0.2
Germany DAX ^g	18,449.0	3.1	10.1
Germany MDAX	33,312.4	30.3	9.8
Netherlands AEX	997.7	2.0	15.4
Spain IBEX 35	11,114.9	3.4	10.0
Poland WIG	84,205.8	2.3	7.3
Russia RTS, \$ terms	1,137.5	nil	5.0
Switzerland SMI	12,250.1	1.5	10.0
Turkey BIST	9,904.8	0.8	32.6
Australia All Ord.	8,234.0	2.0	5.2
Hong Kong Hang Seng	17,391.0	1.6	2.0
India BSE	60,905.3	2.3	12.0
Indonesia IDX	7,554.6	1.6	3.9
Malaysia KLCI	1,635.3	2.4	12.4
Pakistan KSE	70,590.9	0.5	35.3
Singapore STI	3,373.8	2.7	4.1
South Korea KOSPI	2,701.1	2.1	1.7
Taiwan TWI	22,237.9	1.0	24.0
Thailand SET	1,337.8	3.5	-5.5
Argentina MERV	1,621,075	0.9	74.4
Brazil Bovespa	136,463.7	2.4	1.7
Mexico IPC	53,864.7	0.3	-6.1
Egypt EGX 30	29,914.3	1.2	20.2
Kenya KSE	30,259.0	4.1	7.5
Saudi Arabia Tadawul	12,101.4	-2.9	1.8
South Africa JSE AS	84,026.2	3.2	9.3
World dev't MSCI	3,615.8	2.7	14.1
Emerging markets MSCI	1,104.5	2.6	7.9

	US corporate bonds, spread over Treasuries		
	Basis points	latest	Dec 29th
Investment grade	114	154	
High-yield	381	502	

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

The Economist

Economic data

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	Current-account balance % of GDP, 2024 ^d	Budget balance % of GDP, 2024 ^d	Interest rates 10-yr gov't bonds latest % change on year ago	Currency units per \$ Aug 21st on year ago
United States	-3.3	-6.9	3.6	44.0
China	1.2	-4.9	1.9	2.5
Japan	3.9	-4.9	0.9	29.0
Britain	-3.3	-4.1	4.0	7.6
Canada	-1.5	-1.5	3.0	7.1
Euro area	3.1	-3.1	2.2	2.2
Austria	2.9	-2.4	2.7	2.2
Belgium	-0.6	-4.7	2.8	2.2
France	-0.4	-5.2	3.3	2.2
Germany	6.6	-1.9	2.2	0.9
Greece	5.6	-3.3	3.3	2.2
Italy	1.5	-5.2	3.3	2.2
Netherlands	8.0	-1.4	2.5	2.2
Spain	2.5	-3.2	3.0	2.2
Czech Republic	0.2	-2.4	3.7	2.2
Denmark	10.5	1.8	2.2	2.1
Norway	15.9	12.0	3.3	1.1
Poland	0.7	-5.4	5.3	2.2
Russia	1.6	-1.2	15.4	2.5
Sweden	5.5	-1.1	1.9	7.3
Turkey	2.8	-3.1	28.8	2.2
Australia	0.5	-1.5	5.9	6.4
Hong Kong	11.3	-2.8	2.9	0.6
India	-0.5	-4.9	6.8	1.0
Indonesia	-0.2	-2.7	6.6	1.0
Malaysia	2.5	-4.4	3.8	0.6
Pakistan	-1.7	-7.4	13.8	6.2
Philippines	-3.2	-5.8	6.1	0.6
Singapore	19.8	0.1	2.7	3.8
South Korea	3.2	-1.6	3.0	0.5
Taiwan	14.6	1.6	36.0	3.6
Thailand	2.0	-3.7	2.8	0.2
Argentina	0.5	-0.6	na	2.5
Brazil	-0.9	-7.6	11.5	0.6
Chile	-2.7	-2.3	5.8	0.6
Colombia	-2.7	-5.8	9.8	0.07
Mexico	-0.3	-5.0	9.5	1.92
Peru	-0.4	-4.1	6.5	-0.5
Egypt	-4.4	-5.0	na	48.8
Israel	6.3	-6.8	4.8	80.0
Saudi Arabia	-0.1	-2.1	na	3.75
South Africa	-2.0	-5.2	9.3	-118

Source: Haver Analytics. [†]5-year yield. [‡]Dollar-denominated bonds.

The Economist

Commodities

The Economist commodity-price index

2020=100	Aug 13th	Aug 20th*	% change on	
			month	year
Dollar Index				
All Items	124.1	124.3	-3.9	1.4
Food	133.6	132.7	-5.7	0.3
Industrials				
All	116.3	117.3	-2.2	2.6
Non-food agriculturals	128.7	128.6	-4.4	11.8
Metals	113.1	114.4	-1.5	0.2
Sterling Index				
All items	124.4	122.6	-4.8	-0.9
Euro Index				
All items	129.5	127.8	-6.2	-0.9
Gold				
\$ per oz	2,471.1	2,511.3	5.2	32.4
Brent				
\$ per barrel	80.9	77.3	-4.4	-8.1

Sources: Bloomberg; CME Group; Fastmarkets; FT; LSEG Workspace; LME; NZ Wool

Services; S&P Global Commodity Insights; Thompson Lloyd & Ewart; Urner Barry; WSJ.

*Provisional.

