

The Economist

THE WORLD AHEAD 2025

NOVEMBER 23RD–29TH 2024

Disrupter-in-chief





November 23rd 2024

- [The world this week](#)
- [Leaders](#)
- [Letters](#)
- [By Invitation](#)
- [Briefing](#)
- [United States](#)
- [The Americas](#)
- [Asia](#)
- [China](#)
- [Middle East & Africa](#)
- [Europe](#)
- [Britain](#)
- [International](#)
- [Business](#)
- [Finance & economics](#)
- [Science & technology](#)
- [Culture](#)

- Economic & financial indicators
- Obituary

优质App推荐



Duolingo - 快乐、高效学外

语, 带你玩转听说读写! [点击下载](#)



英阅阅读器 - 让您高效阅读

英语书, 点击查词、句子翻译、背单词、AI大模型等一应俱全! [点击下](#)

[载](#)



Notability - 高效、便捷的
PDF笔记App, 随时记录你的想法! [点击下载](#)



欧路词典 - 英语学习者的必
备词典App! Android、iOS、电脑端全平台可用。 [点击下载](#)

The world this week

- [Politics](#)
- [Business](#)
- [The weekly cartoon](#)
- [This week's cover](#)

The world this week

Politics

November 21st 2024



Getty Images

[**Ukraine**](#) fired the first longer-range missiles supplied by America into **Russia**, after Joe Biden gave permission for the weapons to be used. The Army Tactical Missile System has a range of 300km (186 miles). ATACMS targeted a military facility in Russia's Bryansk region. Russia said it shot the missiles down; Ukraine said it had hit an arms depot 110km inside Russia. Britain reportedly allowed Ukraine to use long-range Storm Shadow missiles, which targeted Russia's Kursk region. America closed its embassy in Kyiv after receiving information about a specific Russian air attack. American officials said the decision to close the building was made out of “an abundance of caution.”

Vladimir Putin, meanwhile, signed an order that lowers the threshold for Russia's use of **nuclear arms**. The new doctrine allows Russia to launch nuclear missiles at a nuclear-armed country that merely supports any other

country's attack on Russia. And also to fire the weapons in response to a "critical threat" to Russia's sovereignty. The decree was planned for a long time, but the timing of Mr Putin's signature rattled some in the West.

The G20's statement at the conclusion of its summit in Rio de Janeiro weakened its support for Ukraine compared with its recent declarations, omitting any mention of Russia. The G20 also failed to promise any transition away from fossil fuels, though it did call for more aid for climate change, as well as taxes on the very rich and poverty relief.

Germany described the latest damage to two underwater communications cables in the **Baltic Sea** as sabotage. Suspicion fell on a Chinese-registered vessel that had docked in Russia. Separately, Britain, France, Germany, Italy, Poland and Spain issued a joint statement declaring that "Russia is systematically attacking **European security** architecture."

Huge protests against a Russian-investment bill in **Abkhazia**, a region of Georgia that declared its independence in 1999, caused Aslan Bzhaniya to step down as its leader. The protesters, who support Abkhazia's ties with Russia, said the bill had been designed to favour the interests of the Bzhaniya regime. Only Russia and a handful of other countries recognise Abkhazia's independence.

Rural affairs

Thousands of British **farmers** descended on London to protest against the government's decision to apply inheritance tax to farms. Officials claim that the changes will affect 500 estates. Farmers disagree, and say 70,000 farms will be hit. Celebrity farmers, such as Jeremy Clarkson, supported the tooting tractors. Farmers also demonstrated in France, over an EU-Mercosur trade deal, but were more robust in their protest than the genteel Brits. The French dumped manure and rotting food outside government buildings and burned hay bales.

Donald Trump filled out more appointments for his new government with loyal supporters. They include Howard Lutnick, the boss of Cantor Fitzgerald, who was nominated as commerce secretary, and Linda McMahon, best known for her connections to professional wrestling. She

was nominated to lead the Department of Education, which Mr Trump hopes to grip in a half nelson by threatening to abolish it.

Transit officials in **New York** approved a rejigged [congestion-charging scheme](#), which could come into force in Manhattan's central business districts on January 5th. The scheme was supposed to start in June, but it was paused by New York state's governor, Kathy Hochul. She claimed the cost was too high for working- and middle-class households. The daily charge has been reduced to \$9.

Antony Blinken, the American secretary of state, took to X to declare that Edmundo González is the “president-elect” of **Venezuela**. It was the first time that the United States has recognised the opposition candidate as president-elect since July’s election. Nicolás Maduro’s regime maintains that it won, but has refused to release voting tallies which might provide evidence of its victory. Mr Maduro is due to be re-inaugurated on January 10th.

Brazilian police arrested four members of an elite army unit and one police officer who are accused of plotting to kill President Luiz Inácio Lula da Silva days before his inauguration in January 2023. The plot was part of a plan to keep the then incumbent president, Jair Bolsonaro, a far-right former army captain, in power after he lost the 2022 election. Separately, a supporter of Mr Bolsonaro blew himself up outside Brazil’s Supreme Court.

Doctors Without Borders, widely known as MSF, suspended its operations in **Haiti’s** capital over worsening security. The charity’s staff have been threatened and an assault on one of its ambulances killed two patients. It will be missed; only around a quarter of Port-au-Prince’s health facilities are operating.



EPA/Shutterstock

Judges in **Hong Kong** sentenced 45 pro-democracy figures to between four and ten years in prison in the city's biggest-ever national-security trial. The activists' crime was to have held a primary election in 2020 in the hope of winning control of the legislature. They then planned to demand greater democracy—or else to vote down the government's budget and so force the chief executive to resign. The state called this subversion. America and the ^{EU} criticised the case as politically motivated.

China suffered two more attacks on civilians. Eight people were killed by a frustrated former student at a vocational college in the city of Yixing. Days later a man rammed his car into a crowd of school children and pedestrians in the city of Changde. These follow a similar incident in Zhuhai, where a man reportedly angry at his divorce settlement killed at least 35 people by driving his car into a crowd. China has seen a spate of so-called “revenge on society” attacks in recent months.

American prosecutors charged [Gautam Adani](#), one of **India's** best known businessmen and one of the world's richest people, in connection with a scheme that allegedly paid \$250m in bribes to Indian officials to obtain state contracts for a renewables-energy firm owned by his conglomerate. The prosecutors claim that Mr Adani and seven others defrauded American

investors. The Adani Group denied the allegations. The share prices of its companies swooned.

Left turn

Sri Lanka's snap parliamentary election was a landslide win for the left-wing coalition that supports the president, Anura Kumara Dissanayake. It took 159 seats in the 225-member legislature. Mr Dissanayake is also the finance minister and must present a budget, which the ^{IMF} will note as it prepares to release the latest tranche of its loan to the country.

Almost 100 lorries carrying food aid to **Gaza** were looted by armed gunmen. Philippe Lazzarini, the head of ^{UNRWA}, the ^{UN}'s agency for Palestinians, said that the breakdown of civil order in Gaza meant it had become impossible to operate there. The ^{UN} said that almost no aid had reached parts of northern Gaza for 40 days and repeated its warning that famine was imminent.

At least 36 people were killed in Israeli strikes on the **Syrian** town of Palmyra. The British-based Syrian Observatory for Human Rights said that the attacks had hit a weapons depot and other sites in and around an area inhabited by families who have relatives in Iranian-backed militias.

Senegal's ruling party won a parliamentary election. It is a big victory for the president, Bassirou Diomaye Faye, who was elected in March promising radical reforms, which include fighting corruption and having a bigger say in the country's oil-and-gas industry.

Abdirahman Mohamed Abdullahi won an election for president of **Somaliland**, defeating the incumbent, Muse Bihi Abdi. Somaliland declared independence from Somalia in 1991, but it is not recognised by any country.

The world this week

Business

November 21st 2024



AP

Spirit Airlines filed for bankruptcy protection, the first big carrier in America to go bust since American Airlines in 2011. Spirit, a low-cost airline, has not made an annual profit since 2019 and, like other discount rivals, has seen ticket prices plunge amid a surplus of seats. In January a judge blocked its takeover by JetBlue Airways on competition grounds. A mooted merger with Frontier Airlines also came to naught. Spirit regularly features at the top of lists of America's most hated airline, a crowded field.

America's Department of Justice asked a judge to force **Google** to sell its Chrome browser. The judge is considering what Google must do to comply with his landmark antitrust ruling, which found that it had used improper means to maintain a monopoly in online search. Google said the government was pursuing a "radical agenda that goes far beyond the legal issues". By

next August, well into the Trump administration, the judge will issue a decision on Google's remedies, which it may then challenge.

Nvidia produced another solid set of earnings. The chip company's revenue rose by 94% in its latest quarter, year on year, to \$35.1bn. Net profit soared by 109%, to \$19.3bn. Amid strong demand for its next-generation chips for artificial intelligence, Nvidia forecast that revenue for this quarter would come in at \$37.5bn, ahead of Wall Street expectations.

The Biden administration finalised an agreement that provides TSMC, which manufactures about three-quarters of the world's most cutting-edge **computer chips** for Nvidia and others, with \$6.6bn in grants to build factories in America. With an additional \$5bn in loans, it is the first big deal to be completed under the Chips Act of 2022. In October Donald Trump said that the "chip deal is so bad" because it benefits only "rich companies".

Xiaomi, a Chinese company best known for its smartphones, provided an update on its nascent business in electric vehicles. It delivered more than 67,000 of its SUVs in the first nine months of the year, and expects to have delivered 130,000 by the end of December. Revenue from the EV unit grew by 52% in the third quarter over the second quarter.

Wither the German miracle

Volkswagen replaced the head of its business in North America. The German carmaker wants to expand in America to offset declining sales in China, but its ambitions on that front will become more complicated if Mr Trump imposes stiff tariffs on foreign-made vehicles. In another indication of the troubled state of European carmaking **Ford** announced that it was cutting 800 jobs in Britain and 2,900 in Germany, which is already contending with huge lay-offs at VW.

Thyssenkrupp, a German engineering conglomerate, wrote down the value of its steelmaking business by a further €1bn (\$1.1bn) and reported a 12-month €1.4bn net loss. Daniel Kretinsky, a Czech billionaire with interests in Britain, including an investment in West Ham football club, owns a 20% stake in the steel business and is considering raising it to 50%.



The Economist

The annual rate of **inflation in Britain** jumped from 1.7% in September to 2.3% in October. Energy bills have gone up after an increase to the cap on energy prices. But the core inflation rate, which strips out energy and food, also rose, to 3.3%.

Comcast announced that it will spin off its portfolio of **cable channels** housed under ^{NBC}Universal, which includes ^{MSNBC} and ^{CNBC}, into a new company. It will retain ^{NBC}'s other assets, including the ^{TV} broadcast network, sports coverage and films. More and more viewers are ditching their cable subscriptions in the age of streaming. Comcast is also keeping Peacock, the streaming service for ^{NBC} programming and movies.

Shareholders in **News Corporation** voted against a proposal from activist investors to end the company's dual-class share structure. The Murdoch family controls the media group through its voting power in class ^B shares, which News Corp argues provides stability.

A judge in New York sentenced **Bill Hwang**, the founder of Archegos Capital Management, to 18 years in prison for artificially inflating the value of stocks in his portfolio. The collapse of Archegos in 2021 led to hefty losses at banks that dealt with the fund.

Seasonal joy, and pain

Walmart issued a bumper set of earnings and lifted its profit forecast. The retailer expanded its market share, mostly because more households earning at least \$100,000 are buying its goods. The company's share price has risen by 60% this year. By contrast, profit shrank and sales barely grew at **Target**. Whereas Walmart raised its outlook heading into the Christmas shopping season, Target lowered its forecast.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/the-world-this-week/2024/11/21/business>

The world this week

The weekly cartoon

November 21st 2024



Economist.com

Kal

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

[The opportunities—and dangers—for Trump's disrupter-in-chief](#)

[Elon Musk and Donald Trump seem besotted. Where is their bromance headed?](#)

[How to make Elon Musk's budget-slashing dreams come true](#)

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

This article was downloaded by [zlibrary](#) from <https://www.economist.com/the-world-this-week/2024/11/21/the-weekly-cartoon>

The world this week | The Economist

This week's cover

How we saw the world

November 21st 2024

This week we had two covers. Our cover in most of the world focuses on [Elon Musk](#). In 2017 Mr Musk called Donald Trump a “con man” and “one of the world’s best bullshitters”. Now he is the president-elect’s right-hand man. The alliance of the world’s leading politician and its richest man creates a concentration of power both want to use to explosive effect: to slash bureaucracy, detonate liberal orthodoxies and deregulate in the name of growth. Mr Musk has already begun speaking to foreign leaders and has been appointed to lead an advisory body, called [DOGE](#), tasked with cutting government spending. America may have much to gain from reforming the government. But there are big risks that cronyism and graft, as well as Mr Musk’s own erratic judgment, could cause harm. If he mounts a half-baked programme that ends in spectacular failure, the ambition to tackle spending will be set back for years.



Leader: [The opportunities—and dangers—for Trump's disrupter-in-chief](#)
Briefing: [Elon Musk and Donald Trump seem besotted. Where is their bromance headed?](#)

Briefing: [Elon Musk's transformation, in his own words](#)

Finance: [How to make Elon Musk's budget-slashing dreams come true](#)

In Britain our cover focuses on the [debate over assisted dying](#). We believe in the liberal principle that people should have the right to choose the manner of their own death. So do two-thirds of Britons, who for decades have been in favour of assisted dying for those enduring unbearable suffering. Yet opposition is growing and Sir Keir Starmer, Britain's prime minister, has taken up a position on the fence. Westminster ^{MPs} look as if they could vote down a bill on November 29th that would legalise assisted dying in England and Wales. Most of those who oppose the bill say they do so because of worries about its details. They would be squandering an opportunity to enrich people's fundamental liberties. ^{MPs} should reassure themselves about the details of the bill, and then they should vote for it.



Leader: [Why British MPs should vote for assisted dying](#)
Britain: [Where British MPs should look before the vote on assisted dying](#)
Britain: [Assisted dying and the two concepts of liberty](#)
The World Ahead: [Assisted dying could become law in parts of Britain in](#)

2025

By invitation: [My assisted-dying bill safely solves a grave injustice, says Kim Leadbeater](#)

By invitation: [Assisted-dying advocates' claims of freedom have it backward, says Danny Kruger](#)

This article was downloaded by [zlibrary](#) from <https://www.economist.com/the-world-this-week/2024/11/21/this-weeks-cover>

Leaders

- [Why British MPs should vote for assisted dying](#)
- [The opportunities—and dangers—for Trump's disrupter-in-chief](#)
- [Germany cannot afford to wait to relax its debt brake](#)
- [Too many master's courses are expensive and flaky](#)
- [From Nixon to China, to Trump to Tehran](#)

Leaders | It's time

Why British MPs should vote for assisted dying

A long-awaited liberal reform is in jeopardy

November 21st 2024



This newspaper believes in the liberal principle that people should have the right to choose the manner of their own death. So do two-thirds of Britons, who for decades have been in favour of [assisted dying](#) for those enduring unbearable suffering. And so do the citizens of many other democracies—18 jurisdictions have passed laws in the past decade.

Despite this, Westminster ^{MPs} look as if they could vote down a bill on November 29th that would introduce assisted dying into England and Wales. They would be squandering a rare chance to enrich people's fundamental liberties.

The proposal—put forward as a private member's bill by Kim Leadbeater, a Labour backbencher—seeks to set out the safeguards that would govern

assisted dying for the terminally ill. This will be a free vote, in which ^{MPs} follow their conscience rather than a party line and Ms Leadbeater has received no help from the government, even though the prime minister, Sir Keir Starmer, has said he is in favour. A few weeks ago, it looked as if her bill would pass. Now opposition is growing and Sir Keir has taken up a position on the fence.

You might think the [debate over assisted dying](#) would be about principles. But appealing to God or the sanctity of life would no longer succeed in today's Britain. Such arguments, however sincere, operate in a space that is governed by individual conscience, not the state.

More on this:

- [Where British ^{MPs} should look before the vote on assisted dying](#)
- [Assisted dying and the two concepts of liberty](#)
- [By invitation: My assisted-dying bill safely solves a grave injustice, says Kim Leadbeater](#)
- [By invitation: Assisted-dying advocates' claims of freedom have it backward, says Danny Kruger](#)

What is more, the principle of assisted dying has already been established. The courts have ruled that doctors can withdraw life support from patients in a vegetative state. And Britons are free to travel to Switzerland for an assisted death. Between 2016 and 2022, about 400 people did so.

Ms Leadbeater's bill extends this logic. Going to Switzerland to die costs about £15,000 (\$19,000); companions risk prosecution. The bill would make assisted dying open to anyone who qualifies, rich or poor, including those who need their family to be with them.

Those who can no longer defeat the bill on principle have therefore joined those who worry about the details. But these arguments do not withstand scrutiny either.

Much of the running is being made by Wes Streeting, who as health secretary has argued that access to palliative care is too hit-and-miss to give

terminally ill patients a genuine choice. That is a red herring. The [closest analogue to Ms Leadbeater's proposed system](#) is in the Australian state of Victoria, which passed its law in 2017. It gathers data on palliative care and has found that assisted dying does not happen more often in places where access is patchier.

In any case Mr Streeting could afford to improve access to palliative care. Those in the hospice sector in England believe that an extra £350m-400m of annual statutory funding, around 0.2% of the ^{NHS} budget, would allow them to meet demand fully. Even then, the need for assisted dying would remain. One reason is that in around 1% of cases, the best palliative care does not ease physical pain; another is that most people choose assisted dying because they want autonomy.

In a bold piece of ministerial judo, Mr Streeting also argues that the health service, which he runs, is too broken to take on the burden of assisted dying. Yet doctors already routinely make decisions over life and death. Through the principle of “double effect”, doctors can administer painkillers to terminal patients knowing that they will cause death. One salutary consequence of Ms Leadbeater’s bill would be to bring these obscure judgments into the light, and to involve patients in them.

Critics also raise concerns about the risk of coercion. But that is not credible in this case. In Ms Leadbeater’s bill a person with around six months to live must make sustained requests approved by two doctors and a judge. The idea that an evil relative might go to great lengths to kill someone who will shortly be dead makes no sense.

Someone may choose an assisted death for fear of being a burden, which is cited as a reason in four out of ten cases in Oregon, which has had an assisted-dying law for longest. It would be better if people didn’t feel burdensome, obviously, but that does not stop them from making rational choices. Indeed, the option to die may be all the comfort people seek: a fifth of those handed the medication in Victoria never take it.

Even if opponents of the bill are reassured by these arguments, some cannot shake the fear that Ms Leadbeater’s law would be a slippery slope. If they mean that the criteria would sneakily be broadened to include the mentally

ill or disabled without further legislation, then the facts are against them. In no case has an assisted-dying law restricted to the terminally ill expanded in this way. In Canada the scope widened, but that was because the courts enforced broad eligibility criteria derived from the country's existing Charter of Rights and Freedoms.

If they mean that future legislation could extend the right to assisted dying after due debate and consideration, then that is not an argument against, but a recommendation. In the view of *The Economist*, Ms Leadbeater's bill is drawn too tightly. Oregon and Victoria have shown that a doctor does not need to be present for the medication to be safe. A High Court judge is unnecessary when two doctors have already given their opinions. A prognosis of six months or less to live is arbitrary and imprecise. A 21-day cooling-off period is too long for people with only a very limited time to live; in 2021 California reduced this period from 15 days to two. None of that is an argument for voting down the current bill—indeed it can improve as it passes through Parliament.

Ms Leadbeater's bill would have been better if the government had helped her prepare it, or if Sir Keir had set up a citizens' assembly that weighed up the evidence and presented ^{MPs} with an agenda. The fact that he did not is one more example of his passive style of government. But that is not a reason to reject it, either. We would sooner that more Britons benefit from greater freedom, choice and dignity than none does. ^{MPs} should reassure themselves about the details of the bill, and then they should vote for it. ■

For subscribers only: to see how we design each week's cover, sign up to our weekly Cover Story newsletter.

Leaders | On another planet

The opportunities—and dangers—for Trump's disrupter-in-chief

Elon Musk is given the ultimate target: America's government

November 21st 2024



In 2017 Elon Musk branded Donald Trump a “con man” and “one of the world’s best bullshitters”. Now he is known at Mar-a-Lago as Uncle Elon and is in the president-elect’s inner circle. This week they watched a rocket launch together. The alliance of the world’s leading politician and its richest man creates a concentration of power both want to use to explosive effect: to slash bureaucracy, detonate liberal orthodoxies and deregulate in the name of growth.

Mr Trump has a mandate for such disruption. Despite America’s economic prowess, much of Main Street, Wall Street and Silicon Valley is frustrated by government profligacy and incompetence. They are right to be. The state

needs an overhaul. Yet Musk-led reform risks creating a new problem for America: the emergence of a combustible, corrupt oligarchy.

Weeks after helping Mr Trump win the election Mr Musk has climbed to the apex of power. The president-elect has appointed him to a new advisory body, called DOGE, tasked with slashing spending. Mr Musk is already in touch with foreign leaders and lobbying for cabinet appointments. It is hardly the first time a tycoon has had extraordinary influence in America. In the 19th century robber barons such as John D. Rockefeller dominated the economy. In the early 20th century, when there was no Federal Reserve, John Pierpont Morgan acted as a one-man central bank.

Mr Musk's firms are more global than the big 19th- and 20th-century monopolies, and smaller if measured by profits to GDP. Musk Inc is worth the equivalent of just 2% of America's stockmarket. Its main units are Tesla, an electric-car firm; SpaceX, his satellite-communications and rocket business; X, formerly Twitter; and xAI, an artificial-intelligence startup that was valued at \$50bn in a deal this week. These mostly have market shares below 30% and face real competition. *The Economist* reckons that 10% of Mr Musk's \$360bn personal fortune is derived from contracts and freebies from Uncle Sam, and 15% from the Chinese market, with the rest split between domestic and international customers.

Mr Musk is also different because he is a disrupter. Rather than exploiting monopolies to raise prices, or creating a stable banking system as the foundation for finance, most of Musk Inc uses technology to slash costs in competitive markets. This disruption is central to Mr Musk's messianic ideology, in which innovation conquers humanity's intractable challenges from climate change to colonising Mars. Realising these distant goals depends on a genius for constantly rethinking industrial processes. His desire for freer action helps explain his contempt for orthodoxies, including what he regards as woke conformism. From the bureaucrats who allowed the American government's space-launch market to be rigged by defence firms to the Californian box-tickers who regulate Tesla's factories, he views the state as an impediment to growth.

Both Mr Trump and Mr Musk want to disrupt the entire federal government. Mr Musk has said DOGE may aim to cut as much as \$2trn from the \$7trn annual

federal budget and abolish many agencies. It is easy to ridicule such goals as naive—\$2trn is more than the government's entire discretionary spending. But with a budget deficit of 6% of GDP and debt of almost 100%, [reform is needed](#). The creaking Pentagon machine is struggling to adapt to the age of drones and AI. Lobbying by incumbent firms helps explain why federal regulations have reached 90,000 pages, near an all-time high. Even if Mr Musk achieved only a fraction of his liberalisation, America could have much to gain.

What, though, are the dangers? One is cronyism and graft. The president-elect is an economic nationalist and the industries Mr Musk has interests in have become strategic, thanks to rivalry with China, the militarisation of space and cross-border disinformation wars. Proximity to power could let him skew regulations and tariffs and hobble competitors in fields from cars and cryptocurrency to autonomous vehicles and AI. Since the start of September the total value of Musk Inc's businesses has risen by 50% to \$1.4trn, far outperforming the market and its peers, as investors bet that its boss will be able to extract exceptional rents from his friendship with the president.

At the same time Mr Musk could bungle, especially when he is outside his areas of expertise. He has shown erratic judgment in foreign affairs, by micromanaging the use of the Starlink satellite service in Ukraine and comparing Taiwan's status to Hawaii's. His love of the limelight and conspiracies, and of the swirl of social media, are worrying. With \$50bn of his personal wealth tied up in China, which hosts half of Tesla's production, he is an obvious target for manipulation.

He could also fail before he even starts, because of the combustibility of the Trump-Musk combination. The next president loves hiring and firing. The tech tycoon burns through executives and relationships, too. The fusion of Silicon Valley libertarianism and techno-utopianism with the MAGA nationalism of Mr Trump's world is inherently volatile. Reforming government requires patience and diplomacy, neither of them Mr Musk's strong suits.

On another planet

If Mr Musk's political career proves to be brief, it could still have two lasting, pernicious effects. One would be to turn politicians away from reforming government. With his appointment, that goal has received more attention than ever. But if he mounts a half-baked programme that ends in spectacular failure, the ambition to tackle spending will be set back for years.

The other effect would be to normalise collusion between politicians and tycoons. As the state expands into trade, industrial policy and technology, the incentives for state capture are growing. At the same time, Mr Trump's method involves weakening institutions and practices supposed to guard against conflicts of interest. America is a long way from behaving like an emerging market. But if oligarchic business titans habitually worked with dominant politicians, it would suffer great harm. That used to be unthinkable; no longer. ■

For subscribers only: to see how we design each week's cover, sign up to our weekly [Cover Story newsletter](#).

This article was downloaded by [zlibrary](#) from <https://www.economist.com/leaders/2024/11/21/the-opportunities-and-dangers-for-trumps-disrupter-in-chief>

Leaders | Act now, Mr Merz

Germany cannot afford to wait to relax its debt brake

It should move before the election

November 20th 2024



Reuters

GERMAN POLITICIANS and economists have bickered over the country's "debt brake" for years. So it was no surprise that a row over the rule, a constitutional provision that bars the federal government from running anything other than minuscule budget deficits, finished off [Olaf Scholz's](#) despised "[traffic-light](#)" coalition earlier this month. The good news is that the consensus for easing the brake to allow more public investment in bridges, buildings and brigades is now [stronger than ever](#). The bad news is that a quirk of Germany's electoral system could stop reform in its tracks.

Germany's early election, expected on February 23rd, is likely to see Mr Scholz, from the Social Democrats ([SPD](#)), tossed out of the chancellery and

replaced with [Friedrich Merz](#), leader of the centre-right Christian Democrats (^{CDU})—assuming that the ^{SPD} does not first ditch Mr Scholz as its candidate for chancellor in favour of Boris Pistorius, the popular defence minister.

More on this

- [*Once dominant, Germany is now desperate*](#)
- [*German election tracker: who's leading the polls?*](#)

The debt brake was written into the constitution under Angela Merkel, the previous ^{CDU} chancellor, in 2009. But thanks in part to pressure from the party's regional chiefs, the ^{CDU} is coming round to the need for reform. Germany's stagnant economy, which in real terms has barely grown since before the pandemic, and the need to fund Ukraine and its own army, the Bundeswehr, have added to the pressure.

The Economist's preference would be to do away with the debt brake entirely, but we accept that may be a step too far for many voters. Instead, a Chancellor Merz would probably agree to ease the debt brake after the election in exchange for concessions from his coalition partners, perhaps on welfare or on immigration, as part of the give and take of coalition talks in Germany. The trouble is that, because the debt brake sits inside the constitution, amendments to it need two-thirds majorities in both houses of parliament. And polls suggest that when Germany votes next year, enough small parties could fall below the 5% threshold needed to enter the Bundestag to bestow a blocking minority on a pair of fringe parties—the hard-right Alternative for Germany and the new “left-conservative” Sahra Wagenknecht Alliance.

To forestall that, the ^{SPD} and the Greens, who now form a minority government, have asked Mr Merz to help them act immediately. Together with the ^{CDU} and its Bavarian sister party, they hold more than two-thirds of the seats in parliament. The Greens suggest another special fund for the armed forces, like the one pushed through by Mr Scholz in the wake of Russia's invasion of Ukraine in 2022. The ^{SPD} has proposed changing the rules of the debt brake itself.

In the normal course of things, working out the details of such far-reaching changes would be left until after the election. Making legally sound distinctions between productive investments and government consumption is hard. In addition, legal appeals to Germany's powerful constitutional court would be inevitable. Mr Merz seems minded to follow this logic, hoping to obtain as high a price as possible from his coalition partners after the election.

But the dangers of waiting are too great. Should the AfD and the BSW achieve their blocking minority, Mr Merz may find himself leading a government that cannot tackle urgent problems, including Germany's crumbling public sector and Ukraine, which could be vulnerable if it had been forced into a bad peace. In that case, the cash-strapped Mr Merz might end up being a one-term chancellor. For his own sake, as well as Germany's and Europe's, he should act now. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

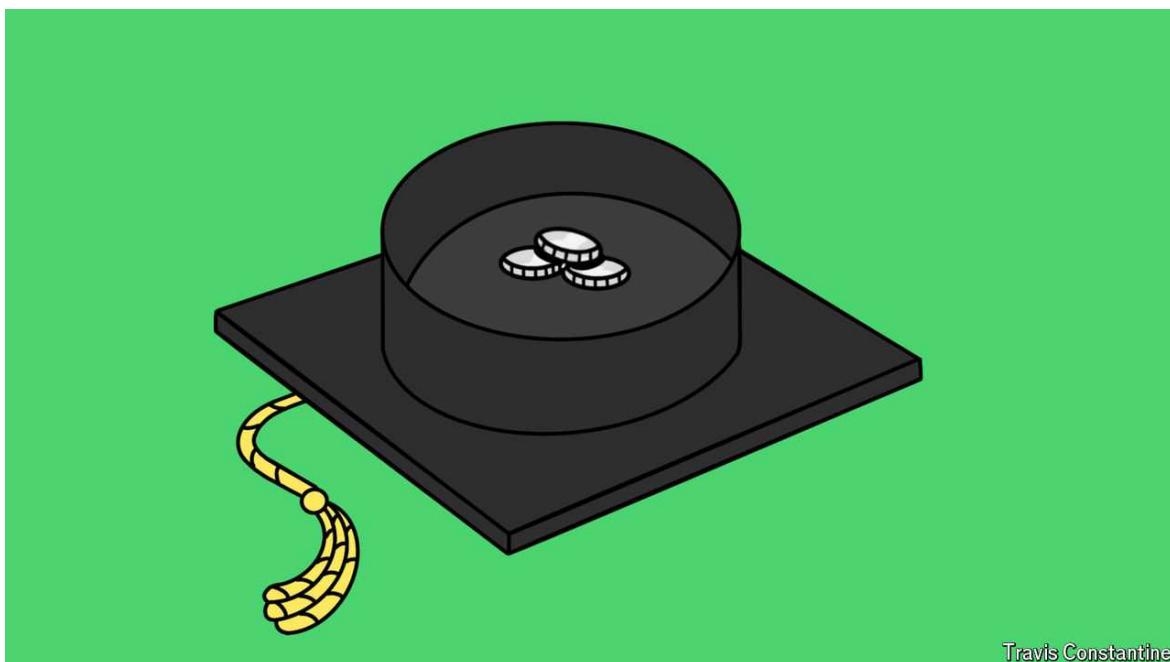
This article was downloaded by [zlibrary](#) from <https://www.economist.com/leaders/2024/11/20/germany-cannot-afford-to-wait-to-relax-its-debt-brake>

Leaders | Diminishing returns

Too many master's courses are expensive and flaky

Governments should help postgraduates get a better deal

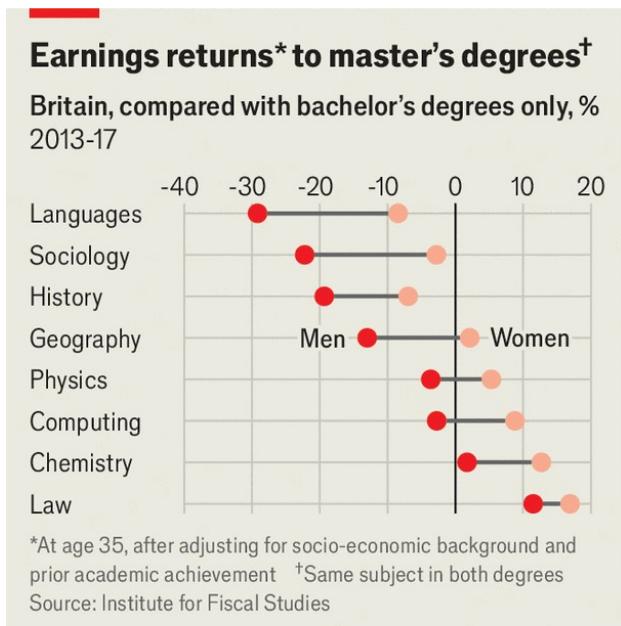
November 21st 2024



For young people with big ambitions, bagging a measly bachelor's degree no longer seems enough. Students in America have been rushing into postgraduate courses, even as demand for higher education among the general public has declined. These days nearly 40% of university-educated Americans boast at least two degrees. In [Britain](#) a surge in demand from foreign students has created a huge boom in postgraduate education. Universities there now dole out four [postgraduate qualifications](#) for every five undergraduate ones.

Master's degrees lasting one or two years are the biggest draw. These courses are necessary for jobs, such as teaching in academia, that are

appealing even if poorly paid. Yet many of the people who enroll in postgraduate study are taking part in an educational arms race. Now that undergraduate degrees are common, goes the thinking, it takes extra credentials to get ahead. The [hope is that advanced qualifications will boost all manner of careers](#).



The Economist

That is often a mistake. New data are helping researchers compare the earnings of postgraduates with those of peers who are equally bright but have only a bachelor's degree. One analysis suggests that more than 40% of America's master's courses provide graduates with no financial return or leave them worse off, after considering costs and what they might have earned anyway. A study in Britain concludes that completing a master's has, on average, almost no effect on earnings by the time graduates are 35.

Dreadful returns to lofty qualifications should worry students and politicians alike. Governments are right to think that investing in skills can pep up growth—but not when universities are flabby and inefficient. It is not just students who suffer if poor courses burden them with outrageous debts; taxpayers do, too. About half the money the American government lends to students each year is for postgraduate degrees. Generous repayment and forgiveness schemes mean a big chunk of that will never be repaid.

Governments should respond in two ways. First, they should abandon policies that are distorting the market for postgraduate study. America does not limit what it will lend postgraduates for tuition fees. This blank cheque has created a culture of profligacy in which universities raise fees, obliterating the financial returns students might ultimately make. Britain has also slipped up, though in a different and sneaky way. For a decade it has mostly declined to let universities increase fees for undergraduates, even as inflation has caused their costs to rise. In order to make up for that financial shortfall, vice-chancellors have vastly expanded expensive postgraduate programmes, some of which are of dubious quality.

The second priority for governments should be to give students the data they need to make better choices. A chasm divides the riches that flow from getting the most lucrative master's, such as in computer science, from the meagre returns of English or film studies. Fees vary wildly by institution, even for very similar programmes. And yet people shopping for postgraduate education find it much harder to get hold of information—on matters such as drop-out rates or probable future earnings—than people applying for their first degrees.

Masterstroke

America is trying to change this. Under new rules, graduate colleges may soon be compelled to warn applicants before they sign up for courses that have a record of saddling students with low wages and high debts. Donald Trump, who likes to lambast college presidents, should make sure these changes take place. And regulators in other countries should consider similar schemes. Higher education ought to make students brainier and richer. It too often fails to do either. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

Leaders | Danger and deals in the Middle East

From Nixon to China, to Trump to Tehran

Iran is weak. For America's next president that creates an opportunity

November 21st 2024



IN Washington the “Nixon to China” tagline has lost its attraction. Both parties are too hostile towards the People’s Republic for a miraculous reconciliation to be possible. Perhaps, though, [Donald Trump](#) can find a replacement—with Iran. In his first term he ditched the Joint Comprehensive Plan of Action ([JCPOA](#)), a nuclear deal signed in 2015, and promised to negotiate a better one by [applying “maximum pressure”](#). That didn’t work. Joe Biden sought to reduce tensions with Iran but is leaving office with the Middle East on fire. In January the president-elect will have a second chance. He should use it to rescue a relationship that has poisoned America’s presence in the Middle East for almost five decades.

Mr Trump's failing the first time round was that no one knew what he wanted. Was maximum pressure supposed to produce a stronger nuclear pact? Or was it to force Iran into changing its foreign policy? Or to remove the regime altogether? Mr Biden made the opposite mistake. His aides fiddled with the [JCPOA](#) and got too soft. Lax enforcement of sanctions meant that Iran's [oil exports](#) more than tripled after 2020, helping keep the regime afloat.

A new Iran policy needs to combine stronger pressure with a negotiating path and more ambitious goals. The pressure is justified. Iran's behaviour has been worse than ever. It has produced four bombs'-worth of highly enriched uranium. Its proxies wage war with Israel and menace trade in the Red Sea, and its arms-makers churn out missiles and drones for Russia.

People close to Mr Trump say he will move quickly to choke off Iran's oil sales. Better enforcement of sanctions would deprive Iran of billions of dollars in revenue. European signatories to the [JCPOA](#) should trigger "snapback" provisions to restore multilateral sanctions, and America should put pressure on key trading hubs, including Dubai. America should also make clear that it holds open the option of a sustained campaign of bombing to destroy Iran's nuclear programme.

Pressure is only half the equation. Less obviously, America should match harsh actions with the promise of something better. Even Gulf states that once urged maximum pressure now welcome detente. For one thing, pressure alone may bring about a repeat of Mr Trump's first term. Tensions will spiral, and Iran may lash out at Gulf states and American interests. Another snag is that reviving the [JCPOA](#) would not be enough. Stricter limits on Iran's nuclear work and intrusive monitoring are needed. A deal must also include a pledge from Iran that it will limit its missile-development programme and stop backing regional militias.

Iran has rejected such demands before. Why would it agree now? [The Islamic Republic is at its weakest](#) since the war with Iraq in the 1980s. Its strategy of deterrence is in tatters. Hizbullah, its strongest proxy, has been battered by Israel, which has also destroyed much of its air defences, making bombing nuclear sites easier. Inflation is high and young Iranians are angry. Ali Khamenei, the supreme leader, 85, lacks a successor.

Mr Trump should make clear that regime change is not his goal and avoid surprises by ensuring that Israel co-ordinates any military action with America. If Iran meets his demands he could offer a big reward: the prospect of normal ties. America's prize would be the prospect of security in the Middle East, freeing it to focus on Asia. Countless obstacles oppose such a grand bargain. But Mr Trump loves photo ops. It would be hard to top the first ever meeting between an American and an Iranian president. Just imagine: Trump to Tehran. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/leaders/2024/11/21/from-nixon-to-china-to-trump-to-tehran>

Letters

- [Letters to the editor](#)

Letters | On ADHD, America's election, Antarctica, canals, difficulties, Quincy Jones, Justin Trudeau

Letters to the editor

A selection of correspondence

November 21st 2024



Letters are welcome via email to letters@economist.com

Researching ADHD

I read your article on research that questions whether attention-deficit hyperactivity disorder should in fact be seen as a disorder ("Coming into focus", November 2nd). The use of the term "neurodiversity" is misleading. An individual does not "have" a neurodiversity, any more than he or she can "have" any other kind of human diversity. Diversity in, say, the ability to control one's attention or susceptibility to distraction is a description of a statistical fact, not a condition that one catches, inherits or develops. It arises

from innate differences in the biology of individuals as well as the accuracy of measurements used to describe those differences.

We might add a third kind of diversity based purely on differences in social constructions about individuals made at different times or in different places by different families, communities, cultural groups, professional organisations and so forth. Divergent conclusions are often reached depending on who is observing one's manifestations of self-control and attention.

Moreover, contrary to what your article implies, there are no data to show that any scientific consensus about ^{ADHD} exists. And there is much less evidence supporting what any specific educational or social response is required to help optimise individual outcomes over a lifespan. Implying that there is a consensus has serious policy consequences, not merely scientific ones.

DR MICHAEL GERBER

Professor emeritus

Gevirtz Graduate School of Education
University of California, Santa Barbara

^{ADHD} has become so common that it often feels as if everyone has it. We need more scrutiny of the demand and misuse of powerful stimulants that have a potential for abuse. Could it be that these diagnoses are driven not by genuine disorder but by societal pressures to boost productivity in adults and academic performance in children? From my own experience in white-collar suburbia, it's an emphatic yes.

TYLER DOERSCHUK

Columbus, Ohio



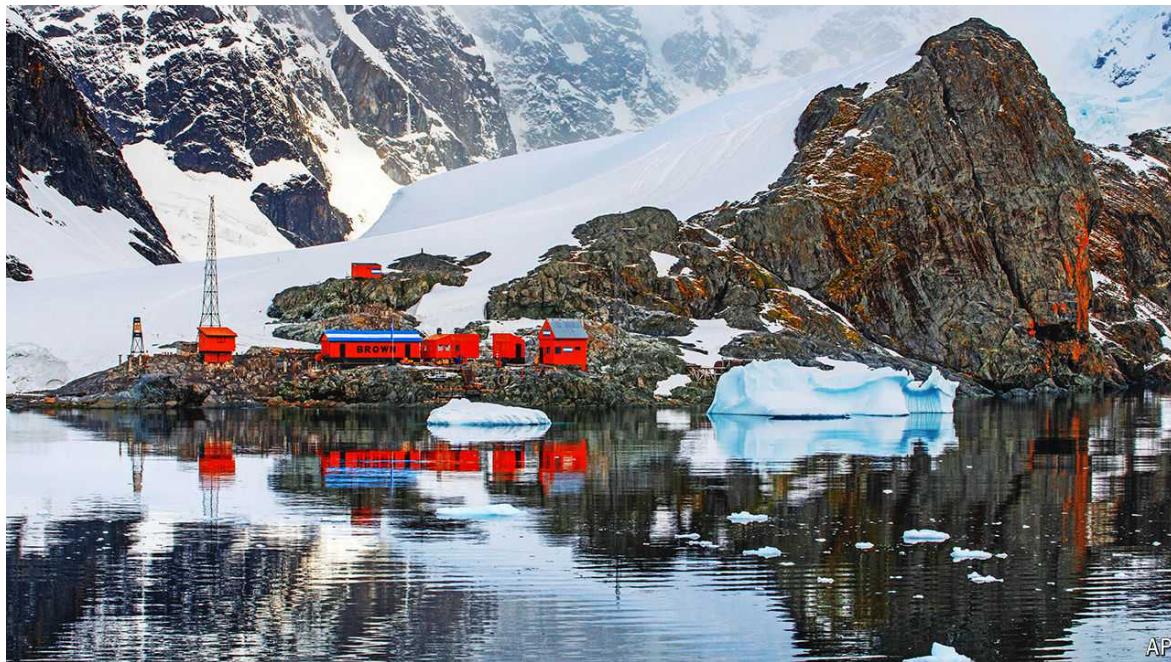
Karsten Moran/The New York Times/Redux/Eyevine

Trump's win in perspective

After allowing the election to sink in, I find myself perplexed by your description of Donald Trump's victory as "resounding" ("Comeback king", November 9th). Ballots are still being counted, but Mr Trump's margin of victory in the popular vote is now less than two percentage points, or fewer than 2.8m votes. Joe Biden won in 2020 with a 4.5-point margin, but it was never characterised as "resounding".

Mr Trump's win in the electoral college was middle of the road, hardly historic, and not the mandate from the American people it is claimed to be. Some parts of the media are overreaching in their narrative that this election shows that Americans hate the Democrats. It is quite fair to analyse why the Democrats lost, but these sweeping pronouncements may fail the test of time when in two years the House of Representatives swings away from the party in power, as has been the case in the mid-terms.

LARRY FATA
New York



The profit motive

[Diplomacy on ice](#) (November 2nd) described how, without clear sanctions or accountability, well-intended policies are not enough to protect the Antarctic from unchecked exploitation. The Antarctic treaty says no one can own Antarctic real estate. Yet all are welcome to extract resources.

As it turns out, the budding private space industry has long viewed the treaty as an ideal template for future space-settlement policy. The notion of not owning land fits neatly with its idealism. But now that the industry's focus is shifting from satellites and space stations to commercial and military bases on or proximate to the Moon, the idealistic arrangements of the Antarctic treaty seem unrealistic and unenforceable at best. Going to space for purely scientific inquiry has been eclipsed by the same factors that fuelled European expansion in the New World and unleashed interest in Antarctica: profit and power.

DR JACK GREGG

Whittier, California



Getty Images

Great canal journeys

The value of Britain's extensive and historic canal network is much greater than providing a cheaper place to live than on land ("Life on the water", November 2nd). The towpaths themselves are heavily used for cycling, walking, fishing and tourism. The waterways are vital habitats for wildlife and vegetation. Plans to transfer water from the north-west to the south and east will provide vital environmental benefits as the climate changes. Canal-boat trips and water sports, or simply messing about in boats, are an incalculable contribution to well-being and mental health. Underfunding the Canal and River Trust, which is hard pressed to look after them properly, is a short-sighted way of planning for the generations to come.

DAVID WOLFSON

Chair

Milton Keynes Canals



Lehel Kovács

A difficult problem

Thank you, Francis Cubitt, for drawing attention to the disappearance of the word “problem” ([Letters](#), November 2nd). The same fate has befallen “difficult”, which has been linguistically cleansed in favour of “challenging”. Circumstances can be challenging but often they are difficult or just plain impossible. Calling the situation in Ukraine or Gaza challenging befits one of Oscar Wilde’s dowagers. Equally, saying your child has issues rather than problems might sound kinder, but the prejudice remains.

Other words that have fallen foul of modern middle-class mores are “discuss”, “debate” and “argue”. All have been submerged by “conversation”. For me, a conversation is about the weather or a friend’s holiday. Would that Wilde or George Orwell were here to mock these verbal gymnastics.

WILLIAM DOLBEN

Madrid



The dude

Your obituary on Quincy Jones said rightfully, or maybe only hopefully, that, “After ‘Thriller’ there was no ‘white music’ and ‘black music’; all cats sang all sorts” ([November 9th](#)). I like the story of when Jones studied with Nadia Boulanger, who taught Aaron Copland. After teaching sessions he would bring her canned peaches and she’d bring a bottle of Beaujolais. She told him that “Your music will never be more or less than you are as a human being.”

Jones later pondered that “It’s okay to play fast and all that other stuff, but unless you have a life experience, and have something to say that you lived, you have nothing to contribute at all. So I decided to live my life, and I did.”

STEVE CROCKETT

St John’s College
Annapolis, Maryland



Can't get no satisfaction

You described Justin Trudeau's identity politics as "sanctimonious" ("[The dying of the light](#)", October 19th). A local journalist once remarked that the Canadian system of government is a sanctimocracy: rule by the holier-than-thou.

ROBERT GENTLE

Johannesburg

The antipathy of Canadians towards their prime minister was quite apparent when, in the middle of this summer's Rolling Stones concert in Vancouver, Mick Jagger commented on his long-standing friendship with the Trudeau family and was roundly booed. Mick quickly pivoted to the recent success of the Canadian soccer team.

GARY PHILLIPS

Seattle

By Invitation

- [My assisted-dying bill safely solves a grave injustice, says Kim Leadbeater](#)
- [Assisted-dying advocates' claims of freedom have it backward, says Danny Kruger](#)

By Invitation | Britain's end-of-life debate

My assisted-dying bill safely solves a grave injustice, says Kim Leadbeater

One of a pair of essays in which members of Parliament argue their cases

November 21st 2024



MEMBERS OF BRITAIN'S Parliament will soon get their first opportunity in almost a decade to vote on extending the choices available to terminally ill people at the end of their lives. The second-reading debate on November 29th is an important occasion, although it will be far from the last word on the matter.

If my bill passes, it will be scrutinised by a representative committee of ^{MPs}, followed by detailed debates in both parliamentary houses, the Commons and the Lords. It is open to amendment and will only become law if both houses approve it.

If the bill is rejected, however, it is unlikely to be considered again for many years. The government maintains that it is for Parliament to decide through a private members' bill, so there is no prospect of government ministers proposing their own bill. And if this law—widely acknowledged as the most thorough, well-drafted and safest piece of legislation on the subject ever debated in Parliament—should fail, no other ^{MP} is likely to have any prospect of success.

So the choice before ^{MPS}s is between continuing the debate on my bill, with all the protections and safeguards it contains, or agreeing that the status quo is acceptable—and with it, in the words of the prime minister, Sir Keir Starmer, “an injustice...trapped within our current arrangement”.

That injustice, which Sir Keir identified when he was director of public prosecutions (^{DPP}) and voted to change when first elected as an ^{MP}, is profound. The 1961 Suicide Act makes it a criminal offence punishable by up to 14 years in prison to assist another person in taking their own life. Sir Keir, as ^{DPP}, issued guidance that there should be a presumption against prosecution when assistance was given purely on compassionate grounds. But he said, and I agree, that it is for Parliament, not prosecutors, to resolve the injustice.

I have heard so many heartbreakng stories from individuals and families affected by the current law. It is those voices that I have been encouraging ^{MPS}s to listen to above all others, and not just the voices of those whose loved ones suffered an agonising death despite receiving the best palliative care. Although those accounts are particularly distressing, there are also the many husbands, wives, partners and children who have had to wave goodbye as a terminally ill person goes abroad, if they can afford it, to die alone. Or those who have had to deal with the trauma of a suicide by someone who felt they had no choice but to take matters into their own hands. In most cases these deaths take place before a person is ready to go, because they need to be well enough to act. They are denied the comfort of a final goodbye surrounded by love and support, and those left behind must add feelings of guilt and anguish to their grieving.

So the status quo is indefensible. My job has been to propose an alternative that addresses these injustices, offers the strongest possible protections and

safeguards for a person seeking assistance to shorten their death, and is workable for the medical profession and the judiciary in particular.

We can learn from what has worked well in other jurisdictions and also see where things have gone in a direction we would not wish to follow. Under my bill no one would be eligible for assistance because they were disabled or mentally ill, or had an eating disorder, depression or anything other than a terminal illness. The courts, both domestic and European, have made clear that if Parliament votes for my very restrictive legislation, they would not and could not broaden its scope as has happened in Canada and elsewhere.

At every stage, a person requesting assistance must have a clear, settled and informed wish to end their life. Periods of reflection mean the process cannot be rushed and they can change their mind at any time. Two independent doctors and a High Court judge must be satisfied that a patient is eligible under the legislation, is mentally competent to express their decision and has not been coerced. I have had lengthy discussions with the British Medical Association, individual doctors and the judiciary at the highest level. They have reassured me that medical practitioners and judges are experienced in detecting coercive and abusive behaviour in difficult, even life-and-death circumstances.

This is not about ending a person's life but allowing them to shorten their deaths. My bill would not create a new cohort of patients: those eligible will be in the last months of their lives and already receiving care and medication. Fears of a significant extra burden on National Health Service resources are unfounded. Nor would it detract from the provision of palliative care. The opposite is the case. The parliamentary Health and Social Care Select Committee found that elsewhere in the world, palliative care improved alongside the introduction of assisted dying. Here at home I am delighted that the debate around my bill has already renewed attention on palliative care and the hospice sector. We have started talking about death, something we have historically avoided. So I hope ^{MPs} will conclude that offering the possibility of a good death is a compassionate, just and ethical decision that rights serious wrongs and brings comfort to many of our fellow citizens—whether or not they elect to exercise that choice. ■

Kim Leadbeater, a Member of Britain's Parliament for the Labour Party, introduced the “Terminally Ill Adults (End of Life) Bill”, which will be debated in Parliament on November 29th.

To read an opposing view on the Terminally Ill Adults (End of Life) Bill by Danny Kruger MP, [click here](#).

This article was downloaded by [zlibrary](#) from <https://www.economist.com/by-invitation/2024/11/21/my-assisted-dying-bill-safely-solves-a-grave-injustice-says-kim-leadbeater>

By Invitation | Britain's end-of-life debate

Assisted-dying advocates' claims of freedom have it backward, says Danny Kruger

One of a pair of essays in which members of Parliament argue their cases

November 21st 2024



Dan Williams

WHAT IS THE purpose of the campaign to give people the right to summon the state to kill them? The answers campaigners give are dignity and choice. Note that these are not in themselves related to the condition of dying—to the practical realities of pain, fear and the emotions that assail a person as they contemplate their own end. These are meta-objects, higher goods which transcend the immediate circumstances of a deathbed. They reflect a religious idea about what it is to be human. To be human, according to this faith, is to be in control. The end, the object, is power.