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Obituary

- [Wally Amos built, and lost, a delicious empire](#)

[Obituary](#) | Sweet stardom

Wally Amos built, and lost, a delicious empire

The showbiz promoter of Famous Amos cookies died on August 13th, aged 88

August 22nd 2024



In his last years as a talent agent, Wally Amos got tired of massaging egos. He also got weary of clients who threw fits, or didn't show up, or wouldn't pay his commission. What he needed was stars who were dependable, fun, and brought in money. As it happened, they were right beside him.

They were very small, not much bigger than a quarter. He made them himself, carefully mixing a lot of good natural ingredients together. They came in three varieties: one choc chip with peanut butter, one choc chip with pecans, and one with butterscotch chips and pecans. On the baking tray, as on a stage, they lined up in perfect rows. Each one was an individual, you

could see: extra choc chips here, a centred pecan there, some better endowed than others, but all ready to go. And into the glow they went.

Since these were egos he didn't mind massaging, he leaned close to the oven door. "Now guys, bake nice," he told them. "You're going to go out into the world. You're going to make people happy. So I want you to get nice and brown and just beautiful." He was sure his little stars heard him and rejoiced. If he sensed any reluctance, any lagging in the baking, he blew a few cheery notes on his kazoo. They would really hurry up then.

For some time, making cookies had been his healing therapy for evenings at home. It conjured up the kitchen of his Aunt Della's place in Harlem, where he lived from the age of 12 after his parents had divorced: the wonderful scent of baking, the warm cookie in his hand. Then he decided to take that comfort further. In 1975, buoyed up by a \$25,000 loan from top-tier Hollywood friends, he opened up a venue for his new stars on Sunset Boulevard in Hollywood. It was called Famous Amos, in blue and white, and he was already painted on the shop-front in the Panama hat and embroidered shirt he almost always wore. But he was eclipsed by the huge cookie he was admiring. Inside, the kitchen door was adorned with a star. That was where the true artists were.

They were rapidly famous, too. That first store, where they were sold for \$3 a pound-bag by little Shawn Amos standing on a milk-crate, made \$300,000 in its first year. By 1981 the enterprise had grown into dozens of outlets, all across the country and abroad. The cookies were bringing in \$12m a year, and their yellow boxes were piled both in the fancy halls of Bloomingdale's and Nieman Marcus and in the snack-aisles of supermarkets. Their selling point was simply that they tasted home-made: rich, crisp, flavoursome and altogether wonderful.

The recipe, of course, was secret. That was part of their fascination. All he revealed was that he used real butter, vanilla extract and semi-sweet chocolate chips. Fans from as far as Malaysia claimed to have cracked it by adding malted-milk powder. Some proposed blackstrap molasses. Just as important, though, was what he left out: colouring, chemicals and preservatives.

He was just their manager now, though one with huge experience. You could easily pick him out in a crowd, not just by the hat, the shirt and the salt-and-pepper beard but because he was always smiling. He had built up a fan-base for years, taking his little clients to meetings and recordings, and enclosing them in plastic bags inside the proposals sent to possible investors. He organised a head-shot of “The Cookie” with an A&M logo to show it had a record deal. There were posters, bumper-stickers and lapel pins. For each new outlet he held a proper opening night, persuading city fathers to close whole blocks and inviting a host of non-edible stars. He hadn’t toiled for years in the talent industry for nothing.

In fact, he had done well to enter it at all. In 1967, when he joined the William Morris Agency in New York as a mailroom clerk, there were only a handful of black agents in the country. He had never finished high school, and his job experience before then was as an apprentice chef in a hotel kitchen (where he was regularly passed over for promotion) and in the storeroom at Saks Fifth Avenue. Yet he was sharp enough at William Morris to work his way up to signing Marvin Gaye, the Temptations and Simon and Garfunkel, huge acts. When he signed the South African trumpeter Hugh Masekela he broke away to LA to start his own agency, but Masekela fired him. After that, he struggled.

He struggled eventually with the cookies, too. In the mid-1980s they lost their cachet, and revenues began to fall. Because he was Famous Amos, he thought he needed no advice on how to run a business. He tried to revive it, selling off equity until, in 1988, he handed over the whole company for \$3m. For a decade he also lost the right to use his Famous Amos name. When he went into gourmet muffins (cookies now saddening him, to the point where he stopped making them and shaved off his beard), they had to be “Noname’s” or “Uncle Wally’s” instead. In 1999 the Keebler company, the brand’s fifth owner, invited him back as Famous Amos their promoter, but he agreed only if the cookies were presented exactly in his style. Somewhere along the way they had been coloured caramel and dosed with low-quality vanilla. It wouldn’t do.

He ended much as he had begun, contentedly, with his own small handmade cookie outlet in Kailua in Hawaii. But there was one significant difference. Beside the shop was a little room full of donated books, where children were

invited to come and read. On Saturdays, sitting in a rocking chair, he would read to them for hours. He became a national spokesman for literacy, and made it his chief cause. After all, he had come to reading late himself; and his mother, a house-cleaner, had never learned.

Between cookies and reading there was an obvious link, he thought. Both were about passing on joy to others. Reading to them, like baking for them, was an act of nourishing and love. That was the secret ingredient in Famous Amos chocolate chip cookies: he murmured love to them, they spread love around. And if he sensed any reluctance, it was out with the kazoo. ■

This article was downloaded by [zlibrary](#), from <https://www.economist.com/obituary/2024/08/22/wally-amos-built-and-lost-a-delicious-empire>



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