The practical problems with the Terminally Ill Adults (End of Life) Bill are stark and inescapable. The proposed law would require doctors and judges—

both are needed, in a reflection of the fact that neither is really competent to do so—to confirm that a patient may reasonably be expected to die within six months, and that he or she genuinely and freely wishes to die.

As we see in places where assisted dying happens, however, all this means is that someone with a chronic condition can refuse their drugs, or an anorexic can refuse their food, and a doctor will be found to confirm that their condition is terminal. We are all within six months of death if we choose to be.

If our only object were—as it should be—to relieve suffering at the end of life, to address the practical realities of death, there is a simple solution: to properly resource palliative care. Modern pain-relief drugs mean almost no one needs to die in unbearable physical agony. Everyone can be helped to die well, but end-of-life care at the moment is patchy and shamefully underfunded.

But the campaign is not about these things. Indeed, a subset of campaigners is open in declaring this bill as merely the beginning, and that once the right-to-die principle is established access to it will soon be widened—as has happened in other jurisdictions that have started down this road. The idea that animates the bill is that of absolute patient autonomy.

Yet the crucial paradox is that it will have precisely the opposite effect. A religion of individual control, of personal freedom, is not liberating in practice, but rather deeply disempowering. There remain Labour members of Parliament who remember that “progressive” politics used to be about protecting the vulnerable from abuses of power—that individual autonomy is not the highest good, because different people have different degrees of agency and in a liberal free-for-all the powerless get trampled.

Under the bill, doctors will be allowed to suggest assisted dying to patients who have not mentioned the idea themselves. If the patient requests it from a doctor who does not agree with the practice, that doctor will be obliged to refer them to a colleague who does. Here we see the dynamic established: this is presented as a plausible, even a good choice for patients to make, and the system will help them to make it. The echoes of the Liverpool Care Pathway, a notorious scheme of ten years ago by which patients were

essentially assigned by the National Health Service to die, should sound in our ears.

The law's very existence would put pressure on each patient and their family to have “the conversation”, whether openly at the bedside or whispered outside the room: is it time for Mum or Dad to die? Patients would bear the awful responsibility of deciding whether to go now—sparing their loved ones the cost and distress of caring for them—or to hold on selfishly, messily, expensively.

This is not freedom. It is not autonomy. It is a terrible burden to place on people at their most vulnerable. It is not “choice” when one option is so total and potentially compelling. It speaks of a profound disrespect for the frail, and raises over the disabled a spectre that haunts them: the awareness that others might think them better off dead.

The dignity that we need at the end of life is to be fully cared for as we die. There is no disgrace in dependence or being a “burden” to others. And the choice we need is that over our care, including using advanced health-care directives to provide clear wishes on being resuscitated or kept alive if we were to lose cognition or the ability to communicate.

Not for nothing do campaigners for assisted dying call it “the last right”. For this is the unintended object of the theology of control. Cross this Rubicon and, as with Julius Caesar, the republic of liberty falls. In the name of progress we will obliterate the key protection which all of us have need of as we grow old and ill and burdensome: that the people at our bedside will not connive to kill us.■

Danny Kruger is a Member of Britain’s Parliament for the Conservative Party.

To read an opposing view by Kim Leadbeater MP, who proposed the Terminally Ill Adults (End of Life) Bill, [click here](#).

Briefing

- [Elon Musk and Donald Trump seem besotted. Where is their bromance headed?](#)
- [Elon Musk's transformation, in his own words](#)

Briefing | The first buddy

Elon Musk and Donald Trump seem besotted. Where is their bromance headed?

Past precedent is not encouraging

November 21st 2024



During his victory speech on election night, Donald Trump touched on most of the standard topics for such occasions. He thanked his supporters and his staff. He praised his wife and children. He pledged to keep faith with voters. But mostly, he talked about Elon Musk. Fully 17% of his remarks—as much time as he spent sketching out his plans for his presidency—were devoted to the “super-genius” who had taken a break from managing his various businesses to help Mr Trump’s campaign. He banged on about Mr Musk’s generosity, his efficiency and, most of all, the technological prowess of his firms: “That’s why I love you, Elon.”

Mr Musk, the world's richest man, and Mr Trump, soon to be the world's most powerful, are in the throes of a heady bromance. The pair have been inseparable since the election, with Mr Musk accompanying Mr Trump to Washington to meet Republicans in Congress and Mr Trump heading to Texas with Mr Musk to watch a test flight of a rocket built by SpaceX, one of Mr Musk's firms.

Mr Musk, who styles himself "the first buddy", appears to be involved in every element of the presidential transition. He is sitting in on interviews with prospective nominees to the cabinet. He has himself been named as the co-head of a new "Department of Government Efficiency" (DOGE), which is supposed to slash both red tape and wasteful spending. He has joined Mr Trump's calls with world leaders, such as Volodymyr Zelensky, the president of Ukraine. He has also conducted freelance diplomacy on his own, meeting Iran's ambassador to the UN, according to the *New York Times*.

Friendly advice

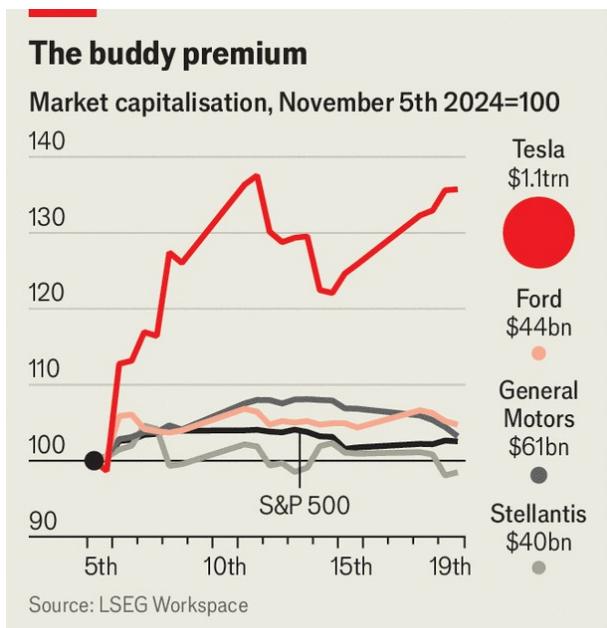
The hope that Mr Musk may bring a little business nous and technical wizardry to the Trump administration is alluring. Some blue-sky thinking could help diminish America's yawning budget deficit, of about 6% of GDP, and overhaul its often clunky bureaucracy. But there are also many reasons to worry about Mr Musk's ascendancy. There will certainly be troubling conflicts of interest: in part Mr Musk is interested in deregulation, after all, owing to the many pesky rules hemming in his companies. Critics also fear that America's government may become dangerously reliant on a single individual, especially in the realm of space and satellites. Mr Musk's forays into foreign policy could jeopardise both his own business interests and America's diplomatic goals. Perhaps the most pressing question is whether the bromance can last, given that both men are known to have massive egos and frequent fallings-out with friends and colleagues. The stage is set, in short, for a tumultuous psychodrama with global ramifications.

Both Messrs Musk and Trump have already benefited hugely from their friendship. Mr Musk is thought to have spent about \$200m to help get Mr Trump elected, an enormous amount given that the total declared spending so far of the campaign and outside groups is about \$1.1bn (that will rise as

final disclosures are filed). Mr Musk played a big part in efforts to turn out voters in swing states, focusing especially on those with little interest in politics. At the very least, that allowed the campaign to divert its limited funds to other purposes. It may also have helped galvanise support for Mr Trump among young men. Mr Trump, whose electoral pitch stresses his success as a businessman, clearly revelled in the endorsement of such a celebrated entrepreneur. That Mr Musk owns X, a social-media platform favoured by political types, and used it to cheerlead energetically for Mr Trump, was another bonus.

Friends with benefits

The benefits to Mr Musk of the bromance have been even bigger. Since the election, the market capitalisation of Tesla, the electric-vehicle (_{EV}) firm that accounts for about two-thirds of his wealth, has grown by \$300bn. That increment alone is more than double the combined market value of General Motors, Ford and Stellantis, the “big three” carmakers of Detroit. Although America’s stockmarket has risen across the board, Tesla’s ascent has been steeper (see chart). As Mr Musk owns roughly 20% of the firm, its surge has boosted his personal wealth by \$60bn. The next biggest firm in Mr Musk’s portfolio, SpaceX, is privately held, so the jump in its value is harder to gauge. But reports suggest its shares also command a much higher price than before the election.



The Economist

Investors clearly think that Mr Trump's presidency will be good for Mr Musk's firms. There are three broad explanations. First, the government is a big customer of SpaceX, in particular, with which it has signed over \$15bn in contracts over the past decade. NASA accounts for most of this, but some transactions are for military purposes. SpaceX has a \$14m contract with the US Space Force (the little sister of the air force) to provide communications to the Ukrainian armed forces and government until November 30th through its Starlink satellite network. Space Force is also paying SpaceX \$733m to carry satellites into orbit. The Pentagon has plans to incorporate 100 satellites from SpaceX's military division, Starshield, into its own communications network. Starshield also has a \$1.8bn contract to help the secretive National Reconnaissance Office build spy satellites. The Space Development Agency has a \$149m contract to send messages between SpaceX satellites by laser, and so on.

Presumably, more such custom could be forthcoming, especially from an administration well disposed towards Mr Musk. As it is, SpaceX conducted 90% of all orbital launches in America in 2023. Government agencies accounted for more than 20% of its business. By the same token, during Mr Trump's first term, the Federal Communications Commission (FCC) offered Starlink subsidies to help expand access to broadband in rural areas. But a

payout of almost \$900m was rescinded during Joe Biden's presidency. It could be reinstated in Mr Trump's second term.

The stringency with which the government enforces regulations also has an impact on Mr Musk's firms. They are the subject of 20-odd investigations and reviews by different federal agencies. The National Labour Relations Board, for example, is upset about how Mr Musk has handled workers' campaigns to unionise at Tesla. The Department of Transportation has complained about the way Neuralink, Mr Musk's brain-implant company, moves hazardous materials around. And the Fish and Wildlife Service thinks SpaceX has not done enough to protect the nests of birds near a launch site for its rockets in Texas. A less exacting administration could make all these problems go away.

In the grand scheme of Mr Musk's business empire, however, his contracts with the government are small change and the regulators' complaints are minor irritations. His companies are worth well over \$1trn. His personal wealth is estimated at about \$360bn. For all SpaceX's government contracts, the majority of its revenue comes from Starlink, almost all of whose customers are commercial.

By far the most material way the Trump administration could affect his fortunes is by drafting new regulations and rescinding old ones. Mr Musk has long maintained that Tesla's future hinges on the successful development of autonomous vehicles. At the moment, autonomous driving is regulated at the state level, putting Tesla at a disadvantage to Waymo, a subsidiary of Alphabet, the firm that owns Google. Waymo already operates "robotaxis" in a handful of cities, whereas Tesla has yet to launch any fully autonomous services. After Bloomberg reported on November 17th that Mr Trump's transition team had told advisers it plans to make a federal self-driving framework a priority, Tesla's shares soared, while those of Uber and Lyft, which could be hit by the competition, fell. Mr Trump is also reported to have invited Mr Musk to join a call with Sundar Pichai, the boss of Alphabet—an extraordinary opportunity for a commercial rival.

Another potential Trump policy, the scrapping of a generous tax credit for EVs, would also have a big impact on Tesla. Although it would make the firm's cars more expensive, it would hurt other American producers more,

since Tesla's costs are lower. "It would be devastating for our competitors," gloats Mr Musk. In fact, the end of the credit along with higher tariffs (another Trump pledge) might be especially advantageous to Tesla, whose EVs have the highest share of parts made in North America in the industry. Both domestic and foreign rivals would be hamstrung.

SpaceX's fortunes, too, are heavily dependent on regulators. It has received the FCC's approval to launch 12,000 satellites (it already has more than 6,000 in orbit), but has requested permission for 30,000 more. Mr Musk has also complained often and loudly about the lethargy of the Federal Aviation Administration (FAA), which he accuses of "smothering" innovation with "Kafkaesque paperwork". He quips that he can build a rocket faster than the agency can process the relevant approvals. SpaceX develops new spacecraft through frequent testing and redesign. Its commercial and government rivals tend to be more plodding and methodical. Byzantine bureaucracy thus burdens SpaceX more. A more permissive approach would be a boon.

The sensitivity of Mr Musk's firms to regulation creates blatant conflicts of interest in his proposed role as co-head of DOGE. Yet neither Mr Trump nor Mr Musk seems to have any qualms. Mr Trump neatly captured the problem on the campaign trail when he grumbled, "I'm for electric cars. I have to be because Elon endorsed me." Mr Musk, for his part, has stated that his dream and SpaceX's explicit corporate goal of colonising Mars will be possible only with DOGE's help: "The Department of Government Efficiency is the only path to extending life beyond Earth."

The potential conflicts are so glaring that Mr Trump seems to be designing DOGE to skirt the relevant regulations. He specified, when announcing the department's creation, that Mr Musk and Vivek Ramaswamy, a businessman-turned-politician who will be its joint boss, would provide ideas about reforming the bureaucracy "from outside of government". As an adviser, rather than a federal employee, Mr Musk will not be subject to various ethics rules, notes Kathleen Clark of Washington University in St Louis.



• Blake Cale

But this arrangement may also diminish DOGE's effectiveness, since it will resemble a commission more than a conventional government department. In fact, the prevailing wisdom in Washington is that DOGE will not amount to much. This is not because of any doubts about Mr Musk's sincerity or abilities. He has [campaigned against red tape](#) for years, long before there was much prospect that he would be given an official mandate to trim it. He moved Tesla's headquarters from California to Texas in part in protest at California's bureaucratic ways. Last year he railed, in a typical tweet, "Like Gulliver, tied down by thousands of little strings, we lose our freedom one regulation at a time."

At both Tesla and SpaceX, Mr Musk has proved himself a master of efficiency, reducing the cost of previously rarefied technologies to an extent incumbents had thought impossible. Mr Trump calls him "the greatest cutter". (The president-elect seems to be especially impressed by Mr Musk's decision after buying X to sack some three-quarters of its staff, although X's value has shrunk dramatically under Mr Musk's ownership, leaving it almost irrelevant to him financially.) Mr Musk himself has talked about cutting \$2trn, or about a third, from the federal budget, and dramatically simplifying the tax code.

But the history of efforts to slash regulation and government spending in America is not encouraging. The sticking-point tends to be Congress, whose members are not keen to eliminate jobs in their own districts. Ronald Reagan set up a similar outfit, known as the Grace Commission, with an explicit mandate to “drain the swamp”. Congress shelved its proposals.

Messrs Musk and Ramaswamy have therefore said that they will recommend changes that Mr Trump can order unilaterally, without any new legislation. They claim the scope for this is huge because of two recent Supreme Court rulings that have curtailed the authority of the bureaucracy and thus called into question many existing rules. But legal challenges to any reforms are inevitable, and the pair will have only 18 months to make anything happen: DOGE cannot formally start work until Mr Trump becomes president on January 20th and is supposed to wind itself up by July 4th 2026.

Indeed, it is possible that Mr Musk’s influence has already reached its peak. He has lots of businesses to run and cannot put corporate life on hold indefinitely for endless backslapping at Mar-a-Lago, Mr Trump’s estate in Florida, or—in time—the White House. Presidential transitions are by their nature fluid and their direction malleable, especially before the most important personnel have been chosen. But in less than two months the transition will end and the more rigid, bureaucratic structures of Washington will replace it.

Unfriended

There is no exact historical precedent for Mr Musk’s influence over Mr Trump, but presidents and their business backers tend to fall out. William Hearst, a newspaper magnate, quickly became disillusioned with Franklin Roosevelt, whose first campaign for president he had enthusiastically backed. Andrew Carnegie, a steel baron who was the world’s richest man in his day, could not get Theodore Roosevelt to listen to him about foreign policy. Theodore Roosevelt also ended up crossing swords with J.P. Morgan, the founder of the bank of the same name, after having enlisted his help to end a mining strike.

There are already signs that Mr Trump is not entirely in thrall to Mr Musk. Although Mr Musk had called publicly for Howard Lutnick, a Wall Street financier, to be named Treasury secretary, Mr Trump gave him the less prestigious job of commerce secretary instead. Mr Musk is rumoured to be bickering with Trump advisers of long standing. Mr Trump displayed a hint of fickleness at a recent gathering at Mar-a-Lago, when he joked about Mr Musk, “I can’t get him out of here.”

At the very least, fears of Mr Musk’s overweening influence are probably overblown. SpaceX’s domination of a strategic industry is not unprecedented. IBM had an 88% share of the market in tabulating equipment in 1932 and a 70% share of the nascent computer industry in 1967. Its devices were crucial to the Pentagon and intelligence agencies, used for everything from air defence to cryptanalysis. AT&T had a monopoly on telephone services for most of the 20th century and thereby made itself indispensable to American spooks. Both firms were eventually hobbled by antitrust suits—although the success of SpaceX and Tesla stems from superior products, not a monopoly.

In practice, Mr Musk’s influence over military affairs is not as untrammeled as it seems. For one thing, SpaceX’s position in space launch is commanding but not a monopoly, argues Doug Loverro, a former senior official at the Pentagon and NASA. The vast majority of its launches are of its own satellites, he notes. Strip those out and the picture looks more balanced. The US Space Force’s launch contracts for 2022 to 2027 are split roughly evenly between SpaceX and a rival consortium, he says. The Pentagon’s plans for mega-constellations for communications involve a dozen different contractors. Jeff Bezos, Amazon’s founder, is setting up a rival firm, Blue Origin. Starship, meanwhile, is well suited to sending large numbers of small satellites into low-Earth orbit and getting humans to Mars, he argues—not sending larger military and spy satellites to higher orbits. “The fact of the matter is it’s a very competitive field out there,” concludes Mr Loverro, “especially on the DOD side.”

Nor is it clear that Mr Musk could actually use his leverage. “As much as the US government needs SpaceX,” says John Plumb, who until recently was assistant secretary of defence with responsibility for space, “SpaceX needs the US government.” The company requires operating licences from the FCC and

launch licences from the ^{FAA}. Although Mr Musk is an increasingly dominant supplier, the government is also a buyer with unusual purchasing power. “In my experience SpaceX has been an excellent partner for the Department of Defence. But if SpaceX for some reason decided to take on the full force of the ^{US} government,” concludes Mr Plumb, “that would be a terrible, terrible business decision and frankly crippling for them.” If need be, a president could even invoke the Defence Production Act of 1950, which allows the government to compel private firms to act in service of national security.

Even the idea that Mr Musk might wield undue influence over foreign policy can be flipped on its head. Mr Musk’s closeness to Mr Trump could be seen as a liability for his companies outside America. The most obvious test is China, where just over half of all Teslas are made. The firm’s dependence on China is, if anything, growing: in May, it broke ground on a second factory in Shanghai, to make batteries.

The leverage this gives the Chinese authorities over Tesla already appears to constrain Mr Musk’s actions. Although, in the name of free speech, he provides Starlink access to Iranians with smuggled terminals despite the objections of their government, he has not done anything similar in China. He tends to toe the official Chinese line on Taiwan and is fulsome in his praise for China as a place to do business.

Friendly fire

The risk that Tesla could get caught up in Mr Trump’s dealings with China is obvious. “I think that the Chinese are thinking very carefully about how to use Musk to make clear to Trump that there are costs for tariffs,” says Zack Cooper of the American Enterprise Institute, a think-tank. He notes that China has few contacts within the Republican Party and may be hoping that Mr Musk can help manage relations with the Trump administration. “If Musk wants to continue making significant amounts of money in China, then they’re going to expect him to play a positive role,” says Mr Cooper, noting that China needs only to tweak rules on ^{EVs} to have a big impact on Tesla’s fortunes.

Similar risks apply to Mr Musk's involvement in politics in general. He is now so strongly associated with Mr Trump that he may put some people off buying Teslas, says Tu Le, of Sino Auto Insights, a consultancy. Although X saw record traffic during the election, since then the number of people leaving the platform for less MAGA-ish rivals such as Threads and Bluesky has surged. Moreover, the alliance between tech libertarians like Mr Musk and nativist populists that are the bedrock of Mr Trump's support is fragile. One camp yearns for change, the other resents it. That is an irresolvable contradiction.

If things go wrong, Mr Musk may suffer dire consequences. His control of Tesla is not ironclad. Unlike other tech tycoons such as Mark Zuckerberg, who owns super-voting shares in Meta, Facebook's parent, Mr Musk's 21% stake in Tesla does not fully insulate him from other shareholders. If his politics end up harming the company, he could still be booted out. His bigger stake in SpaceX offers more protection—but a good relationship with Uncle Sam is essential to its operations. Mr Musk is entering an even more complex realm than rocket science. It will take a super-genius to navigate it without mishap. ■

This article was downloaded by [zlibrary](#), from <https://www.economist.com/briefing/2024/11/21/elon-musk-and-donald-trump-seem-besotted-where-is-their-bromance-headed>

Briefing | Poster boy

Elon Musk's transformation, in his own words

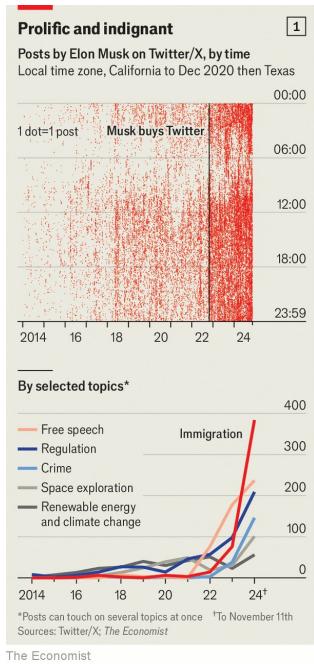
Our analysis of 38,000 posts on X reveal a changed man

November 21st 2024



Getty Images

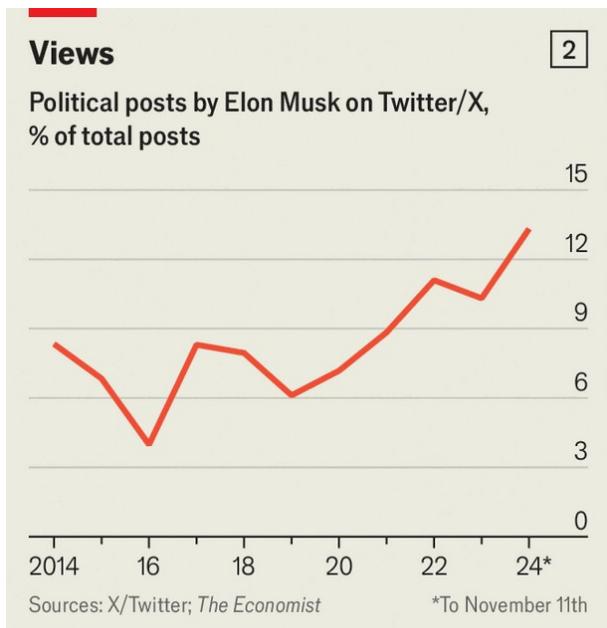
“Sure, you might say something silly once in a while, as I do, but that way people know it’s really you!” As part of a plea for “political & company leaders” to join him in holding forth on X, his social network, Elon Musk has repeatedly stressed that such posts offer an unusual and engaging authenticity. We have taken him at his word. What do his tweets say about him?



To work out what subjects preoccupy Mr Musk and how his views have changed over time, *The Economist* analysed his activity on Twitter (as it was) and X (as it became in 2023). Using artificial intelligence to trawl through his 38,358 posts between December 2013 and November 2024, we found that he is posting far more often and with a far more political bent. Climate change and clean energy used to be the realm of policy on which he opined the most, but he now bangs on much more about immigration and free speech (see chart 1).

Mr Musk posts vastly more than he used to. From December 2013 to the middle of 2018, he tweeted just over a dozen times a week, on average. Between then and October 27th 2022, when he completed the purchase of X, he was posting 50 times a week. Since the takeover, that has risen to around 220 a week.

Those who follow him—and over 200m do—may also have noticed a shift in subject-matter. From 2016 to 2021 between 30% and 50% of his tweets each year were about Tesla or SpaceX, his two biggest companies. These days only 11% are. Meanwhile the share of his posts that are political has risen from less than 4% in 2016 to over 13% this year (see chart 2).



The Economist

The shift in the topics of such posts is even more dramatic. In 2022, as he was buying Twitter, posts about free speech surged. This was followed by a leap in 2023 and 2024 in talk of immigration, border control, the integrity of elections and the “woke mind virus”. (The vicissitudes of poor regulation has remained a common topic throughout.)

Despite his considerable business interests outside America, few posts mention other countries. Between 2017 and 2020 around 1% touched on China, but often in passing (“China & Japan have awesome trains...”) or to praise Tesla’s unit there. His interest in the country has since waned. Before Russia’s invasion of Ukraine, Mr Musk showed little interest in either country, but in 2022 they featured in almost 3% of his tweets. The only other country to crop up in more than 1% of his posts in recent years is Brazil, after the country briefly blocked X in August this year.

To his followers Mr Musk advocates a fierce focus on missions he sees as urgent, such as making humans an “interplanetary species” by colonising Mars. But his own posts reveal shifting interests over the past few years, with the only truly intense focus on the act of posting itself. He may have more money than anyone else on Earth and the ear of the next president, but to a casual observer, he may not seem that different from any other

American man in his 50s: lurching rightward politically, online a huge share of the time, complaining about immigration and mocking the left.■

This article was downloaded by [zlibrary](#), from <https://www.economist.com/briefing/2024/11/21/elon-musks-transformation-in-his-own-words>

United States

- [Democrats are still processing their defeat](#)
- [Los Angeles decides it is sick of scandal](#)
- [Congestion pricing in New York gets the go-ahead after all. Maybe?](#)
- [What will Donald Trump do about legal immigration?](#)
- [Will Donald Trump now pardon the January 6th rioters?](#)
- [How gaga is MAHA?](#)
- [How Donald Trump could win the future](#)

United States | Donkey Rashomon

Democrats are still processing their defeat

Three factions are competing to explain the party to itself

November 21st 2024



Getty Images

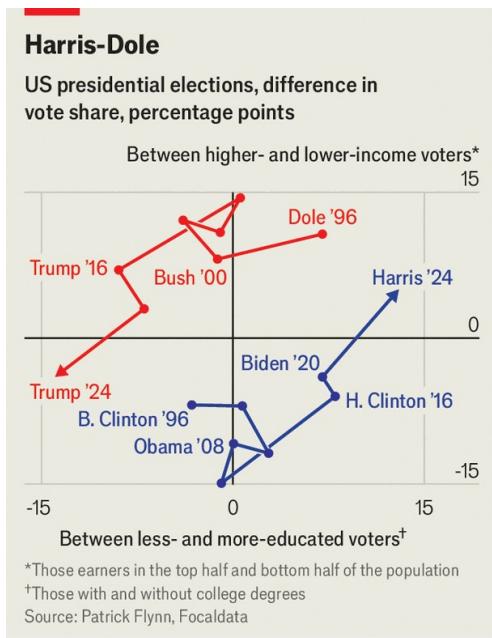
THESE ARE NOT the reports Democrats were hoping to prepare. Instead of transition plans for the incoming Kamala Harris administration, draft executive orders and legislative outlines, Democrats are producing post-mortem analyses of how their campaign came apart in 2024. Those Democrats who are honest with themselves are recognising an uncomfortable truth: as awful, immoral and weird as they consider the Republican Party, the American people considered it to be the better option for governing America.

Dissect the emerging election data and the diagnosis looks even worse than it first seemed. The Democratic Party's idea of itself as a party of the young, ethnic minorities and the working class has been punctured. The best

available data suggest that, compared with Barack Obama's performance in 2012, Ms Harris did 16 percentage points worse among voters without a college degree, 19 points worse with young voters, 26 points worse with African-Americans and 27 points worse with Hispanics. "We have only begun to internalise the ways in which all the basic tenets of the emerging Democratic majority have now been completely reversed. There is not a leg standing of it any more," says Patrick Ruffini, who wrote a prescient book on growing Republican strength among the multiracial working class.

Among Democrats brave enough to believe in their own agency, a much knottier debate has emerged over identity politics. Throughout the first Trump presidency, elite institutions embraced previously radical ideas of equity over equality, the tyranny of objectivity and the violence of speech. Democratic politics were downstream of this cultural shift, leading to an embrace of ideas (including by Ms Harris) such as defunding the police, paying for gender-affirming care for illegal immigrants and banning fracking. Whole ethnic groups were rebranded by those who knew better: Hispanics were now Latinxs; Asian-Americans were now ^{AAPI}; the collective lumping of non-whites as ^{POC} ("people of colour") was upgraded to "^{BIPOC}". By 2022, Democrats realised that such talk, voguish in 2020, was a political liability and began to edge away from it.

By 2024 Ms Harris spoke like a different woman from her previous presidential campaign iteration, revoking her former positions without explanation. It didn't work. According to a survey of swing voters released by Blueprint, a Democrat-aligned firm, majorities of persuadable voters believed that the earlier, progressive Harris was the real one. Among those who chose to vote for Mr Trump, 83% believed that she would use taxpayer dollars to pay for transgender surgeries for undocumented immigrants in prison, 77% believed she would decriminalise border-crossing, and 74% believed that she would ban fracking. The political advertisement that even Democrats concede was the ad of the century was one that Mr Trump's campaign released that ended with the line: "Kamala's for they/them. President Trump is for you." Ms Harris's campaign did not rebut it, and tried instead to focus on economic messaging. But the two "are not completely separate or mutually exclusive...it creates a portrait of a party that's out of touch with ordinary voters, particularly ordinary working-class voters", says Ruy Teixeira of the American Enterprise Institute.



The Economist

The attempt to jettison that unappealing brand is already underway. “I personally think that identity politics needs to go the way of the dodo,” Elissa Slotkin, the newly elected Democratic senator from Michigan, told reporters. Seth Moulton, a Democratic representative from Massachusetts, caused a furore by saying that he did not want his daughters to get hurt playing sports with trans girls. That attracted 200 protesters at his district office in Salem, condemnation from the state’s leading official and one comparison to a Nazi collaborator, made by a local party official. “The backlash proves my point,” says Mr Moulton. “We go around the country saying if you don’t agree with my absolutist view, you fail the litmus test: You’re not only wrong—you’re a bad person.”

With that attitude, many voters do not even bother to consider policy. “I felt this was a cultural election. I think that people don’t trust us on the economy and on immigration, not because they’re analysing our policy, but they just feel that Democrats are preachy, arrogant and out of touch,” says Mr Moulton. Marie Gluesenkamp Perez, a congresswoman from Washington who won re-election in a rural district by overperforming Ms Harris by around five points, agrees. “You can’t have a conversation about policy if you signal to somebody that you’re not listening to them, or you think you’re better than them. Everything else is off the table after that,” she says. Mr Trump’s performance among Hispanic voters ought to stir Democrats

awake, Ms Perez adds. “Asking people to have some kind of generic loyalty to a brand because of ethnic or racial identity is much less compelling to people.”

Others in the party think that the answer lies in plainer economic messaging. Chris Deluzio, a Democratic congressman from the suburbs of Pittsburgh, won his own tight race even as Ms Harris floundered in the state. “I hope my party pays attention to races like mine, where you’ve got candidates clear about who they’re fighting for and who they’re fighting against,” he says, citing his stances on protecting workers from powerful corporations and opposing trade deals that hollowed out the rustbelt. “There’s often a tendency in my party for people to look for win-win framing, but also sometimes there’s a bad guy.” This is similar to the economic strategy that Mr Biden tried at the national level, through industrial policy, infrastructure spending, and pro-union rhetoric; he may simply have lacked the oratorical capacity to explain it.

And then there are some Democrats who spy a middle road. “The Republicans engage in identity politics that is intertwined with Christian nationalism. The Democrats engaged in identity politics that is intertwined in evaluating individuals based on group identity, rather than as individuals. I think the path for Democrats is to reject both,” says Jake Auchincloss, another Democratic congressman from Massachusetts. “I’m worried that the version that Democrats are going to align on is Diet Coke when ^{MAGA} is Coca-Cola: dial down the wokeism and then amplify the economic populism.” There is a version of a Democratic Party that embraces supply-side progressivism rather than the preachy variant; and one that rejects protectionism and instead embraces free trade as a tool for containing China. It is closer to the iterations of the party that thrived under Bill Clinton and Barack Obama, even if it is unfashionable now.

In Rashomon style, political actors will all tell different stories about why parties lose. But the one that dominates is powerful. It structures how the party remakes itself in its wilderness years. Fresh elections for the leadership in the coming months will be important because the victors will write the definitive post-mortem of the 2024 election. After their loss to Mr Trump in 2016, Democrats chose not to conduct a formal autopsy, and drifted into a movement of mass resistance. With hindsight, this backfired. No comparable

resistance movement appears to be mounting towards Trump II. But ruling out one strategy that didn't work before is not the same as alighting on a new one. ■

Stay on top of American politics with [The us in brief](#), our daily newsletter with fast analysis of the most important electoral stories, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/united-states/2024/11/21/democrats-are-still-processing-their-defeat>

United States | Farewell to the five queens

Los Angeles decides it is sick of scandal

A county of 10m people conducts a civilised revolution

November 19th 2024



Christina House/Los Angeles Times via Contour RA

LESS NOTICED among recent political events, Los Angeles is reckoning with a small revolution. Los Angeles County is home to nearly 10m people, making it more populous than all but ten states. Its five supervisors wield a \$50bn budget. What happens in this sprawling conglomeration of suburbs and highways affects a quarter of all Californians. And, as in the rest of the country, Angelenos voted for change.

In contrast to many Midwestern and east-coast population centres, county governments in California are run by five supervisors, who combine executive, legislative and quasi-judicial powers. In ^{LA} “each supervisor is an autocrat in their district”, says Fernando Guerra, director of the Centre for the Study of ^{LA} at Loyola Marymount University. That is about to end.

Voters narrowly chose to expand the board of supervisors to nine, elect (rather than appoint) a county chief executive and create an ethics commission to increase oversight of the whole shebang. The measure's passage marks the first time voters have approved board expansion since 1913, when the county adopted its charter and its population hovered somewhere near 500,000. In the city of Los Angeles, which is run by a mayor and a powerful city council, voters favoured ballot measures to implement independent redistricting of the council and school board, as well as to strengthen the city's ethics commission. The sum of these results is a repudiation of the corrupt and ineffective politics that has dogged Los Angeles in recent years.

The decisions to overhaul the structure of local government are largely a reaction to a series of scandals. Four former or sitting city-council members have faced criminal charges in as many years for embezzlement, bribery or lying to the feds. In 2022 [a leaked recording](#) of three other council members and a labour leader revealed the group of Hispanic powerbrokers making disparaging remarks about other ethnic groups as they discussed how to slice up the city during redistricting. Three of the four lost their jobs, and the final holdout lost his bid for re-election.

Their ousting did not placate Angelenos. The ballot measure that will create an independent redistricting commission is meant to combat the kind of back-room politicking caught on tape. For structural reform to happen “there usually has to be something...that has really got people agitated”, says Raphael Sonenshein of the Haynes Foundation, which supports research on governance and democracy in Los Angeles. The last time ^{LA} saw such a reckoning was in the 1990s, when the Rodney King riots prompted police reform, among other efforts.

What will the county's measure achieve? The five supervisors are known as the “five little queens”. Their fiefs of roughly 2m constituents each will be nearly halved in size when four new colleagues join the board in 2032, after the next census reapportionment. Governance wonks hope that budgets will be better allocated for homelessness and that supervisors will be more responsible to their voters. “Local government works best when...elected officials have to pay attention to their constituents,” says Mr Guerra. “When districts get too big, that just cannot happen.”

Zev Yaroslavsky sat on the county board for 20 years, and the city council for 20 years before that. He argues that the most consequential reform is actually the creation of an elected county chief executive. He likens ^{LA} County's government to a business without a ^{CEO} or a state without a governor. The county's size and wealth demand a different system, he reckons, and a leader that can take decisive action rather than dithering. The person who is elected to that position will be among the most important—if not the most important—local-government executives in the biggest state in America, he argues.

Many bits of the reform have yet to be finalised, including how exactly the county will pay for the new positions (taxes have been ruled out). Mr Yaroslavsky relishes those details, while knowing that they will make others' eyes glaze over. "Governance makes a difference," he says, even if "it's boring as hell". ■

Stay on top of American politics with [The us in brief](#), our daily newsletter with fast analysis of the most important electoral stories, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

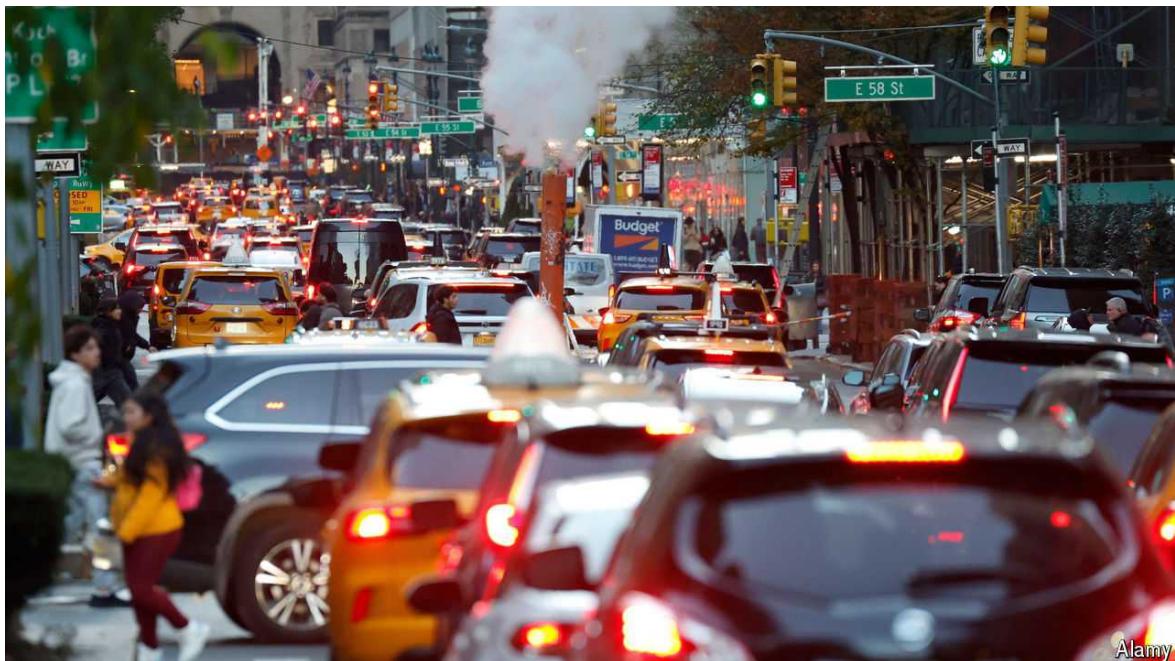
This article was downloaded by [zlibrary](#) from <https://www.economist.com/united-states/2024/11/19/los-angeles-decides-it-is-sick-of-scandal>

United States | Stop, start

Congestion pricing in New York gets the go-ahead after all. Maybe

NYC is in a race against the incoming Republican trifecta

November 21st 2024



NOVEMBER 20th marks the first “Gridlock Alert” day of New York City’s holiday season. This is the official designation for the city’s busiest traffic days of the year. But traffic is bad most days, with more than 900,000 cars entering Manhattan’s central business district. INRIX, a traffic-data firm, found that New York City leads the world in urban traffic congestion among the cities scored, with the average driver stationary for 101 hours a year. After years of false starts, including a cowardly pre-election pause by Kathy Hochul, New York’s Democratic governor, congestion pricing has the green light.

Back in June, Ms Hochul claimed the toll of \$15 could “break the budget of a working- or middle-class household”. Sceptics point out that parking in Manhattan often costs \$30 an hour. An early-bird all-day special might cost \$60. Ms Hochul’s real concern was the congressional districts on Long Island and in Westchester County, where commuters were not happy. But with the election of Donald Trump, no fan of road pricing, and with House Democrats flipping some swing districts, last week Ms Hochul gave the go-ahead, albeit at a reduced price of \$9.

The scheme is not only designed to cut traffic: it also is a revenue stream for repairs and upgrades for the Metropolitan Transportation Authority (_{MTA}). The authority runs the subway, buses and commuter lines to the suburbs, as well as some tunnels and bridges, and will now implement congestion pricing. On November 18th its board approved the new \$9 toll. Eventually it will increase to \$12 and then \$15 in 2031 (if it actually happens this time).

The scheme, a cousin of the one that in London made traffic better, improved air quality and raised revenue, is not quite a sure thing. The _{MTA} is primarily New York’s business, but it receives 10-20% of its capital budget from the federal government, which gives Washington leverage. And the incoming administration is not over-fond of schemes for pricing externalities dreamt up by economists. Advocates of the toll think a speedy implementation is therefore key. Kate Slevin of the Regional Plan Association, which has been pushing for pricing for decades, is delighted congestion pricing has been resurrected, but says: “There is a sense of urgency to get the scheme up and running.” Sam Schwartz, better known to New Yorkers as “Gridlock Sam”, fears “There is a snowball’s chance in hell to get this passed with the Trump administration.”

His fears are valid. Had Ms Hochul gone ahead with the scheme in June, it may not have been on Mr Trump’s radar. Now New York’s House Republicans are urging him to kill pricing once he is back in the White House. Mike Lawler, a Republican who represents the Hudson Valley and is a possible challenger to Ms Hochul in 2026, has been particularly outspoken. There are also several legal challenges, including one filed by neighbouring New Jersey. In Washington, Josh Gottheimer, a Democratic congressman from New Jersey, hopes the House will advance a bipartisan bill to deprive the _{MTA} of federal dollars.

Mr Schwartz finds the opposition galling: “People seem to think that free passage was guaranteed when our country was created in our constitution.” Tolls were in place until 1911 on the four East River bridges. “I haven’t met anyone who loves congestion, have you?” asks Michael Shamma of ^{TY}lin, an engineering firm. He says pricing was presented as a means to raise money for the ^{MTA}, and that was “the wrong reasoning”: emphasis should have been put on the benefits of reduced traffic, from clean air to a stronger economy. The city has just hosted a marathon; it now needs to sprint. ■

Stay on top of American politics with [The us in brief](#), our daily newsletter with fast analysis of the most important electoral stories, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

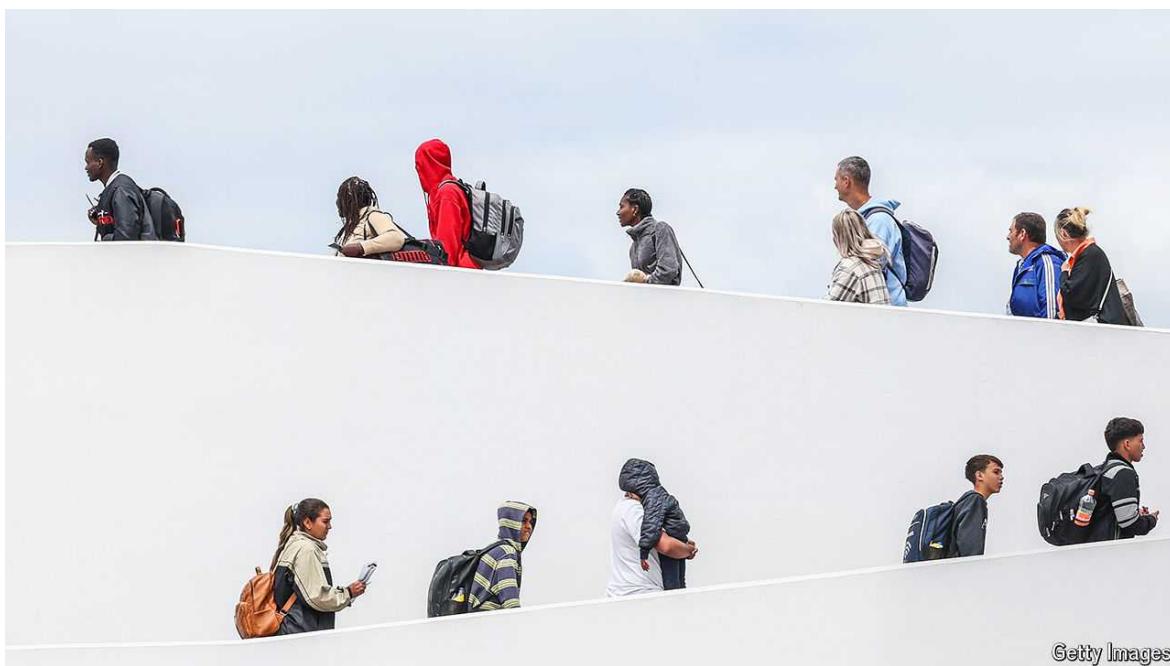
This article was downloaded by [zlibrary](#) from <https://www.economist.com/united-states/2024/11/21/congestion-pricing-in-new-york-gets-the-go-ahead-after-all-maybe>

United States | Deporting the suits

What will Donald Trump do about legal immigration?

Highly skilled workers are already preparing for the worst

November 18th 2024



Getty Images

IN THE FINAL weeks of his campaign, speaking to a “town hall” hosted by Univision, a Spanish-language television network, Donald Trump made a point he doesn’t make very often. Asked about the need for immigrant workers, he replied: “We want workers, and we want them to come in.” The problem, he said, was illegal immigration. “I want them in even more than you do,” he said. “And we’re going to make it so that people can come into our country legally.”

Is it a promise he can make good on? Some in Mr Trump’s camp hope so. Immigration lawyers report they have already had a flood of calls from nervous visa-holders worrying about what it means for their ability to stay in

America. One reason why is that on November 11th the president-elect announced his intention to appoint Stephen Miller, one of his long-standing advisers, to be his deputy chief of policy. Mr Miller says that America should be “for Americans only”.

In his 2016 campaign Mr Trump promised to create a “big beautiful door” for legal immigration. But his administration—largely under the direction of Mr Miller, who served in a similar role then—quietly ground sand in the gears of the machine that issues visas and work permits. “They created an invisible wall,” says Dimo Michailov, an immigration lawyer based in Washington, DC. Denial rates for key work visas, such as the H1B (which allows foreigners with degrees or equivalent specialist skills to take jobs in America) and the L1 (which allows multinational companies to post workers to America) rose. So too did “requests for evidence”, where applicants are required to provide lengthy documentation to prove they qualify.

From 2016 to 2019, average waiting times rose by 46%, according to analysis by the American Immigration Lawyers Association, an industry group. It was “more red tape, more paperwork, more interviews”, says Julia Gelatt of the Migration Policy Institute, a think-tank. Total legal immigration did not in fact fall much until the pandemic, she notes—lawyers worked out how to navigate the new rules and the total number of work visas issued levelled off. But it got costlier and slower.

Under Joe Biden, the government has slowly ungummed the system. It has, for example, lessened scrutiny for visa renewals, instead of treating them like new applications, and waived the requirement for interviews in many cases. These sorts of policies seem likely to be undone. “I kind of have a presumption that anything the Biden administration did they’ll try to rip out every little vestige of,” says David Bier, of the Cato Institute, a libertarian think-tank. That could mean, for example, the spouses of H1B-holders being denied the right to work, and those of L1-holders being made to apply for work permits. Graduates of American universities, who can currently work for up to three years, depending on their degree, may see that right curtailed. More people converting to green cards (permanent residency), either from work visas or through family ties, could be required to be interviewed.

The immigrants with the most to fear are Indians and Chinese nationals. Since 1991 there has been a cap on the number of employment-based green cards that can be issued to citizens of any one country. Indians and Chinese disproportionately arrive in America by studying at universities and then taking jobs on graduation, but thanks to the cap only a vanishingly small share can hope to ever get permanent residency. Instead many stay stuck on nominally temporary visas even as they build lives. If someone with an H1B loses their job, they have just 60 days to find a new qualifying one before having to leave the country (a grace period Mr Trump could cut). Having a child who is a citizen offers no protection to a parent, and their non-American children lose their right to stay when they become adults. Longer waits and tighter renewals could force many long-term residents to leave.

Jules, a Chinese-born corporate lawyer who has lived in America since arriving as an exchange student at high school, says that during the last Trump administration one of her visa renewals was delayed for two years. She carried on working, but she could not travel abroad. “It’s been so traumatic, I am kind of numb about it,” she says. With Mr Trump’s re-election, she is looking at whether she might be able to get permanent residency elsewhere. For her and others, America was first, but Canada or Australia may be second. ■

Stay on top of American politics with [The us in brief](#), our daily newsletter with fast analysis of the most important electoral stories, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/united-states/2024/11/18/what-will-donald-trump-do-about-legal-immigration>

United States | Capitol offences

Will Donald Trump now pardon the January 6th rioters?

He has the power to do so, but it would be another norm-smashing act

November 21st 2024



Getty Images

Many Americans hope that Donald Trump will fulfil his campaign pledges to bring down prices and deport illegal immigrants. But a small group of convicted rioters are on tenterhooks over another electioneering promise. Mr Trump has repeatedly vowed to free his supporters who were imprisoned for storming the Capitol on January 6th 2021. He has repeatedly called them “hostages” and “unbelievable patriots” while recasting the attempt to disrupt the peaceful transfer of power as “a day of love”. “Why are they still being held?” Mr Trump mused weeks before the election. His return to the White House means he could soon pardon them all.

Enrique Tarrio, the former leader of the Proud Boys, a far-right group, who is serving a 22-year sentence for his role in the attack, told *The Economist* in June that he reckons Mr Trump will “right all the injustices and inequalities of the past four years”. After the election his lawyer issued a statement applauding the result. In Miami, Mr Tarrio’s hometown, Proud Boys are making plans for reunions. “Our boys, and all other political prisoners, are now coming home!” says a friend of Mr Tarrio.

To date, the federal government has charged 1,561 people for crimes arising from the Capitol attack; 979 pleaded guilty and 645 went to prison. At least seven, including Mr Tarrio and Stewart Rhodes, the head of the Oath Keepers, a far-right militia, were put away for more than a decade. The Department of Justice (DoJ) has not said how many remain in custody but the number probably runs into the hundreds. What would it mean for them to be freed?

The cases were politically fraught from the start. Within the DoJ, higher-ups feared infringing on defendants’ rights to free expression. Some prosecutors were frustrated by that: “If they were al-Qaeda this would have been a national emergency, but these were good ol’ boys from rural America so it was different,” says one.

Yet the evidence in many of the Capitol cases was rock-solid—security footage was supplemented by screenshots of defendants bragging about what they did on social media. A consensus gradually developed within the DoJ that the law required extensive prosecutions.

The result was a sweeping success. Jury after jury sided with the prosecutors and found the rioters guilty of assaulting police officers, causing civil disorder and other crimes. Although judges often handed down lighter sentences than the government asked for, the verdicts disrupted groups like the Oath Keepers.

A president’s power to pardon people convicted of federal crimes is enshrined in the constitution. Yet if Mr Trump frees hundreds of January 6th prisoners early in his term, he would depart dramatically from precedent. Historically, the justification for mass amnesty—for low-level marijuana offenders, for example—has been to remedy past injustices and bring the

country together, says Kimberly Wehle, a law professor at the University of Baltimore. Mr Trump would be ratifying his own claims of innocence over January 6th.

Prosecutors worry that freeing January 6th prisoners will affect how justice is meted out during Mr Trump's second term. "If violent [Trump] supporters are pardoned, prosecutors will have to assume that ordinary supporters" such as businessmen close to the president "will also be pardoned" if charged with wrongdoing, says Louis Manzo, who prosecuted 25 Oath Keepers before leaving the government.

On November 8th, William Pope, a January 6th defendant who has pled not guilty to disorderly conduct charges, warned a judge that advancing his case before Mr Trump's inauguration could "lead to a dangerous cycle of escalating retribution" and that it would "be wise" for the court to take up this "final opportunity to make peace" before setting him free. His words suggested how emboldened some of the accused already feel. ■

Stay on top of American politics with [The us in brief](#), our daily newsletter with fast analysis of the most important electoral stories, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/united-states/2024/11/21/will-donald-trump-now-pardon-the-january-6th-rioters>

United States | Fries with that

How gaga is MAHA?

RFK junior, Dr Oz and co. have the potential to do harm, but also some good

November 20th 2024



Donald Trump Jr

When Michelle Obama suggested in 2010 that American children should eat less junk food, it triggered outrage in conservative circles. “Get your damn hands off my fries, lady,” Glenn Beck, then a Fox anchor, told his audience, adding that “if I want to be a fat-fat fatty and shovel French fries all day long, that is my choice.” Right-wing commentators criticised “food-police” overreach. Within months of Donald Trump becoming president in 2017, his administration said it would roll back some of the healthy school-lunch requirements (it failed).

The idea that Americans should be free to eat whatever they want, that the government has no business in their fridges, and that companies should be

able to make money with as few regulatory hurdles as possible, has long been core to Republicanism. But “make America healthy again” (^{MAHA}), championed by Robert F. Kennedy junior, Donald Trump’s [pick for secretary of health](#), challenges these orthodoxies. Indeed, his merry band of followers is anything but orthodox. The latest to join is Dr Mehmet Oz, a star known for promoting pseudoscience and having psychics on his ^{TV} show, who has been nominated to lead the Centres for Medicare and Medicaid Services (^{CMS}), which provides health coverage for nearly half of Americans.

If confirmed, Mr Kennedy will be responsible for leading 13 agencies, including ^{CMS}, the Food and Drug Administration (^{FDA}) and the Centres for Disease Control and Prevention (^{CDC}). He would be in charge of managing national health crises, from the current opioid epidemic to a future pandemic, and will have power to direct the agencies’ priorities. Putting a vaccine-sceptic conspiracy theorist in charge of the country’s health policy, and the largest department in terms of federal budget, is nutty. Yet underneath the tinfoil hat Mr Kennedy—who calls ultra-processed foods “poison” and waxes lyrical about regenerative farming—advocates some things liberals have long favoured.

In a video promoting ^{MAHA}, Mr Kennedy promised that he and Mr Trump would “transform our nation’s food, fitness, air, water, soil and medicine”. To achieve this, he has pledged to replace “corrupt industry-captured officials” in the health agencies with “honest public servants”, take a tough approach with big business, use government regulation to ban harmful substances from food and farming, and support alternative medicine.

^{MAHA} supports interventions which under a Democratic administration would be termed “nanny state”. Mr Kennedy wants to ban pharmaceutical advertisements and has promised to “get [ultra-] processed food out of school lunch immediately.” Calley Means, a rising star in the ^{MAHA} movement, recently said that “Michelle Obama was right,” in her efforts to make school lunches healthier. Where most Republicans ridiculed Joe Biden’s efforts to insist on clearer food labels, Mr Kennedy wants much the same.

The ^{MAHA} agenda is outspokenly hostile to big business and Mr Kennedy—a [former environmental lawyer](#) who successfully sued corporations for using harmful chemicals—makes no secret of his plans to go after Big Pharma,

Food and Agriculture. He advocates stricter regulation and has said he wants to eliminate “1,000 ingredients in our food that are banned in Europe”. Although it seems unlikely Mr Trump read the small print on Mr Kennedy, he has (for now) endorsed his criticisms of industry, writing in his nomination announcement that “For too long, Americans have been crushed by the industrial food complex and drug companies.”

The third and final area where ^{MAHA} looks less like traditional conservatism and more like hippy progressivism is in its embrace of alternative medicine and unorthodox approaches to health. Mr Kennedy advocates bringing a range of experimental treatments into the mainstream. He has berated the ^{FDA} for “suppressing” alternative therapies, from the kooky to the dangerous, and has suggested Medicaid should cover health food and gym memberships. He wants half of the National Institutes of Health’s research budget to be spent on “preventive, alternative and holistic” treatments. And he wants to legalise psychedelics for therapeutic use—a departure for the party of “Just say no”.

Ultimately, Mr Kennedy will be able to act only at the behest of his boss who, having promised to let the bear-botherer “go wild”, has also sent a few mixed signals about his commitment to ^{MAHA}. In a picture posted last weekend by his son, Donald Trump junior, Mr Trump and Mr Kennedy posed with McDonald’s meals and Coca-Cola. The accompanying text read “Make America Healthy Again starts TOMORROW.” It did not look like a happy meal for Mr Kennedy. ■

Stay on top of American politics with [The us in brief](#), our daily newsletter with fast analysis of the most important electoral stories, and [Checks and Balance](#), a weekly note from our Lexington columnist that examines the state of American democracy and the issues that matter to voters.

United States | Lexington

How Donald Trump could win the future

The Democrats' appeal to Silicon Valley is eroding

November 21st 2024



Their nickname may not have aged well, but their ideas proved powerful. In the early 1980s a group of rising Democratic congressmen started calling for the American government to promote a “high-tech revolution”, to stoke the economy, to counter competition from Japan, and to help their own party shuck its statist, retrograde image. They became known as the Atari Democrats, after the company that turned television sets into platforms for a breakthrough video game, Pong. One of those Democrats, Al Gore, succeeded in passing a law in 1991 that, as he put it, would “link your computer to millions of computers around the country, give you access to huge ‘digital libraries’ of information, and deliver services we cannot yet imagine”.

Money from that law financed a supercomputing centre at the University of Illinois Urbana-Champaign, where a young programmer named Marc Andreessen helped create the first popular Web browser, Mosaic. Mr Andreessen went on to co-found Netscape and to become one of the most successful venture capitalists in Silicon Valley. Like many other technologists, he assumed that he would support Democrats in election after election, until Joe Biden, Kamala Harris and Donald Trump came along.

After Mr Trump won earlier this month, Mr Andreessen summed up his reaction this way: “It felt like a boot off the throat.” Speaking on the podcast he hosts with his ^{vc} partner, Ben Horowitz, another longtime supporter of Democrats who also backed Mr Trump this year, Mr Andreessen added, “Every morning I wake up happier than the day before.”

Ms Harris easily carried the counties that include Silicon Valley. But her margin shrank compared with Joe Biden’s in 2020, and technologists say that high-profile defectors such as Elon Musk are eroding the stigma that once accompanied support for Mr Trump, just as it accompanied support for Democrats before the Atari insurgents appeared. Once the cool kids, Democrats have begun to seem the party of caution and even priggishness, more preoccupied with word-choice than productivity growth. As the Atari Democrats once did, Mr Trump and his vice-president, J.D. Vance, a former ^{vc}, have the chance to identify their party with progress and the future, at least as technologists define them.

An almost spiritual faith that technology can solve any problem, including those created by technology, turns some denizens of Silicon Valley into single-issue voters. That is the case with Messrs Andreessen and Horowitz. They support politicians of either party they think will help “Little Tech,” or startup firms, a focus that also aligns with their financial interest. On their podcast they argued that stifling regulation and lack of clarity from the Biden administration have hampered innovation in cryptocurrency, artificial intelligence, nuclear energy and defence technology, putting America in some critical fields behind China, which Mr Andreessen called the “^{USSR} 2.0”. They despised a proposal from the Biden administration to tax unrealised capital gains, saying it would ruin equity-rich but cash-poor founders of startups.

It did not help that Mr Biden and his top regulators would not meet the duo, who issued their endorsement in July, while Mr Trump not only had dinner with them but gave out his mobile number. They were heartened that, when it came to any emerging technology, he assured them, “we have to win”.

Some Democrats recognise their party risks being identified with bureaucracy and stasis. “The Democratic Party needs to be the party that is for building things, for dynamism, for new industry,” says Congressman Ro Khanna, whose district includes Silicon Valley. “We’ve lost some of that to Trump.” Mr Khanna, a possible candidate for president in 2028, looks more to Franklin Delano Roosevelt than the Atari Democrats for a model. They “were blind to inequality”, he says, and as a result were “accomplices in the creation of an America that today has such a different outlook if you’re living in Cupertino then if you’re living in Youngstown, Ohio”. The right approach, he says, is “not marrying deregulation and tax cuts with dynamism, which I would argue is the Trump phenomenon with Elon Musk and Andreessen. It’s marrying this innovation and dynamism with an ^{FDR} progressivism.”

Truth Socialism

To be Silicon Valley’s new champion Mr Trump may have to soften some views, including on climate change, and resolve some contradictions within his movement. Vivek Ramaswamy, a pharmaceutical entrepreneur and former Republican candidate for president, has identified a rift over regulation. In a speech in July, he noted that while “national protectionists” praised antitrust regulation and consumer protection under President Biden, “national libertarians” like him “believe in dismantling the regulatory state altogether”. He added, “I don’t care to replace a left-wing nanny state with a right-wing nanny state.”

Mr Trump has put him, along with Mr Musk, in charge of proposing cuts in government, and Mr Ramaswamy has spoken of eliminating “countless” regulatory agencies and 75% of the federal bureaucracy. But foremost among the “national protectionists” is Mr Vance, a protégé of Peter Thiel, another Trumpist ^{vc} from the Little Tech world. Mr Vance has praised Mr

Biden's Federal Trade Commission chair, Lina Khan, and advocated such aggressive government intervention as breaking up Google.

Further complicating the picture is that Mr Trump, who as president will be exempt from conflict-of-interest and disclosure laws that apply to other officials, now has his own social media company, Truth Social, as well as a cryptocurrency business, World Liberty Financial. He will be a competitor in the tech industry as well as its regulator-in-chief. When it comes to technology, Mr Trump has several possible ways to win. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/united-states/2024/11/21/how-donald-trump-could-win-the-future>

The Americas

- [Brazil courts China as its Musk feud erupts again](#)
- [Parlacen, a bizarre parliament, is a refuge for bent politicians](#)
- [The mafia's latest bonanza: salmon heists](#)

The Americas | A match made in the Middle Kingdom

Brazil courts China as its Musk feud erupts again

Xi Jinping, China's leader, spies a chance to draw Brazil closer

November 17th 2024



Getty Images

The re-election of [Donald Trump](#) on November 5th rather overshadowed Luiz Inácio Lula da Silva's big bash. Lula, as Brazil's president is known, hosted the G20 leaders' summit in Rio de Janeiro on November 18th and 19th. Heads of state from 19 of the world's largest economies, as well as the European and African Unions, convened to talk shop.

Lula had three goals for the summit: the creation of a global alliance to reduce hunger and poverty; an agreement to reform global institutions like the IMF and the UN; and an increase in countries' [financial commitments](#) to combat climate change. He also wanted to whip up support for a global tax on billionaires. Lula got a declaration signed by all G20 participants to

broadly support these ambitions. Mr Trump, soon to be the most powerful person in the world, will not share the zeal.

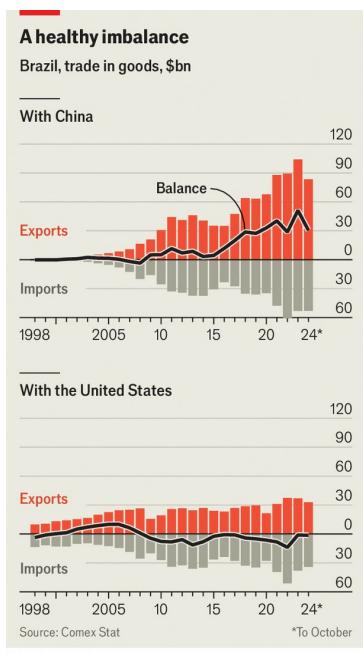
Mr Trump's return to the world stage may scupper Lula's plans, but he has a consolation prize: his relationship with Xi Jinping. After the G20 China's president travelled to Brasília, the capital, to meet his Brazilian counterpart. To celebrate 50 years since their countries established diplomatic ties they signed 37 agreements, covering everything from Brazilian grape exports to co-operation on satellites. Sino-Brazilian relations "are at their best moment in history," said Mr Xi, with Lula by his side. In recent months, "anyone who is anyone in Brazil has been to China," says a former Brazilian ambassador to Beijing.

Several factors have been pushing Brazil and China together. In Brazil's case they are mostly political. Shortly before the election in the United States, Lula threw veiled support behind Kamala Harris, Mr Trump's rival. Meanwhile, Mr Trump is close to Jair Bolsonaro, Lula's far-right populist predecessor and nemesis. Elon Musk has become Mr Trump's right-hand billionaire. The tech entrepreneur had a months-long feud with Brazil's highest court this year, which culminated in his social-media platform, X, being banned in Brazil for over a month. On November 16th Lula's wife, Rosangela da Silva, said "Fuck you, Elon Musk," at a public event. Mr Musk replied on X, "They are going to lose the next election". This means Lula will not expect a warm reception in Washington after Mr Trump is inaugurated in January.

China's problems with the United States run deeper. Mr Trump has said he will slap 60% tariffs on all Chinese goods as soon as he takes office. And so China is keen to do everything it can to expand the markets for its goods beyond the United States. Brazil, the world's ninth-largest economy, is an important part of that puzzle. Brazil also shares China's multipolar view of the world, and is keen to rely less on the dollar for international transactions.

But perhaps the most important component of Sino-Brazilian friendliness is that China wants to buy what Brazil is selling. China guzzled Brazilian oil, iron ore and soyabeans though the 2000s as the Chinese middle class grew rapidly. It overtook the United States as Brazil's biggest trade partner in 2009, during Lula's second term (see chart). Commerce continues to expand

despite slowing Chinese growth. Brazilian exports to China are running at record highs. Brazil is one of a handful of countries that boast a trade surplus with China; last year it exported \$51bn more to the Asian giant than it imported from it.



The Economist

And that surplus could yet grow. During Mr Trump's last term, between 2017 and 2021, Brazilian exports to China nearly doubled as China bought soyabeans, corn and chicken from Brazil instead of the United States. On this visit, Mr Xi and Lula signed deals that could soon allow Brazil to export grapes, sesame, sorghum and fish products to China, which could be worth a combined \$450m per year. ^{ts} Lombard, an investment firm in London, reckons that a 10% increase in Chinese demand for Brazilian products could boost _{GDP} growth from a projected 2% in 2025 to 2.6%.

But it is Chinese investment in technology, industry and green energy which most excites Lula, a former carworker who has pledged to slash Brazil's carbon emissions. The United States remains the biggest source of foreign investment into Brazil by far. Chinese investment in the region—and in Brazil—has fallen in recent years. But the composition of that investment still suits Lula. Last year fully 72% of it went to clean-energy projects. Exports of electric vehicles, solar panels and lithium-ion batteries from

China to Latin America rose from \$3.2bn in 2019 to \$9bn in 2023. Brazil absorbed 63% of the total by value.

“Five years ago China was investing in expensive fixed assets like electricity infrastructure, oil and gas,” says Hsia Hua Sheng, a professor at the Getulio Vargas Foundation in São Paulo who also works for Bank of China. “Today it invests in manufacturing, renewables, services and logistics.” He claims that these are “higher-quality” investments because they often involve partnerships with local firms, job creation and technology transfer. BYD and Great Wall Motors, two Chinese rivals to Tesla, are opening electric-vehicle factories in Brazil next year. BYD’s is in a former Ford factory. It will be the firm’s biggest factory outside Asia.

A high-tech Chinese factory built on the site of a fading American industrial champion is hard enough for officials in Washington to stomach. But no subject is likely to ruffle as many feathers in a Trump-Musk White House as a deal on satellites. During Mr Xi’s visit a memorandum of understanding was signed between Brazil’s state telecommunications company, Telebras, and SpaceSail, a Chinese maker of low-Earth orbit satellites that competes with Mr Musk’s Starlink. Brazil’s communications minister, Juscelino Filho, said he hoped SpaceSail will offer its services in Brazil “as soon as possible”. In October, Mr Filho had visited SpaceSail’s headquarters in Shanghai and those of another satellite-maker in Beijing. The visit followed a spat about free speech and disinformation between Mr Musk and Alexandre de Moraes, a powerful judge on Brazil’s Supreme Court. In August Mr Moraes froze Starlink’s bank accounts in Brazil to force Mr Musk to take down social-media accounts on X, the platform he owns. Starlink controls almost half of the market for satellite-internet services in Brazil. SpaceSail plans to have 600 satellites in orbit by the end of 2025—around a tenth of the number that Starlink does.

Beyond this, Lula and Mr Xi could further their countries’ financial co-operation. In 2023 they agreed to settle all trade in their countries’ own currencies rather than in dollars. In October that same year they carried out the first transaction in yuan and reais. The scale of these transactions is currently puny, but they carry symbolic weight and may provoke Mr Trump’s ire. He has warned that he would slap tariffs of 100% on goods imported from countries that try to “leave the dollar”.

Such radical actions by Mr Trump would probably have unintended consequences. “The relationship between Brazilian and Chinese businessmen is way more consolidated today compared with five or ten years ago,” says Mr Hsia. That is thanks in part to the trade war Mr Trump waged in his first term. In his second, he may end up making Chinese and Brazilian businessmen friendlier than ever. ■

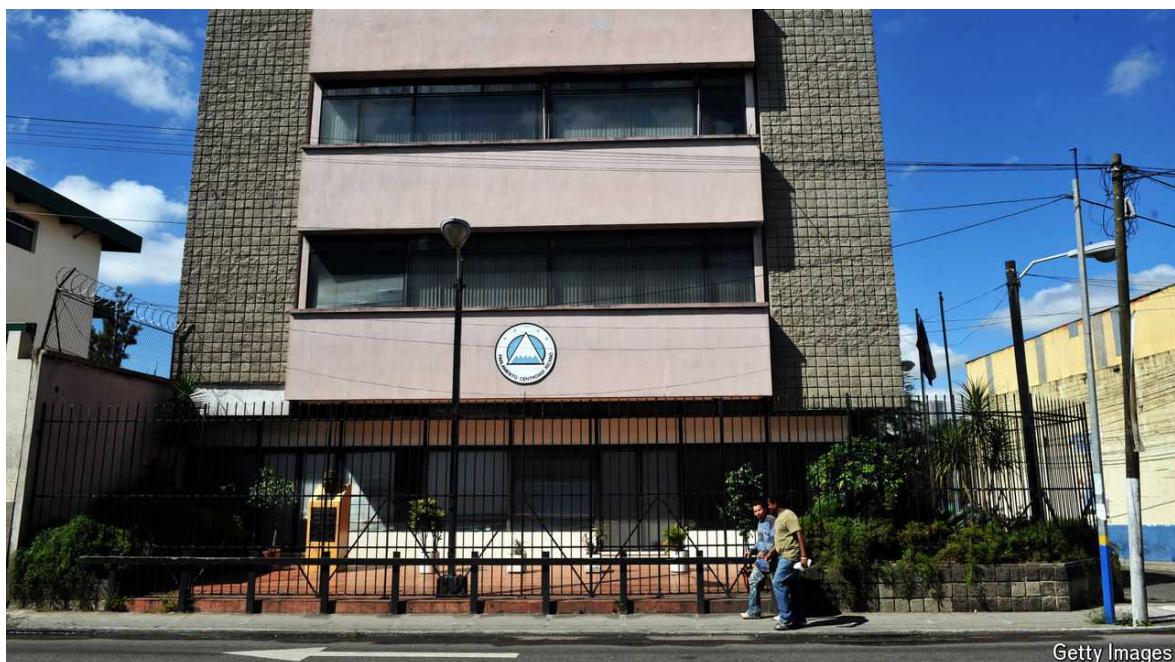
[Sign up to El Boletín](#), our subscriber-only newsletter on Latin America, to understand the forces shaping a fascinating and complex region.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/the-americas/2024/11/17/brazil-courts-china-as-its-musk-feud-erupts-again>

Parlacen, a bizarre parliament, is a refuge for bent politicians

A seat in the Central American body offers immunity from prosecution

November 21st 2024



Getty Images

The Central American Parliament (Parlacen) is not popular. It is a space of “impunity, nepotism and waste” according to one Guatemalan congressman. José Raúl Mulino, Panama’s president, laments that he cannot “sign a decree to pull us out of Parlacen today”. In El Salvador’s general election in March many voters refused to fill in Parlacen ballots. “Look for honest work, stop being parasites,” read one spoiled paper.

Parlacen was set up in 1991 with the lofty goal of becoming a “symbol of liberty, independence and reconciliation” in a region devastated by civil wars in the 1980s. Each of the member states—Guatemala, Nicaragua, El Salvador, the Dominican Republic, Honduras and Panama—sends 20

delegates to the monthly meetings in Guatemala City. Former presidents and vice-presidents are automatically entitled to a seat; they choose whether to take it. In practice however, most of the work on regional integration and co-operation—including free movement, trade and standardising regulations—has been done by a different institution, the Central American Integration System. Parlacen has been reduced to the status of a talking-shop. Its decisions are non-binding.

It has found one use: a mechanism by which Central American politicians who are accused of corruption can delay prosecution. A seat at Parlacen confers the same broad immunity from prosecution as do seats in most Central American national assemblies. In Panama, for instance, sitting Parlacen members must be tried by Panama's overworked Supreme Court.

Take the case of Juan Carlos Varela, a former president of Panama. He declined to take up his seat in Parlacen when he left office in 2019. Afterwards, as the Odebrecht corruption scandal unfurled, the ^{US} State Department banned Mr Varela from entering the United States, accusing him of accepting bribes. In 2024, with his trial scheduled in Panama, Mr Varela changed his mind about Parlacen and took up a seat. His case must now be transferred to Panama's Supreme Court. Mr Varela denies wrongdoing. The immunity from prosecution in lower courts that is afforded by Parlacen means that “a case that should take two years can last ten years,” says Alonso Illueca, a specialist in international law.

Panamanian law moved more quickly against Mr Varela's successor, Laurentino Cortizo, who stepped down in July. On October 17th the country's attorney-general confirmed that Mr Cortizo had been formally accused of mismanaging public finances. But he also said that his office had not been able to open investigations, as it was not clear if Mr Cortizo had taken up his seat in Parlacen. We could find no public comment by Mr Cortizo on the matter.

Politicians' discovery of dutiful feelings towards Parlacen just as their legal affairs become dicey is sometimes too much for people to bear. In 2020 Guatemala's outgoing president, Jimmy Morales, who had been accused of illicit campaign financing (which he denies), had to be sworn in at a hotel after protesters swarmed into Parlacen's headquarters in Guatemala City.

And though politicians on the campaign trail decry the waste (Parlacen's wage bill is \$14m per year) and the impunity, they may secretly value its protection. Mr Morales's successor, Alejandro Giammattei, vowed to pull Guatemala out of the parliament, only to seek its protection when under investigation in January 2024. Ricardo Martinelli, Panama's president from 2009 to 2014, once called Parlacen a "cave of thieves" and attempted to withdraw Panama from it. After his term ended he took up his seat while under investigation for corruption. He has spent most of 2024 holed up in the Nicaraguan embassy in Panama City, having received a ten-year sentence for money-laundering. (He and Mr Giammattei both deny wrongdoing.)

Parlacen has also been cosying up to authoritarian regimes. In the past two years deputies have voted to grant Russia and China permanent observer status, the latter replacing Taiwan. Both countries use this status to boost the position of their authoritarian ally, Nicaragua, according to Mr Illueca. China also uses it to forge diplomatic links with Guatemala, which maintains official ties with Taipei.

Several regional leaders besides Mr Martinelli have proposed to withdraw their country from Parlacen. But this is not straightforward. Mr Martinelli's effort was deemed unconstitutional by Panama's Supreme Court because it had not sought the unanimous support required from Parlacen's member states. But Mr Mulino's apparent defeatism has prompted other Panamanian delegates to give it another go. They are proposing a plebiscite on Panama's membership, believing that a popular rejection of the parliament would represent a sovereign claim that trumps Parlacen's rules under the constitution.

With the exception of Salvadoreans, Central Americans have steadily lost faith in their political institutions over the past decade, according to Latinobarómetro, a polling company. Stories like Parlacen's help make the case that those institutions serve politicians more than the people. ■

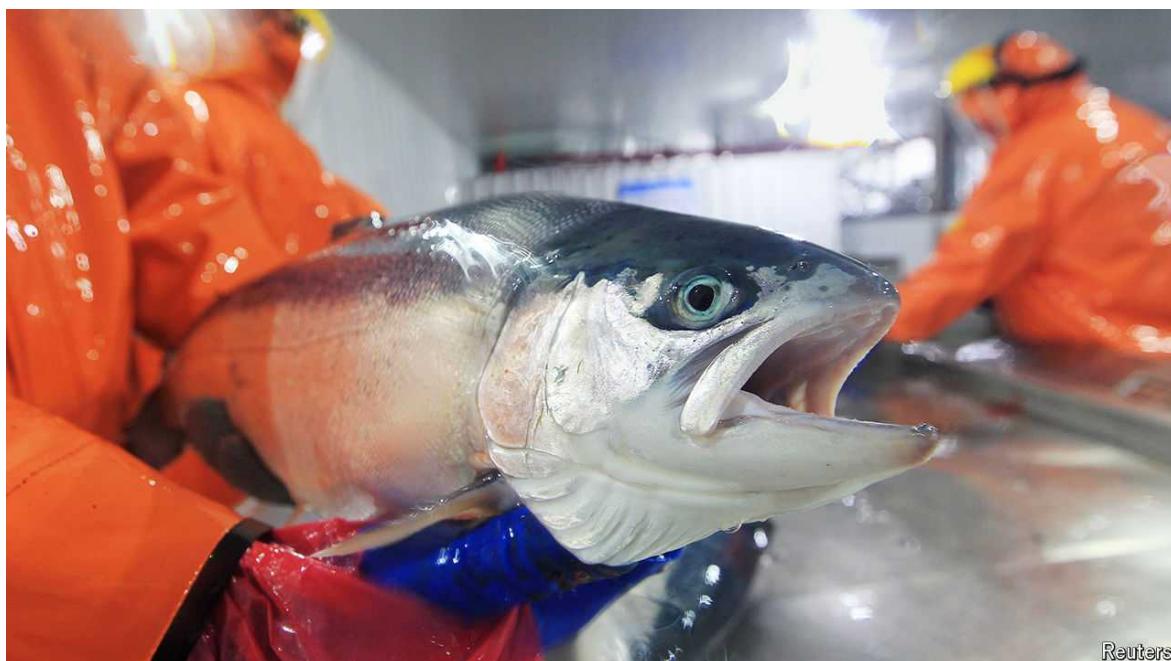
[Sign up to El Boletín](#), our subscriber-only newsletter on Latin America, to understand the forces shaping a fascinating and complex region.

The Americas | Operation Holy Salmon

The mafia's latest bonanza: salmon heists

Fish farming is big business in Chile. Stealing fish is, too

November 21st 2024



Reuters

WEARING HI-VIS jackets and heavy boots, the men in the ^{cctv} footage almost look as though they are meant to be there—until one pulls out a gun. On March 20th at least ten men burst into a cold-storage facility in San Antonio, a port in central Chile, threatened its employees and made off in four lorries filled with salmon worth some 600m pesos (\$616,000). Their plot was soon foiled. In April police recovered some of the fish in San Felipe, a nearby commune. And in August they arrested 11 people in connection with the heist. Officials behind the sting—dubbed Operación Santo Salmón (Operation Holy Salmon)—think the gang was planning to sell the goods during Lent, when Catholics forgo meat in favour of fish.

Robberies have become a big problem for Chile's second-largest export business; salmon farming generated 6trn pesos in revenue and supported some 70,000 jobs in 2023. There were just two robberies in 2018, according to SalmonChile, which represents the country's fish farmers. That number has since leapt sharply. Between 2019 and 2023 there were 158 salmon robberies, most of which targeted cargoes of fish being delivered by lorry. Many more are thought to go unreported.

The crime wave has battered the industry. SalmonChile puts losses since 2019 at more than 67bn pesos. Firms are spending more on insurance and tracking equipment. Lorry drivers are afraid, as the heists sometimes turn violent; two drivers were abducted during robberies earlier this year. Many firms are avoiding their usual delivery routes in the south. Some drivers have started wearing bulletproof vests. Ricardo García of Salmones Camanchaca, a fish-farming business, reckons that these additional expenses, combined with the losses, are costing the industry around 1% of its gross operating profits each year.

A couple of factors lie behind the recent rise in crime. Making off with a lorry-load of salmon—typically worth around 200m pesos—was always bound to be lucrative. But since domestic demand has risen by almost 20% between 2013 and 2020, gangs can probably net more cash than ever before by selling fish in local markets. At the same time, the government's crackdown on wood theft may have encouraged the country's "timber mafias" to target shipments of salmon instead. Salmon heists are most frequent in the Biobío region, which has long been among those worst affected by timber theft.

Chilean lawmakers are starting to act. It isn't just that crime is hurting business. Markets awash with stolen salmon that has been stored (and sometimes even processed) in dodgy conditions pose a risk to public health. Some members of the Chamber of Deputies, Chile's lower house of Congress, have proposed a bill—modelled on laws targeting timber smugglers—that would make salmon robbery a specific crime with harsh penalties. Mr García says that closer co-ordination between businesses and the police has already led to fewer crimes this year: just 12 robberies have been recorded so far, down from 24 last year. For now, though, salmon-jacking is still going all too swimmingly for Chile's fish-farm mafias. ■

Sign up to *El Boletín*, our subscriber-only newsletter on Latin America, to understand the forces shaping a fascinating and complex region.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/the-americas/2024/11/21/the-mafias-latest-bonanza-salmon-heists>

Asia

- [The surprising stagnation of Asia's middle classes](#)
- [The mystery of India's female labour-force participation rate](#)
- [Racial tensions boil over in New Zealand](#)
- [Why is it so hard for Indians to get a visa?](#)
- [The Caspian Sea is shrinking rapidly](#)
- [Once a free-market pioneer, Sri Lanka takes a leap to the left](#)

Asia | Middle-class malaise

The surprising stagnation of Asia's middle classes

It could shake up everything from profits to politics

November 21st 2024



Ben Hickey

In August Amalia Adininggar, Indonesia's statistician-in-chief, appeared in parliament with bad news. The country's middle class had shrunk. Between 2021 and 2024, 6m Indonesians had fallen into the "aspiring middle class", an official euphemism for being a stone's throw away from poverty. The middle-class share of the population had fallen to 17% from 22% before the pandemic. Asked about the grim trend the next day, Joko Widodo, then the president, deflected: "This issue exists in almost all countries."

He was not wrong. Asia's middle class is not growing as it once did. Between 1991 and 2014, the average annual growth rate in the number of Asian middle-class households was 6%, according to our analysis. In the past decade, it has slowed to 2%. In a few countries, including China, it has

shrunk. Exclude India, where the middle class is still growing, and Asia's middle classes have stagnated. At stake are the futures of 2.7bn people in the middle class, or 72% of the population of developing Asia.

The pace of middle-class growth matters enormously—and not just for poverty reduction or the profits of big international firms. An empowered middle class can expand individual rights and lead to a more accountable state. One influential argument holds that a rising middle class spurs regulations on child labour: as technological change raises the returns to skilled labour, middle-class parents face incentives to educate their children instead of sending them to the factories. Most stable democracies have a large middle class.

Who counts as “middle class” can be defined either absolutely, by using fixed income thresholds across countries, or relatively, by measuring from the centre of a country’s income distribution. Many countries and scholars have their own favoured definitions. The best data are patchy and released with long lags.



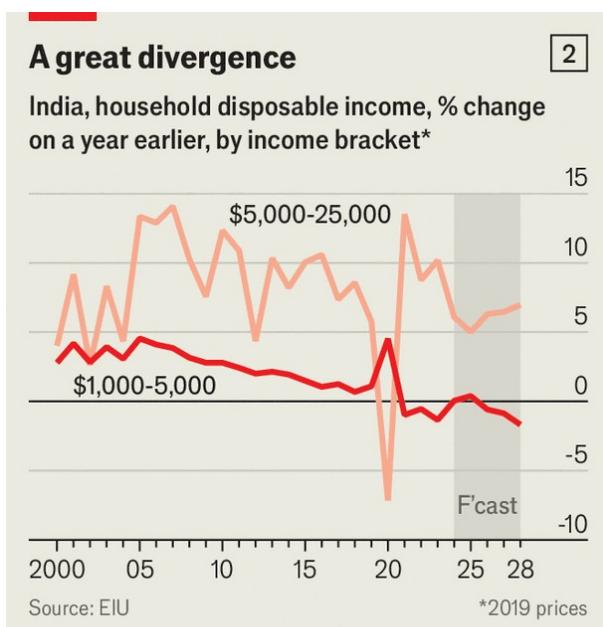
The Economist

To handle this, we have created a measure to track the Asian middle class using data from the Economist Intelligence Unit ([EIU](#)), our sister company (see chart 1). We opted for an absolute measure, defining “middle class” as

households making between \$3,000 and \$25,000 in disposable income a year, in inflation-adjusted terms and holding exchange rates fixed. Our data covers 3.7bn people, nearly 80% of Asia, leaving out the rich economies of Japan, Taiwan, South Korea, Hong Kong and Singapore, and also places where data is scarce, such as Afghanistan, Bangladesh, Bhutan, Cambodia, Myanmar and Nepal.

The most striking finding is a steady deceleration in the growth of the middle class. Throughout the 1990s and 2000s, an average of 19m households in Asia joined the middle class every year, and did so at an increasingly rapid pace. That acceleration tailed off over the 2010s.

Since 2021 just 12m households have been added to the middle class per year, and the vast majority of growth is coming from a single source: India. Without it, the post-pandemic rate of addition collapses to only 1.7m households a year. ^{EIU} forecasts suggest that, outside India, the Asian middle class will soon stop growing, and could even shrink. This is not just down to slower overall population growth. Indonesia's middle class is stagnating despite a demographic tailwind. In our numbers China's middle class began declining before its population did, and the shift has been sharper, too. In six out of nine countries we considered, the share of households in the middle class has stopped rising and in four of nine it is falling.



Even in India, impressive middle-class growth has been lopsided. It has been propelled by the 130m households in India's upper-middle class, or those making between \$5,000 and \$25,000. By contrast, real incomes among the 150m households earning between \$1,000 and \$5,000 have stagnated (see chart 2).

Partly, this points to upward mobility: in this century the Indian upper-middle class has added over 100m households. But it also reflects a divergence in fortunes within the country. Since the pandemic, per-household real income has grown 9% slower in the lower-middle than in the upper-middle. The gap is forecast to widen.

Stuck in the middle

Why is Asian middle-class growth stalling? In part it is a by-product of getting richer. As countries develop, their middle classes (measured in absolute terms) tend to approach a stable share of the population.

Yet in developing Asia, this is not the whole story. Unsolved structural problems still hold back the middle class. Several developing Asian countries face widespread informality of the workforce. A study from 2021 found that Indonesian workers who fell into informality because of the Asian financial crisis of 1997 suffered a lasting 32% drop in subsequent earnings. Covid-19 caused informal employment to rise by five percentage points in Indonesia after 2020, to 61% of workers. Meanwhile in Thailand high household debt strangles middle-class borrowers.

Once reliable drivers of growth have also stopped working. In the past decade foreign direct investment and exports have kept Vietnam's middle class growing at an average 3% annual rate, faster than the regional average. But that is half the pace it grew at between 1990 and 2014. Vietnam has struggled to train its workforce. Labour productivity lags peer countries and firms face shortages of skilled workers.

Even as real income growth has slowed in some places, higher inflation has created a perception of eroding living standards, enraging many middle-class voters. Especially important is the price of food. In developing Asia it makes up a third of consumption, compared with 9% in America. Food prices were

mostly stable during the 1990s and 2000s, until droughts caused food-price crises in 2007-08 and again in 2010-12. The surge never entirely reverted. Food prices were on average 46% higher during the 2010s than in the 2000s, in nominal terms, according to the UN. The war in Ukraine, and its disruption of grain markets, has had a painful effect. Average food prices have risen another 15% in this decade, compared with the last.

How will this affect politics? Asia has remarkably flimsy social-safety nets for its degree of prosperity; some rankings put it ahead only of sub-Saharan Africa. In some places leaders respond with handouts. Thailand is currently rolling out one-off transfers of 10,000 baht (\$300) to Thais making less than 840,000 baht a year.

In others, unassuaged middle-class anger threatens those in power. Jakarta was rocked this year by protests against legislative machinations meant to install one of the sons of Jokowi (as Indonesia's former president is known) as governor of Central Java. Polls showed that, compared with other classes, middle-class Indonesians were the most concerned about corruption and the most dissatisfied with Jokowi's rule, though he remains popular. It is unlikely to be the last bout of protest.

Similarly, even though middle-class Indians have fared better economically than lower-class ones, it was they who punished the ruling Bharatiya Janata Party in this year's elections. The party's middle-class vote share fell three percentage points compared with the election in 2019, according to the Centre for the Study of Developing Societies, a think-tank in Delhi.

The case of Malaysia is instructive. In the 1990s and 2000s, a rising activist middle class demanded *reformasi*: greater freedom of speech, clean elections and an end to security crackdowns. *Reformasi* "was able to coalesce opinion across ethnic divides, because we also had a rising [majority ethnic] Malay middle class," creating a "middle-class consciousness", says Johan Saravanamuttu, a political scientist. But as the country's middle class has been pinched, reform has faded and identity politics has risen, including a resurgence in fundamentalist Islamist politics. Anwar Ibrahim, the prime minister, has realised "now is not yet the time for liberal reforms," and has portrayed himself instead as an investment-courting job creator, says Ben Suffian, a Malaysian pollster.

It is too early to say if the current middle-class stagnation in Asia will lead to more demands for reform, or the unwinding of liberal politics. Either way, a disgruntled middle class is here to stay. ■

This article was downloaded by [zlibrary](#), from <https://www.economist.com/asia/2024/11/21/the-surprising-stagnation-of-asias-middle-classes>

Asia | Women in the workforce

The mystery of India's female labour-force participation rate

A good news story? Maybe

November 21st 2024



Getty Images

IN 2018 THE statistics office of the government of India released the first “periodic labour force survey”, designed to provide quarterly and annual snapshots of employment in the country. That year the proportion of women aged 15 and above who were in work was a miserable 23.3%, far below the global average of 53%. By contrast, the labour-force participation rate (^LLFPR) among Indian men was 75.8%.

But the rate has picked up healthily every year since, rising to 41.7% in the latest survey released in September. For a country marked by deep gender inequality, a change this rapid and in the correct direction seems like unalloyed good news. Is it?

Not everyone is convinced. One explanation offered by sceptics is that the rise is the result of changes in the way the government measures the rate. The International Labour Organisation (^{ILO}), which does not include unpaid workers (such as those who help out on the family farm), pegs female ^{LFPR} lower, at 33% last year against the official 37%. Yet there is no disputing the trend. The ^{ILO}, like the government, shows the rate rising sharply in recent years, especially since the pandemic (see chart). Moreover, measurement changes may have had a one-time effect, says Amit Basole of the Azim Premji University in Bangalore, author of the “State of Working India” report. But it would not explain consistent rises.



The Economist

Another cause for caution is that the rise does not appear to be driven by shifts in social norms. In many families it is considered a matter of some shame for the women of the house to work, carrying the implication that the men cannot provide. In rural areas, where much of the rise has occurred, the likelihood that a woman is in work declines with every extra thousand rupees her husband earns. There is no evidence that these long-established norms have shifted in recent years.

For clues about what is driving the rise, economists look at what work women are doing. “A lot of it is an increase in self-employment,” points out Ashwini Deshpande of the Centre for Economic Data and Analysis at

Ashoka University near Delhi. This includes working on the family farm or running a small shop out of the home, but also things like rolling *bidis*, a type of cigarette, or making *poppadums*.

Mr Basole is of the view that the entry of large numbers of women into self-employment is the result of economic distress in rural areas. Rates of female participation in casual labour or fixed employment have declined in recent years even as more rural women work on family farms or on their own account, which “points to people trying to generate some sort of an income in the absence of opportunities,” he says. If economic distress is the cause, women’s LFPR could fall again as their families’ prospects improve.

The other, more optimistic, explanation is that women are taking advantage of new opportunities. The government is serious about getting more women into the workforce, says Ms Deshpande, and has been pushing schemes to promote self-employment. Women have received more than two-thirds of loans under a government microfinance scheme aimed at encouraging non-farm businesses in rural areas. “This initiative likely encouraged more women to take up entrepreneurship, reflected in the growing number of self-employed female workers,” reckon analysts at Goldman Sachs, a bank. Yet average earnings from self-employment for women in rural areas remain stagnant. Ms Deshpande counsels patience: “We should give it time.” More women in the workforce is good news for India, and for its women. But it is only when they earn more, too, that it will be time to celebrate. ■

Stay on top of our India coverage by [signing up to Essential India](#), our free weekly newsletter.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/asia/2024/11/21/the-mystery-of-indias-female-labour-force-participation-rate>

Asia | A fight over rights

Racial tensions boil over in New Zealand

A controversial bill regarding Maori people punctures its relative harmony

November 21st 2024



Getty Images

BARE-CHESTED MAORI warriors led 42,000 protesters to New Zealand's parliament on November 19th. Some of the demonstrators, waving red, black and white Maori flags, had marched hundreds of miles to oppose a bill that would pare back their rights. The protest was one of the largest in support of Maori people. The bill, declared Jenny Shipley, a former conservative prime minister, is "inviting civil war".

That is hyperbole. But it has been decades since race relations were so fractious in New Zealand, a country known for its relative harmony. It has tried to honour a treaty struck in 1840 between Maori chiefs and British settlers. It has embraced its indigenous language and culture. But the tone has changed since New Zealanders elected a conservative coalition

government, led by Chris Luxon, last year. It has revoked policies introduced by previous Labour governments. It has cut back the use of Maori language and abolished a Maori health agency.

Tempers frayed when ACT, a small libertarian party within the ruling coalition, introduced a bill that would erode the rights handed to Maori people under the treaty. Since the 1970s a tribunal has investigated past breaches of the treaty and compensated tribes for them. The treaty has wound its way into laws aimed at redressing colonial wrongs. Such measures have helped improve Maori lives. Though still disadvantaged, they live longer and are wealthier than Aboriginal Australians.

David Seymour, ACT's leader (who has Maori heritage), complains that "activist judges have twisted the meaning of our founding document" to hand out ever-growing privileges to Maori, who make up 20% of the population. Ethnic quotas and shared-governance initiatives are giving them unfair advantages, he argues. His bill aims to curb the treaty's modern applications. By trying to "rewrite the treaty", it would undermine democracy, over 40 barristers wrote in an open letter. The bill is not likely to pass. Mr Luxon promises that his National Party will vote it down after a public consultation. Yet many worry that the damage has already been done.



Asia | Extra baggage

Why is it so hard for Indians to get a visa?

Outsourcing firms are capitalising on Indians' misery

November 21st 2024

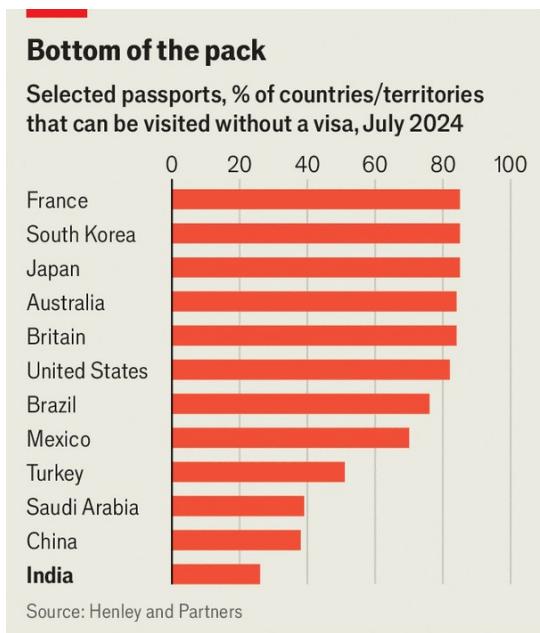


Getty Images

Applying for a visa to Europe's border-free Schengen zone can be a humbling experience. "One must set aside ego," says an applicant from Bangalore. "I feel stripped bare each time I apply," says another from Mumbai. The bureaucratic grind can wear down even the most seasoned traveller. Tourists and businesspeople wanting to visit Europe must provide heaps of paperwork—forms, months of bank statements, pay slips and tax returns. After all that, successful applicants are typically granted visas that cover only the length of their trip. For those needing to return, the whole ordeal begins anew.

Citizens of rich countries do not need a visa for short stays in most parts of the world. But those from the developing world often do. Indians are among

the worst off (see chart). For them, the high fees, long waits and application hurdles of the visa process make travel, whether for business or leisure, much tougher.



The Economist

A handful of private firms are cashing in. Outsourcing companies now handle 40% of visa applications on behalf of governments. Although consulates still make the final decision, these contractors verify paperwork, collect fingerprints and gather other biometric data from applicants. Three firms—^{VFS} Global, ^{TLS}contact and ^{BLS} International—control over 70% of the market, with ^{VFS} alone holding half the overall share. An early entrant, ^{VFS} processed 6m applications for 25 governments in 2008. By last year, that number was 26m applications for 67 governments. In October, Singapore's state-owned investor Temasek acquired a stake in the company, valuing it at \$7bn.

As disposable incomes rise in developing countries, and as travel rebounds after the pandemic, the market is primed for further growth. Nuvama Group, an investment firm, predicts the visa-outsourcing industry will expand by more than 9% annually, crossing \$5bn by 2030. For governments, visas are a nice little earner. In 2023 the European Union pulled in over \$900m from visa fees.

For travellers, however, the process has only become harder. Between 2013 and 2023, the rejection rates of visa applications for the Schengen area more than tripled from around 5% to 16%. Visiting America is no easier. Appointments for tourist and business visas at the American consulate in Mumbai take about 14 months. In Bangkok it takes six months.

There is also the price tag. A study by the European University Institute found that citizens from poorer countries pay far more for visas than those from wealthier ones, and when the fees are measured against national incomes, the gulf between rich and poor countries is even wider. The standard fee for a short-term Schengen visa is \$95, a British visa \$151 and an American one \$185. For frequent travellers to the Schengen area, which grants visas for very short durations, the costs add up.

Adding to the burden is the service fee travellers pay to the outsourcing firms handling their application. For example, Indians pay an additional \$23 for a Schengen visa. Then come the optional add-ons to make the experience more comfortable (or just bearable): for \$40, applicants can relax in a special lounge with personalised service; for \$30, paperwork can be submitted outside regular hours; for \$200, it can be done from home. These extras are highly profitable. ^{BLS} International, which is based in India, generated nearly a third of its revenue from such “value-added” services, with a robust 20% profit margin.

Governments defend outsourcing by arguing that consulates still make the final decisions on visas; private contractors simply reduce the administrative load. Federica Infantino, a researcher who studies migration at Université Côte d’Azur, believes there is another benefit. Visas are often a “touchy” issue, she says, and when dealing with visa denials having an intermediary can be useful for governments. ■

Restrictive border policies do not just complicate travel; they are economically damaging. Tourists from countries such as India and China are among the biggest spenders, according to ^{UN} Tourism, a multilateral agency. Research by Camilo Umana-Dajud of ^{CEPII}, a French think-tank, shows that visa restrictions significantly reduce bilateral trade. Easing access has the opposite effect. ■

Stay on top of our India coverage by [signing up to Essential India](#), our free weekly newsletter.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/asia/2024/11/21/why-is-it-so-hard-for-indians-to-get-a-visa>

Asia | Water woes

The Caspian Sea is shrinking rapidly

This has big implications for Russia, which has come to rely on Central Asian ports

November 21st 2024



Shutterstock / Boris Rezvantsev

FOR MANY living on Kazakhstan's coast, it was obvious long ago. The Caspian Sea is drying up. The world's largest inland body of water has dropped by two metres since the mid-1990s, shrinking by 15,000 square km, an area bigger than Connecticut. Each year in Aktau, a coastal city, the sea retreats further from the shore.

Two factors lie behind the Caspian's decline. Growing water use along Russia's Volga river, which provides 80-90% of the Caspian's inflows, has caused volumes entering the sea to drop. Meanwhile rising temperatures have pushed up evaporation rates, leaching more water from the sea itself. Researchers at the University of Bremen predict that if global warming

continues on present-day trends, the Caspian could drop by around eight metres by the end of the century. If temperatures rise faster, it could fall by as much as 20 metres. A decline in that range would cause swathes of the sea to vanish, particularly in the north-east, where it is shallowest.

The most immediate impact would be felt by the Caspian's wildlife. Species such as the Caspian seal are already suffering from falling water levels, says Assel Baimukanova, a researcher at Kazakhstan's Institute of Hydrobiology and Ecology. But the Caspian's retreat would also have unpredictable environmental consequences for the wider region. In time, a smaller Caspian would lead to lower rainfall in Central Asia, where water is already scarce.

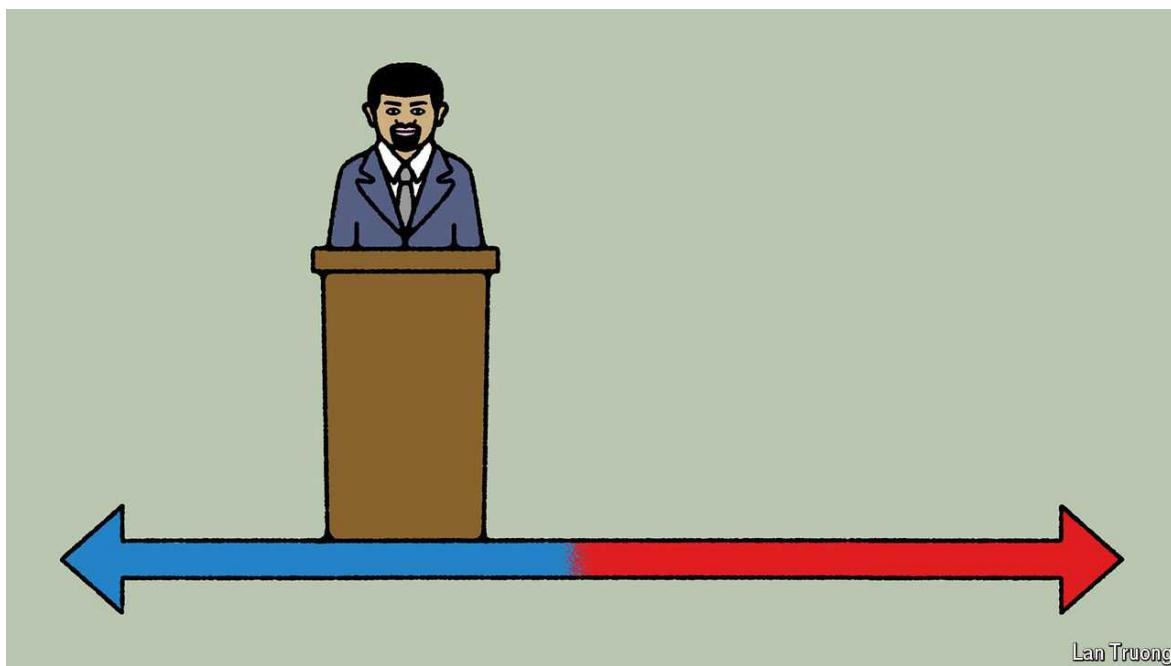
Central Asia's economies could suffer, too. Since the beginning of the war in Ukraine, trade has boomed in the region, particularly through the "middle corridor", which bypasses Russia by linking East Asia to Europe via the Caspian's ports. Money has poured into Kazakhstan's ports, too, which are expanding to deal with increasing volumes. But as the Caspian shrinks, investments in new infrastructure will start to look riskier. Ships already leave Aktau before they are fully loaded because of shallower waters. Authorities in Kuryk, another Kazakhstani port, have ordered large-scale dredging in an effort to boost capacity. Kazakhstan's oil business has been disrupted, too. The operator of the Kashagan oilfield in the northern Caspian was recently forced to dig channels in the seabed to allow ships to reach its facilities, after a drop in the sea level blocked access for normal vessels.

Last year the local authority in Aktau declared a state of emergency over the fall in water levels. This summer Ilham Aliyev, Azerbaijan's president, complained to Vladimir Putin, his Russian counterpart, that the situation could become "catastrophic". In principle, under the 2003 Tehran Convention, the countries surrounding the Caspian are committed to preserving its environment. But their governments—a mixture of post-Soviet regimes and autocracies—are slow to act, despite the looming economic consequences. ■

Once a free-market pioneer, Sri Lanka takes a leap to the left

A new president with Marxist roots now dominates parliament too

November 21st 2024



Sri Lanka was once a pioneer of free-market capitalism in South Asia. After J.R. Jayewardene took power with a super-majority in 1977, he introduced a French-style executive presidency and economic reforms that overturned the left-wing orthodoxy of the previous two decades. Cheered on by Western governments concerned about Soviet influence, Sri Lanka became the first country in the region to liberalise its economy.

South Asia's most developed nation has now leapt back to the left. It was surprising enough that Anura Kumara Dissanayake, an outlier from a party with Marxist roots, won a presidential election on September 21st. More stunning still was his National People's Power (^{NPP}) coalition's landslide

victory in a parliamentary poll on November 14th. It won 159 of 225 seats, more than enough to change the constitution. Previously, the ^{NPP} had just three.

Mr Dissanayake's mandate is another clear warning to South Asia's political and business elites in 2024, following electoral upsets in Pakistan and India and a student-led revolution in Bangladesh. Considering his Janatha Vimukthi Peramuna (^{JVP}) party's past links to China, his victory could intensify that country's tussle with India for influence in the region. It is also a test for the International Monetary Fund (^{IMF}), given his pledge to review a bail-out.

But the outcome raises questions for Mr Dissanayake too. What exactly does "Comrade President" (as he was introduced at rallies) plan to do with his vast powers and how will ideology shape those plans? Can he meet voters' high expectations within the ^{IMF}'s constraints? And how open to criticism and political opposition will he be if public support wanes?

His campaigns were based on broad promises to end endemic corruption and cronyism. That proved hugely effective among voters still reeling from Sri Lanka's first debt default, in 2022. Mass protests ousted the president that year, and though his successor stabilised the economy and secured a \$2.9bn ^{IMF} bail-out, voters penalised him in September over continuing corruption and austerity measures.

Opponents portrayed Mr Dissanayake as a dangerous radical. They cited the ^{JVP}'s two failed uprisings in the 1970s and 1980s (the party renounced violence in 1994). They pointed to his paltry government experience—he was briefly an agriculture minister two decades ago. And they said he would cause a financial crisis by trying to renegotiate the ^{IMF} bail-out.

So far, such warnings have been unwarranted: Mr Dissanayake has been far more of a pragmatist than a revolutionary. As he often boasted in election rallies, he has run the country with a cabinet of just three for almost two months without spooking markets. Harini Amarasuriya, the prime minister whom he reappointed on November 18th, is widely respected. And the cabinet of 21 people he named after this month's election includes a sensible balance of academics, seasoned politicians and new faces.

His handling of the IMF has been especially telling. While it may be possible to adjust tax rates and other parts of the existing plan for meeting bail-out benchmarks, some feared that he would demand much more, potentially re-opening debt-restructuring talks with creditors, including India and China. But in a meeting with an IMF team that arrived in Sri Lanka on November 17th, Mr Dissanayake committed to the existing agreement, according to people familiar with the discussions. “That question is at least resolved in the short term and that is important for the stability of the economy,” said one.

At the same time, in a nod to the public pressure he faces to increase social spending, Mr Dissanayake urged the IMF to maintain a “balanced approach that considers the hardships faced by citizens”. And his government did not provide details on longer-term questions, such as its growth strategy and its views on trade or the role of the state sector. “That’s where you will have an ideological issue,” predicts Murtaza Jafferjee of Advocata Institute, a think-tank in Colombo, the capital. He fears that the government’s protectionist and statist instincts could stifle badly needed productivity growth.

Some answers may become clearer in the next few weeks, when Mr Dissanayake is expected to present an interim budget. Not all Sri Lankans may like what they hear. For the moment, though, most are just glad to be rid of a political old guard that pushed their once promising economy to the brink of collapse. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

China

- [Helping America's hawks get inside the head of Xi Jinping](#)
- [Trump, trade and feeding China's pigs](#)
- [Snuffing out the flame of freedom in Hong Kong](#)

China | The Sino-American rivalry

Helping America's hawks get inside the head of Xi Jinping

China's leader is a risk-taker. How far will he go in confronting America?

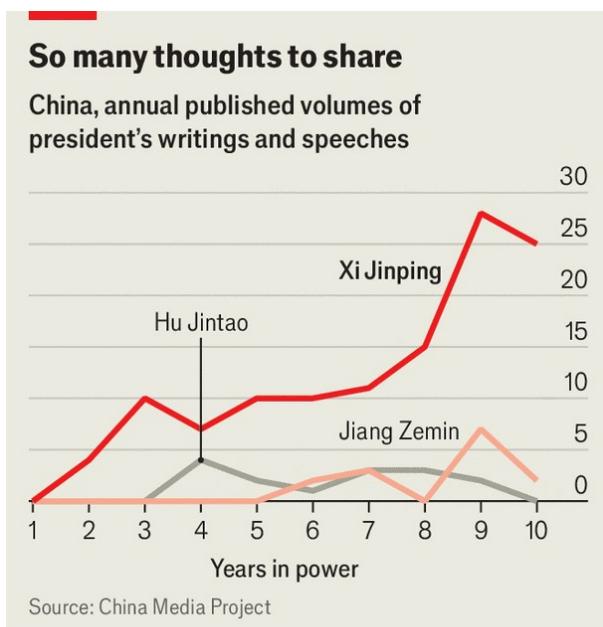
November 21st 2024



Ellie Foreman-Peck/Getty Images

AS DONALD TRUMP assembles his foreign-policy team, many of his picks display a common characteristic: they are strident China hawks. Those seeking a tougher approach towards America's rival range from Mike Waltz, Mr Trump's proposed national security adviser, to Marco Rubio, his nominee for secretary of state. Part of their job will be to grasp how relations have changed in the four years since the last Trump administration, a period in which the Chinese economy has sagged, tensions around Taiwan and in the South China Sea have grown, and the war in Ukraine has further divided the world's biggest powers. When weighing up the risks Xi Jinping is prepared to take in his competition with America, new calculations are needed. Forming them must involve studying what motivates China's leader.

A valuable tool is the vast body of literature purporting to have been written by Mr Xi. The number of volumes bearing his name, explaining his views on China's main concerns at home and abroad, far exceeds that of books by Mr Trump or Mr Putin—or, indeed, previous Chinese leaders (see chart). According to an estimate by the China Media Project, he published 120 volumes in the first decade of his rule. This year at least nine have been added to the pile (“Excerpts from Xi Jinping’s Discourses on Natural Resources Work” is hot off the presses this month).



The Economist

These books are tedious, but they are also important. They reflect the ideology that guides the party and show how Mr Xi is trying to reshape it to justify his distinctive approach to ruling the country and projecting Chinese power. In 2017, during Mr Trump’s first term, “Inside the Mind of Xi Jinping” by François Bougon, a French journalist, became the first critical book-length study of what is commonly known as “Xi Jinping Thought”. Mr Bougon argued that Mr Xi “manoeuvres, tinkers, and seeks his balance” between conflicting ideological forces in China. “There is no indication that he is the author of a coherent doctrine of his own.”

Analysts now have much more of Mr Xi’s thought to sift through. Among global statesmen, Kevin Rudd is rare in having undertaken this task. Mr Rudd was Australia’s prime minister between 2007 and 2010, when Mr Xi

was China's heir apparent, and again in 2013, after Mr Xi became leader. In a recent book, "On Xi Jinping: How Xi's Marxist Nationalism is Shaping China and the World", Mr Rudd, who is now his country's ambassador to America, says "the outline of Xi's brave new world is now hiding in plain sight for us all." His bibliography lists well over 50 of Mr Xi's books. More than a quarter were published after Mr Trump left the White House.

In Mr Rudd's telling, ideology is the main impulse behind Mr Xi's actions. China's leader sees powerful historical forces leading to the decline of the West and the ineluctable rise of the East. The process can be hastened by a disciplined Communist Party that understands the dialectical process. In his pursuit of the "great rejuvenation of the Chinese nation" by 2049, when the party marks the centenary of its rule, a defining objective is "reunification" with Taiwan. Like his predecessors, Mr Xi does not rule out the use of force.

Mr Xi has steered China towards what Mr Rudd calls Marxist Nationalism. In other words, he has purged the party and strengthened its control, shifted economic policy away from market forces towards greater central planning, and embarked on a more bellicose foreign policy. In Mr Rudd's view, Mr Xi would want to take Taiwan—ideally without a war—by the end of his fourth term in 2032. "The only thing that would prevent him would be effective and credible ^{us}, Taiwanese, and allied military deterrence—and Xi's belief that there was a real risk of China losing any such engagement," writes Mr Rudd.

Therein lies the rub. Who knows how Mr Xi would weigh up the risks? By surrounding himself with yes-men, he may have made it more difficult for dissenting views to percolate upwards. And Mr Xi is certainly a risk-taker. His purges of high-level officials, ostensibly for corruption, are a sign of that (millions must be quietly fuming at him). So are his displays of military muscle around Taiwan and shoals claimed by the Philippines. In both places a small clash could escalate. Even if Mr Xi's behaviour so far has not been as reckless as Mr Putin's, it may become more so.

Risk v endure

Yet Mr Xi's writings (or those of his ghostwriters, overseen by Wang Huning, his chief ideologue and author of a gloomy book on the United States called "America against America") are also laced with anxiety about threats to the party. He often urges officials to learn lessons from the Soviet Union's collapse. In another book published this year, "The Political Thought of Xi Jinping", Steve Tsang and Olivia Cheung of the School of Oriental and African Studies in London argue that Mr Xi's ideology is mostly a cover. It is less about socialism and more about strengthening the party's power. If the authors are right, it may suggest that Mr Xi's focus is on preventing collapse. He would reckon that losing a war could trigger a regime-threatening backlash at home.

Indeed, it is far from clear that Mr Xi is really a Maoist or Marxist. Mao called for endless class struggle against bureaucratic elites and "capitalist roaders". Mr Xi's writings stress the need for stability. He has no truck even with protests by nationalists—there have been no large ones during his rule, unlike in preceding years.

In his handling of the economy, Mr Xi has scared entrepreneurs with his left-leaning talk. His "common prosperity" campaign, launched in 2021, raised the spectre of big new redistributive schemes. That effort coincided with a regulatory crackdown on large tech firms which smacked to some of an ideologically driven assault on the titans of private enterprise. But in the past year or two Mr Xi has been struggling to revive the economy. This has involved treating private firms with a softer touch and promoting high-tech manufacturing. It is hard to spot much in the way of socialism in his efforts. Some economists argue that more spending on welfare would help the economy by encouraging people to save less and spend more, but Mr Xi criticises doling out money for such purposes.

Two strands of Mr Xi's thinking are far less in doubt to those who have studied him. One is his Leninism, meaning his emphasis on the party as an instrument of control. He blames the Soviet collapse on ideological laxity. He wants his officials to parrot well-worn doctrinal lines, rather than debate them.

The other strand is Mr Xi's chest-thumping nationalism. The message conveyed by his works contrasts with that of Deng Xiaoping, who said

China should “hide its capabilities and bide its time”. Mr Xi says China must move to the “centre of the global stage”. Some of Mr Trump’s picks for senior jobs believe this means more than a mere desire for great-power status (China has that already). “They are seeking to supplant us and they are seeking to replace democracy and capitalism with their one-party-form-of-rule techno-state,” said Mr Waltz last year.

Mr Xi is careful to avoid such language, but Mr Tsang and Ms Cheung agree that he wants global leadership. This is not “about taking over from the United States as the global hegemon, with all the baggage of ^{us} leadership”, they say. “It is also not about overtly overturning the liberal international order. The ultimate goal is to capture or ‘modernise and transform’ the international order into one that fits in with Xi’s thoughts.” That, clearly, would be a chilling world for democracy.

Yet for all the words Mr Xi has published, it is possible to misread them. “I sometimes worry that the sheer volume of Xi’s musings obfuscates more than it illuminates,” says Jonathan Czin, a former analyst of China at the ^{CIA}. “In China’s system, Xi is in effect both pope and emperor—responsible for ruling, as well as promulgating ideological justifications that read like an obscurantist theological treatise from the Middle Ages.”

As America and China struggle to make sense of each other during the new Trump era, misinterpretations will abound. That will make a fraught relationship all the more dangerous. ■

Subscribers can sign up to [Drum Tower](#), our new weekly newsletter, to understand what the world makes of China—and what China makes of the world.

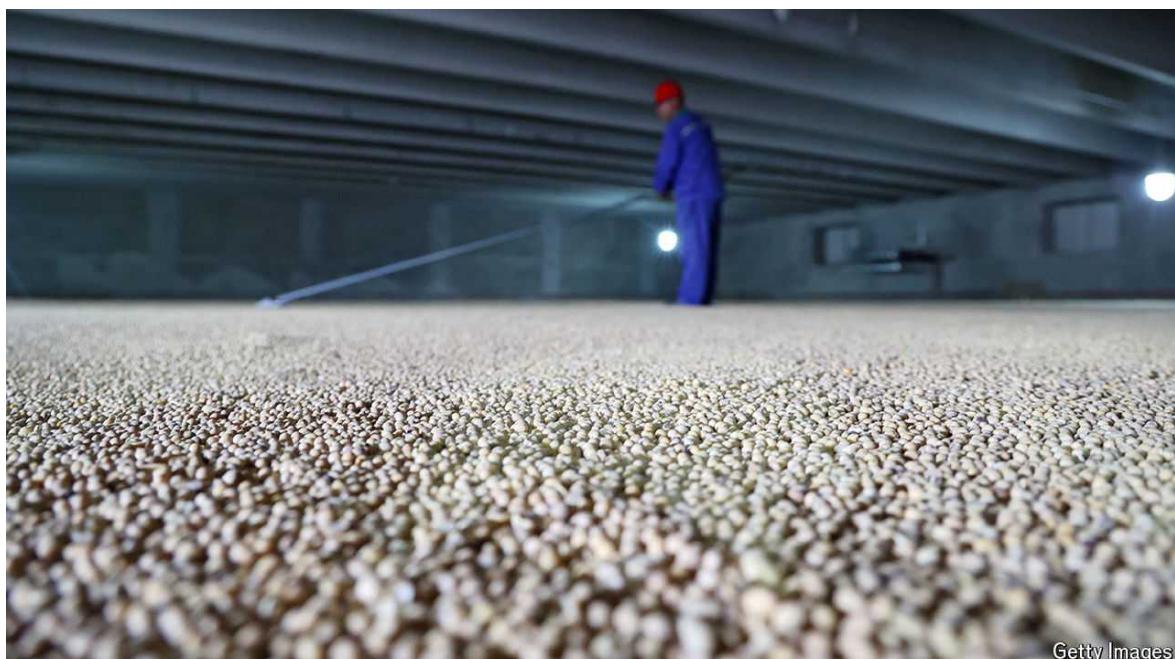
This article was downloaded by [zlibrary](#) from <https://www.economist.com/china/2024/11/21/helping-americas-hawks-get-inside-the-head-of-xi-jinping>

China | A hill of beans

Trump, trade and feeding China's pigs

As a trade war looms, China looks to cut its reliance on America

November 21st 2024



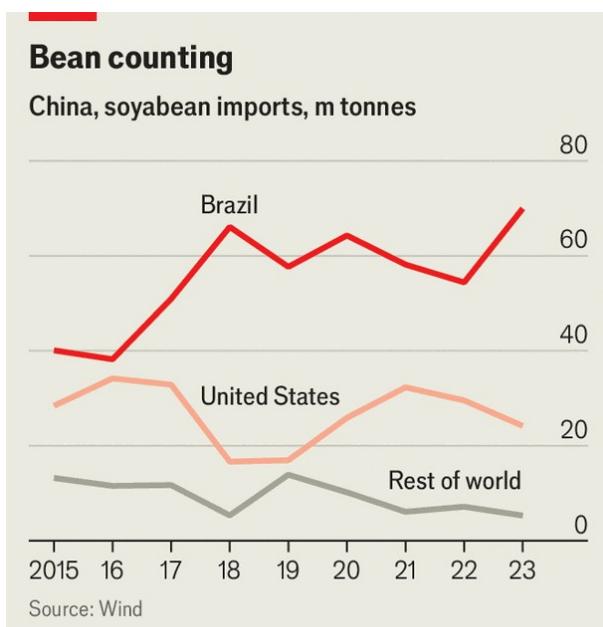
Getty Images

ONE OF THE many legacies of Donald Trump's first trade war with China is that pigs in the country now have a more varied diet. In response to Mr Trump's tariffs on Chinese goods in 2018, China imposed a 25% levy on American farm products. That included soyabeans, which China uses for protein in animal feed. Much of the levy was waived in 2019, but the damage was done. When Mr Trump's first term began, some 40% of China's soyabean imports came from America. As he prepares for his second, only 18% do.

Officials in Beijing think that number is still too high. They have been obsessed with food security ever since Mao Zedong's policies led to a famine in the 1950s. The Communist Party believes its legitimacy rests in

part on securing affordable food for the masses. Couple that with the country's insatiable appetite for pork and the importance of soyabean becomes clear. China uses over 110m tonnes of them every year, of which 80% are imported. They are a dangerous "choke-point" for the food supply, say state media.

Mr Trump's threat of a new trade war puts China's leaders in a tricky spot. America's president-elect has talked of imposing tariffs of 60% on Chinese goods. Even if he settles on lower levies, China will feel the need to respond. American soyabean are an obvious target. Even today, about half of them go to China, bringing in \$15bn for American farmers in 2023. If China slapped tariffs on them it would cause pain in places like Iowa, but it would also make it more expensive for China to feed its pigs, pushing up the price of pork.



The Economist

In the longer term, Chinese officials are trying to further reduce their reliance on American soyabean. One way they are doing this is by strengthening China's trade links with Latin America. No country sends more soyabean to China than [Brazil](#) (see chart). As Mr Trump returns to the White House, the two are drawing closer. Meanwhile, it is hoped that a China-backed megaport in Peru will cut shipping times and open new

lines of trade between Latin America and China. China's leader, Xi Jinping, was on hand to inaugurate the port on November 14th.

Back at home, China's farmers are being offered big subsidies to grow soyabean^s. And, despite public suspicion of genetically modified (^{GM}) crops, since 2021 some farmers have been allowed to plant ^{GM} soyabean^s. Such efforts have helped China increase its annual production of soyabean^s from 15m tonnes to 20m over the past five years. On the demand side, a number of farmers are trimming the soyabean content of pig feed or using alternative sources of protein. Then there are the fur farmers of Shandong province, who are experimenting with feeding minks and foxes the processed carcasses of skinned animals, rather than soyabean^s.

China's labs might provide the ultimate solution. In January a team at the Tianjin Institute of Industrial Biotechnology said they had synthesised proteins suitable for animal feed. The process was fuelled by methanol, a chemical which the scientists had derived from coal. The final product, they claimed, was made cheaply enough to be competitive with soyabean^s. If it all works at scale, it will be a game-changer. China lacks farmland, but it has lots of coal. And pigs are not fussy eaters. ■

Subscribers can sign up to [Drum Tower](#), our new weekly newsletter, to understand what the world makes of China—and what China makes of the world.

China | Human rights in China

Snuffing out the flame of freedom in Hong Kong

Dozens of pro-democracy activists are thrown into jail for up to a decade

November 19th 2024



WHETHER A CRIME was even committed is debatable. Nevertheless, on November 19th judges in Hong Kong's biggest-ever national-security trial sentenced 45 activists to between four and ten years in prison. Those jailed are among 47 pro-democracy figures, known as the "Hong Kong 47", who were rounded up in 2021 for having organised a primary to choose candidates for the local legislature. Fourteen of the defendants were [found guilty in May](#) of conspiracy to commit subversion. Thirty-one had already pleaded guilty. Two were acquitted. The entire case has been widely criticised as politically motivated.

The plan for the primary, held ahead of an election scheduled for September 2020, was probably legal at the time the activists drew it up. It was also

clever. Rather than split the pro-democracy vote in a system already rigged against them, they hoped to run a single slate of candidates. If their camp went on to win a majority, they planned to vote down the budget and so force the chief executive at the time, Carrie Lam, to resign.

The activists had been emboldened by the huge pro-democracy protests that rocked the city in 2019. By the time the primary took place, though, the environment had changed dramatically. In the interim, covid-19 had put an end to the demonstrations. And just days before the primary was held—attracting 600,000 of Hong Kong's 4.5m voters—the central government imposed a [draconian national-security law](#) on the city. It was under this measure that the Hong Kong 47 were arrested.

The pandemic eventually provided the government with an excuse to postpone a general election it was fearful of losing. But that did not diminish the crimes of the activists, said officials. The justices in the case called Benny Tai, an affable law professor, “the mastermind” of the primary plan. He received the longest sentence: ten years.

During the trial hundreds of people queued to secure a seat in court (pictured), suggesting a level of latent support for the pro-democracy movement. But the security law enacted in 2020 and a new one passed this year have instilled fear in Hong Kong's liberals.

Their mood is unlikely to improve in the near term. On November 20th the trial of [Jimmy Lai](#) resumed. Mr Lai is accused of sedition and colluding with foreign forces. The former media mogul and generous supporter of anti-Communist causes, who is 76, has been held in solitary confinement for more than three years. His friends say he is resigned to dying in prison—and that his real crime, like that of the Hong Kong 47, is supporting democracy.■

Subscribers can sign up to [Drum Tower](#), our new weekly newsletter, to understand what the world makes of China—and what China makes of the world.

Middle East & Africa

- [Get ready for “Maximum Pressure 2.0” on Iran](#)
- [Israel’s hardliners want no one else to control Gaza](#)
- [A genocidal militia’s quest for legitimacy](#)
- [Why GM crops aren’t feeding Africa](#)

Get ready for “Maximum Pressure 2.0” on Iran

The Trump White House may bomb and penalise the regime into a deal

November 19th 2024



OCCASIONALLY, THERE are second acts in American diplomacy. During his first term, Donald Trump abandoned the nuclear pact agreed on in 2015 by Iran and world powers. He went on to pursue “maximum pressure”, crippling sanctions meant to compel Iran into a stricter agreement. It was only half successful: the sanctions battered Iran’s economy, but Mr Trump left office without a deal.

Now he may get another chance. Many of the sanctions have remained in effect under Joe Biden, but American enforcement has flagged: [Iran’s oil exports](#) climbed from less than 600,000 barrels per day (b/d) in 2019 to a high of 1.8m b/d earlier this year, almost all of them sold to China. People

close to the president-elect are keen to resume the pressure in January—but such talk has prompted unease in the Middle East, and not only in Iran.

[Read all our coverage of the war in the Middle East](#)

Though Mr Trump has been [vague about his plans](#), many of his cabinet nominees support tougher sanctions. Marco Rubio, his pick for secretary of state, opposed the original nuclear deal and criticised Mr Biden for his failure to enforce an oil embargo. Mike Waltz, Mr Trump's choice as national security adviser, wants to “reinstate a diplomatic and economic pressure campaign” against Iran.

There may be dissenting voices, such as Tulsi Gabbard, who is tipped to be director of national intelligence. But advocates of fierce embargoes have spent four years making detailed plans for how to implement them and the sceptics have no clear alternative. The new administration will probably go with the ready-made policy.

Tougher American enforcement could well block up to 1m b/d of Iranian exports. That could halve Iran's oil revenue at a time when its budget deficits are already widening fast. What is more, Mr Trump might be able to avoid a big rise in American petrol prices. The International Energy Agency, a global forecaster, predicts an oil-supply glut of more than 1m b/d in 2025. The market could probably absorb the loss of some Iranian crude.

Still, the effect might be temporary, since Iran has built a resilient network to defy sanctions. So the question is what America wants to achieve; sanctions are meant to be a means, not an end. For some hardliners in Washington, the ultimate goal has always been regime change.

That may be a minority view, but there is broad consensus beyond the incoming administration that a new nuclear deal is necessary. Even some supporters of the original agreement, the Joint Comprehensive Plan of Action ([JCPOA](#)), think there is no going back to it. The [JCPOA](#) sought to keep Iran's “breakout time”, the period it would need to produce a bomb's-worth of enriched uranium, to around one year. It limited Iran's uranium stockpile to 300kg enriched to 3.67% purity.

Iran has blown past those limits. The International Atomic Energy Agency ([IAEA](#)), the [UN](#)'s nuclear watchdog, estimated in October that Iran had more than 6,600kg of uranium enriched to various levels. That included 182kg at 60% purity, a hair's breadth from weapons-grade. It has also resumed production of uranium metal, which can be used to make the core of a nuclear bomb. Iran could probably produce a bomb's-worth of enriched uranium in less than two weeks. Reviving the [JCPOA](#) would lengthen that time-frame—but it would still be far less than a year.

Ask and ye might receive

America could ask for many things in a new deal. It could insist that Iran dismantles some of its nuclear facilities, particularly those that were used in the past for weapons research. It could require Iran to implement the Additional Protocol, an addendum to the Nuclear Non-Proliferation Treaty which gives the [IAEA](#) further inspection powers. Beyond capping enrichment, a new deal could also try to restrict Iran's missile programme, or demand that Iran curtails its military support for its proxies.

The problem is that diplomats have tried to negotiate some of these provisions in the past. Iran refused. This is where advocates of maximum pressure think Mr Trump is their secret weapon: he could threaten to attack Iran's nuclear facilities if diplomacy fails, and he might seem crazy enough that Ali Khamenei, Iran's supreme leader, would take him seriously.

Mr Khamenei may not, though. After a year of back-and-forth missile attacks between [Iran and Israel](#), many conservatives in Iran would be reluctant to negotiate away their nuclear programme. Instead he could try to call Mr Trump's bluff. He knows that the new president does not want a war with Iran and that some of his allies are keen to disengage from the Middle East in order to focus on China. Rather than a comprehensive accord, Iran could propose a limited one that simply pulls its nuclear programme back from the threshold. It could offer to get rid of its stockpile of 60%-refined uranium, by blending it down or by shipping it out of the country, and to cap enrichment once again.

This would be hard for Mr Trump to defend, a far weaker agreement than the one he abrogated in 2018. But he could argue that his predecessor left him a mess. A more limited deal would find some support in Iran, too. Hardliners seem to have accepted that they cannot muddle along without sanctions relief.

Binyamin Netanyahu opposed the JCPOA and has dreamed for years that America might attack Iran's nuclear facilities. But he would struggle to sabotage the new administration's diplomacy. The Israeli prime minister has long promoted Mr Trump as Israel's greatest champion in America; it would be ironic if Mr Trump ended up securing Republican support for a watered-down agreement with Iran.

Gulf states, meanwhile, worry that he will fail. Faisal bin Farhan, the Saudi foreign minister, supported maximum pressure during Mr Trump's first term; now he talks cheerily about how Saudi Arabia's relations with Iran are "on the right path". The Saudis are keen to avoid a repeat of Mr Trump's first term, when Iran targeted their oilfields. Prince Faisal visited Iran last summer, the first such trip in seven years. There is talk of joint military exercises.

The kingdom has also tried to distance itself from Israel. At a conference in Riyadh earlier this month, Muhammad bin Salman, the crown prince, condemned Israel not only for its wars in Gaza and Lebanon but also for its recent air strikes on Iran. The Saudis worry that Mr Trump may want them to cut ties with Iran and have urged the coming administration not to shatter their fragile detente. With the Middle East mired in an ever-widening war, few are in the mood to take risks. ■

Sign up to the [Middle East Dispatch](#), a weekly newsletter that keeps you in the loop on a fascinating, complex and consequential part of the world.

Middle East & Africa | More chaos in Gaza

Israel's hardliners want no one else to control Gaza

Only 11 out of a recent convoy of 109 aid trucks managed to get in

November 21st 2024



Amid the catastrophic destruction of Gaza, new buildings are rising. Not shelters for Palestinians left homeless by the war, or hospitals for the sick and injured, but bigger outposts for the Israel Defence Forces (^{IDF}) along the new roads it has paved in key spots, bisecting the coastal strip and cutting it off from Egypt.

On November 12th the army opened another new road, at the Kissufim crossing on the border with Israel. For the moment this one is not meant for Israeli troops but to let aid into central and southern Gaza. Israel is eager to rebuff accusations that it is starving Gaza's people. But on the first day the crossing was operating an aid lorry was stolen after entering the strip. The

next day 14 out of 20 lorries trying to get in were stolen, some by Palestinian gunmen who shot and wounded the drivers.

[Read all our coverage of the war in the Middle East](#)

One of the few things Israel and aid groups agree on is that Gaza's growing chaos makes it ever harder to distribute aid to the 2.2m people there, most of them displaced by the war. Little is getting in. Nearly a third of the lorries entering Gaza are hijacked, reckons an Israeli officer. On November 18th, only 11 lorries in a convoy of 109 trucks made it into southern Gaza, says UNRWA, the UN's agency for Palestinians.

Some looters run their own fiefs. Some are stronger than Hamas which, despite being battered by Israel, still controls parts of Gaza. One Israeli general admitted that IDF units do not always try to stop looters because commanders are loth to risk their soldiers' lives in the crossfire.

The situation in northern Gaza is dire. The UN says that virtually no aid has reached parts of the area for 40 days, repeating its warnings that famine is imminent. Fishermen heading out to sea have been shot by Israeli troops. Prices of basics have soared. Onions cost 400 times as much as they did before the war, eggs 16 times and sugar over 25 times. Few people have cash to pay for food anyway: banks no longer function.

Israel has no clear plan for delivering aid to Gaza. Currently the lorries are brought in by international aid organisations or paid for by foreign governments. But once through Israeli checkpoints the convoys may come under fire from looters, the IDF and Hamas.

Israel and the international groups blame each other. Israeli officials claim that they co-ordinate with them but say they are inefficient at dishing out the aid. UN agencies say Israel rejected 27 of 31 aid missions to northern Gaza between November 1st and 18th. In a recent deposition to Israel's Supreme Court, the IDF admitted that it does not have enough forces on the ground, so "doesn't effectively control Gaza Strip" and therefore Hamas retains some "governmental authority".

Israel's security establishment wants to set up an alternative Palestinian force, aligned with the Palestinian Authority in the West Bank, to replace Hamas and take over running the strip. But Binyamin Netanyahu, Israel's prime minister, is against this. Rather than present a day-after strategy for Gaza, he sacked its main proponent, the then defence minister, Yoav Gallant. After he was fired Mr Gallant privately told relatives of Israeli hostages still in Gaza that there was no longer a security reason for the ^{IDF} to remain there.

Mr Netanyahu is under pressure from his far-right allies to reject a ceasefire. They make no secret of their desire to build settlements in Gaza. They want the ^{IDF} to control civilian affairs there as a prelude to permanent occupation. The generals oppose this. Mr Netanyahu has wavered, suggesting private security contractors (a polite word for mercenaries) should protect aid convoys. Senior ^{IDF} officers say this would be expensive and ineffective.

Concern is growing that the far right will exploit this lack of strategy to secure Israeli control of Gaza. Air strikes continue, but since October 5th the only major ^{IDF} operation in Gaza has been in Jabaliya refugee camp, north of Gaza City, where many of Hamas's remaining fighters are concentrated. The ^{IDF} says it killed 1,200 of them. Palestinians and aid groups say many of the casualties were civilians.

"Our mission in Jabaliya is to move the civilians out of the area so we can ensure that no terrorists or terror infrastructure remains," says an officer involved in the operation. The generals insist that Palestinian civilians will be permitted to return to the north. But they will not say when. None has been allowed back so far. And the generals' political masters may have other ideas. Israeli lawyers, including some who have advised the government on international humanitarian law, have warned that the current operations "raise a heavy concern of war crimes of forced deportation".

With northern Gaza almost empty of civilians and most of its buildings destroyed, it looks ever likelier that Israel will insist on maintaining control to pave the way there for new Jewish settlements. ■

Sign up to the [Middle East Dispatch](#), a weekly newsletter that keeps you in the loop on a fascinating, complex and consequential part of the world.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/middle-east-and-africa/2024/11/21/israels-hardliners-want-no-one-else-to-control-gaza>

Middle East & Africa | Sudan's civil war

A genocidal militia's quest for legitimacy

A warring party in Sudan claims it wants to talk peace

November 21st 2024



A YEAR AGO the Rapid Support Forces (^{RSF}) seemed to be on a roll. The Sudanese paramilitary group, which had been battling the Sudanese Armed Forces (^{SAF}), Sudan's regular army, since April 2023, had taken over much of Khartoum, the capital. Almost all of Darfur, its ethnic base in the far west, was under its control. And equipped with weapons reportedly supplied by the United Arab Emirates (^{UAE}), its most powerful foreign ally (which denies sending them), it was even on the cusp of capturing the army's traditional heartlands in the south-east. Muhammad Hamdan Dagalo (better known as Hemedti), the group's leader and Sudan's most feared warlord, prepared to embark on a tour of African capitals, where he would be welcomed like a president-in-waiting.

These days there is less talk of a clear military victory for the ^{RSF}. Its troops may be close to seizing full control of the Darfur region's capital, el-Fasher. But elsewhere it has seen setbacks. Since the end of the rainy season in September, the army has made inroads into ^{RSF}-controlled parts of Khartoum. With allied militias, it has held the line in the south. And in late October, a top ^{RSF} commander in Gezira state defected. This led to a wave of retaliatory attacks against civilians so brutal that observers likened them to the ethnic cleansing of non-Arab tribes from ^{RSF}-occupied parts of West Darfur last year.

For those hoping to negotiate an end to a war which has caused the world's worst humanitarian crisis, all this makes the task of understanding the ^{RSF}—its goals and its capacity to achieve them—more pressing. The most recent talks, held in Switzerland in August, were a resounding failure. Yet that was largely because the ^{SAF} refused to attend them. By contrast the ^{RSF} “believes there is no way out of this war through total victory for one side”, one of its top negotiators told *The Economist* in a rare interview on November 18th. Analysts are divided on whether the group's demand for negotiations is genuine. But if it is, it prompts an important question. What kind of deal would be acceptable to the ^{RSF} and its foreign backers?

According to the official, Elzeddain el-Safi, the ^{RSF} is fighting to overthrow a narrow group of northern Sudanese who have dominated the state and the army since independence from Britain in 1956. He calls the conflict Sudan's “final war”. It has displaced about a third of the population and triggered what experts fear may be the worst famine the world has seen in 40 years. By “final” he means that it will not end until the root causes of perennial instability are dealt with, above all the marginalisation of remote areas such as Darfur. Mr el-Safi also argues that the war was instigated by Islamists from the former ruling party of Omar al-Bashir, Sudan's long-standing dictator, who was toppled in peaceful protests in 2019. The Islamists, Mr el-Safi claims, are fighting to return themselves to power. The ^{RSF}, he insists, is struggling to “secure the people's choice”.

The ^{RSF}'s claim to be waging war for democracy is unconvincing. The group grew out of the Janjaweed, militias notorious for rape and butchery of civilians in Darfur in the 2000s. There is little to suggest it has fundamentally changed. In 2021 Mr Dagalo, then the de facto vice-president in a transitional government alongside the ^{SAF}'s leader, Abdel-Fattah al-

Burhan, took part in a coup against the civilian prime minister. Mr el-Safi says the ^{RSF} soon recognised that this was a mistake. But he does not deny that Mr Dagalo still wants to govern Sudan: “He has full right to lead the people.” Yet a warlord loathed by large swathes of the population would find it hard to do so democratically.

The army insists that it is fighting to prevent the break-up of Sudan. Yet some observers suspect that there are many within the ^{SAF}’s ranks who would willingly relinquish Darfur, a rebellious region whose diverse population they see as having little in common with northerners from Khartoum and its hinterlands. In response, the ^{RSF} now trumpets a firmer commitment to the country’s territorial integrity. “The ^{RSF} will never allow a divided Sudan,” says Mr el-Safi. “Sudan will stay united.”

There are reasons to take seriously the ^{RSF}’s commitment to Sudanese unity. Darfur, a landlocked, water-scarce region the size of France, is not an obvious candidate for independent statehood. And the ^{UAE} (whose military support Mr el-Safi denies) is understood to regard securing access to the Red Sea coast as core to its interests in Sudan. Any deal which would force the ^{RSF} to withdraw its troops from Khartoum and the fertile farmland along the Nile valley would probably be a non-starter.

Instead, Mr el-Safi outlines the ^{RSF}’s idea for a negotiated settlement. It should begin, he says, with a cessation of hostilities. The war’s current battle lines should be frozen in place, but both sides would withdraw from “civilian installations” such as residences and schools. A demilitarised buffer zone could potentially be enforced by African peacekeepers. After that should come a “national dialogue” involving all political forces in the country except for Islamists and the former ruling party. These groups would be allowed to take part in national politics only after a period of perhaps five years, once “we’ve reset the rules …and stabilised the country”.

It is not hard to understand why the ^{RSF} is emphasising its commitment to talks. Most outside powers, including the ^{UN}, reckon the ^{SAF} has more legitimacy in the eyes of most Sudanese. Yet the army’s dogged refusal to engage seriously in negotiations has weakened its international standing, particularly among Western diplomats. The ^{RSF} is trying to position itself as the more reliable partner for peace.

This remains questionable. Despite promising to allow aid into the areas under its control, the RSF has kept el-Fasher under siege for months. Elsewhere, aid workers complain of deliberate bureaucratic obstacles. Moreover, the RSF's leaders continue to deny atrocities which have been extensively documented. Mr el-Safi blames "mainstream media" for spreading false information about ethnic cleansing in Darfur. Sexual violence committed by RSF soldiers is well-attested, yet one of Mr el-Safi's colleagues recently claimed the group had recorded just one rape in areas it controls. The militia's professed desire for talks is welcome, but it has a long way to go before its word will be trusted. ■

Sign up to the [Analysing Africa](#), a weekly newsletter that keeps you in the loop about the world's youngest—and least understood—continent.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/middle-east-and-africa/2024/11/21/a-genocidal-militias-guest-for-legitimacy>.

Why GM crops aren't feeding Africa

Despite decades of research, few countries grow them there

November 21st 2024



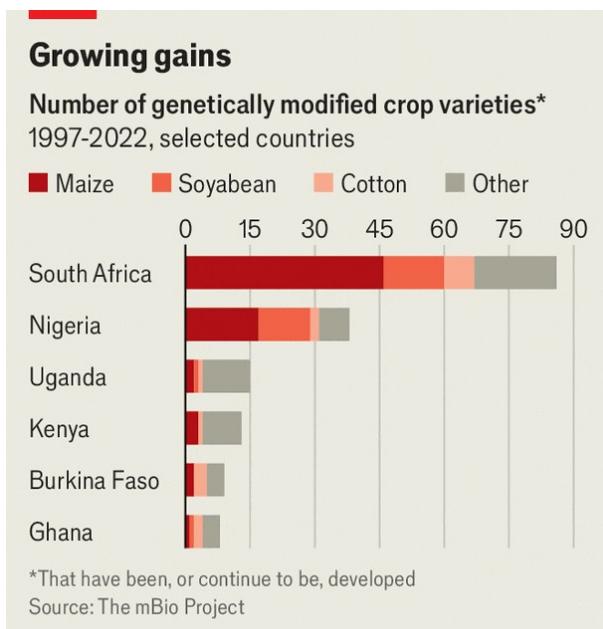
Panos

The species of bacteria *Bacillus thuringiensis* produces proteins that some caterpillars find toxic. Insert the underlying genes into a maize plant, and creepy-crawlies will be poisoned by their lunch. That is the idea behind Bt maize, a genetically modified (_{GM}) variety that has been grown in dozens of countries worldwide.

Soon Kenya might join them. In 2022 its government lifted a long-standing ban on _{GM} crops, including Bt maize. On November 7th a judge threw out lingering legal challenges from activists which had blocked cultivation. The ruling is the latest skirmish in a long struggle to bring _{GM} crops to Africa, which both sides frame in Manichean terms. Enthusiasts say genetic

wizardry could feed a hungry continent. Sceptics warn of a sinister plot by multinational corporations to ensnare unwitting African farmers.

Neither claim is quite right. The most striking fact about ^{GM} crops in Africa is that they are hardly sown at all. Only in South Africa have they really taken off (see chart). Until recently an insect-resistant cowpea in Nigeria was the only ^{GM} food crop being grown elsewhere. Varieties of maize are now being introduced in Nigeria, and cowpea in Ghana. Eight countries cultivate ^{GM} cotton. But after decades of costly research that is a modest harvest.



The Economist

The scientists behind ^{GM} crops blame prohibitive regulation. Only 11 of Africa's 54 countries have ever officially approved their cultivation. Some politicians repeat myths, such as claims that eating ^{GM} food will make men grow breasts and women grow testicles. Other critics focus on how big business might exploit small farmers. Mariam Mayet of the African Centre for Biodiversity argues that ^{GM} crops "entrench a certain industrial model of agriculture" that undermines local seed systems and harms the planet. Debates about ^{GM} are really about rival visions of African farming. One is high-input, high-tech; the other favours a more organic eco-ideal.

But profits matter just as much as politics. It is difficult to make money by serving small farmers, so the crops they grow can be overlooked. "If we

waited for big biotech companies to research and develop cassava, we could wait for ever,” says Francis Nang’ayo of the African Agricultural Technology Foundation (^{AATF}), which brokers the transfer of technology into African markets.

Crop development therefore relies on a constellation of interests. The world’s biggest biotech firms hold patents on the genetic know-how behind certain “traits”, such as drought tolerance or insect resistance. In one approach, they agree to share this technology under licence with the ^{AATF}. The Gates Foundation, the American government and other donors stump up money for research. New crops are developed with African scientists and sub-licensed to local seed companies, often royalty-free. The biotech firms participate not only because it is “the right thing to do” but also with an eye to growing markets for the future, says Mark Edge of Bayer, one of the biggest such companies.

In practice collaborations are hard to make work. A project might falter if a donor cuts funds or a company pulls out. In 2016 Burkina Faso suspended the cultivation of insect-resistant cotton that had been developed by local scientists and Monsanto (now Bayer), which was taking a royalty. The reason was not anti-GM activism, but that the fibres were too short and cotton firms were losing money. ■

Sign up to the [Analysing Africa](#), a weekly newsletter that keeps you in the loop about the world’s youngest—and least understood—continent.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/middle-east-and-africa/2024/11/21/why-gm-crops-arent-feeding-africa>

Europe

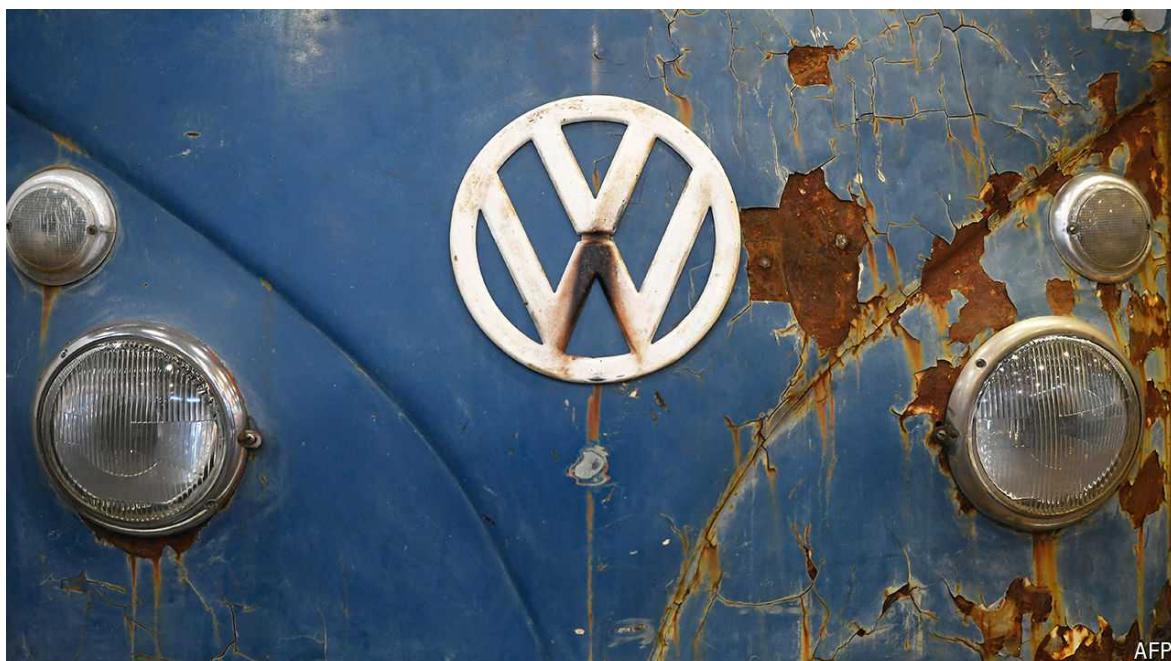
- [Once dominant, Germany is now desperate](#)
- [Ukraine's secret army in France](#)
- [Ukraine can, at last, use its Western missiles inside Russia](#)
- [A rise in antisemitism puts Europe's liberal values to the test](#)

Europe | The Germans don't do it better

Once dominant, Germany is now desperate

As an election looms its business model is breaking down

November 20th 2024



AFP

THE FINANCE ministry of the southern German state of Baden-Württemberg, home to giants like Bosch, Mercedes and ^{ZF} Friedrichshafen, is not a bad spot from which to probe Germany's anxieties. The country is gripped by fears of deindustrialisation as it heads into an election that seems certain to throw its chancellor, Olaf Scholz, out of his job if his party does not dump him first. That ministry's occupant, Danyal Bayaz, frets that Germany has squandered the "[globalisation dividend](#)" of the past 15 years, underfunding the public realm in an era of low interest rates. Now, facing an energy squeeze, growing competition from China and the prospect of [Donald Trump's America](#) slapping 10-20% tariffs on imports, the country's business model, fears the minister, is "collapsing".

Mr Bayaz laments Germany's inability to get to grips with new tech, despite its strengths in basic research and engineering. He notes that Germany's last successful big startup was SAP, a software firm, founded just as an intensely sideburned Franz Beckenbauer led the West German football team to victory in the 1972 European championships. Germany has over 60 times as many people as Estonia, but only 15 times as many "unicorns" (privately owned startups worth over \$1bn).

More on this

- [Germany cannot afford to wait to relax its debt brake](#)
- [German election tracker: who's leading the polls?](#)

It is a familiar litany. German industry, especially its small and medium-sized *Mittelstand* firms, has focused on incremental innovation, leaving it unprepared for technological shocks like the advent of electric vehicles. Cosy links between business, banks and politicians bred complacency and resistance to reform. Dogmatic adherence to fiscal rules led to rusting bridges, decaying schools and delayed trains. Growth in foreign markets fattened Deutschland AG's profits (and treasury revenues) for a while, but that export-led model left Germany exposed when the winds of globalisation turned chill.

Now Germany, which last year replaced Japan as the world's third-largest economy, is reaping the harvest. It is difficult to discern any net growth in real GDP since before the pandemic. Forecasts are little better, and do not account for the risks of a Trumpian trade war. Volkswagen, Europe's biggest carmaker, is mooting the first factory closures in its 87-year history; up to 30,000 jobs could be lost. Unemployment is ticking up, albeit from a low base.



The Economist

High energy prices, especially after Germany had to divest from Russian gas following Vladimir Putin's invasion of Ukraine in 2022, are a common grumble among firms in a country where manufacturing still accounts for 20% of gross value added. That remains almost twice the figure for France, even though industrial production peaked in 2018 and has since sagged more quickly than elsewhere in the EU (see chart 1), especially in energy-intensive sectors such as steelmaking. Order books are down, and planned investments have been postponed or shifted abroad. The CEO of Thyssenkrupp, a lossmaking steelmaker, has said Germany is "in the midst of deindustrialisation". Even retailers have been hit. After Russia's invasion Raoul Rossmann, who runs a pharmacy chain headquartered near Hanover that bears his family name, toured its branches to work out how to save on energy bills.

Other laments include a lack of skilled workers as Germany ages, and layers of red tape, much of it emanating from Brussels, that the Ifo Institute in Munich reckons cost the economy €146bn (\$154bn) a year. One crucial development, according to Sander Tordoir of the Centre for European Reform (CER), a think-tank, is the changing relationship with China. In the 2000s and 2010s Germany was perfectly placed to satisfy Chinese appetites for its cars, chemicals and precision-engineered widgets: goods exports to China rose by 34% between 2015 and 2020, even as those to other countries

fell. As recently as 2020 China was a net importer of cars, but last year it became the world's largest exporter. Chinese firms are morphing from customers to competitors, coming to eat the lunch not only of the German auto industry but also of the *Mittelstand*. "The car story is emblematic, but it's also about machines and chemicals," says Mr Tordoir.

As Clemens Fuest of Ifo notes, China now accounts for just 6% of total German exports, around the same share as the neighbouring Netherlands. But the China story is not just about export dependence. In a forthcoming paper for the CER, Mr Tordoir and Brad Setser, an economist at the Council on Foreign Relations, an American think-tank, describe how the "second China shock" could worsen Germany's industrial woes. China's domestic market cannot soak up the excess production of its state-subsidised manufacturers, and as they seek customers abroad the country's trade surplus has exploded. This presents difficulties for German firms at home and in markets abroad. "China's state-directed markets could provide irrational levels of financing for Chinese investment in new capacity for longer than swathes of German manufacturing can remain solvent," write the pair.



The Economist

As German exports to China have declined, America has partly stepped into the breach (see chart 2). Some firms have been able to exploit opportunities opened by America's decoupling from Chinese tech; others have grown fat

on the subsidy bonanza triggered by the Inflation Reduction Act. But Mr Trump threatens all that. Not only do tariffs loom—the Bundesbank thinks they could lop a percentage point off German ^{GDP}—but new American restrictions could hit German manufacturers that use Chinese inputs. They will also accelerate Chinese exporters' hunt for alternative markets, including Europe.

German industry is split on China, notes a diplomat: although many *Mittelstand* companies, especially machinery firms, back the policy of “de-risking”, carmakers and conglomerates like ^{BASF} are doubling down. Volkswagen and ^{BMW} are planning big new investments in Chinese production, as are car-parts firms like Continental. Lobbying by the car sector helped ensure Germany was one of only five countries to vote against ^{EU} tariffs on Chinese ^{EV} imports in October. Inside Germany's government there are tensions between diplomats and spooks, who want to punish China with trade restrictions for propping up Russia's military effort, and industry-minded types who fear that is a measure low-growth Germany cannot afford.

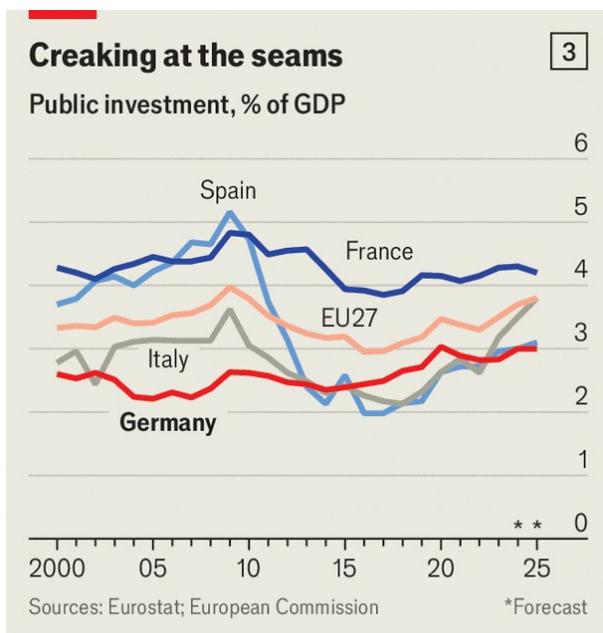
Ending the fetish

The deindustrialisation story can be more complicated than it looks. Losing manufacturing jobs cuts into Germany's already sagging productivity. But gross value added in manufacturing has remained stable even as production has slumped. Some German manufacturers, in other words, may be making more valuable stuff while selling less of it. This “quality over quantity”, as Deutsche Bank puts it, suggests a future for German firms in high-end tech, including fancy cars. Germany retains an edge in green technology, including wind turbines and electrolyzers.

But this can hardly compensate for losses elsewhere. Germany must get over its “industry fetish”, reckons Moritz Schularick of the Kiel Institute for the World Economy. Energy-intensive industries have not grown for two decades. The car sector has been shedding jobs for six years, and a reversal seems unlikely. “For years they had this belief that ‘We are the best’, and suddenly it's over,” says an ^{EU} official.

Deep structural forces are driving changes to Germany's industrial model. Convincing Germans that there is an alternative to being an *Exportweltmeister* is the work of years, not months. Even compensating for declining trade elsewhere is a marathon: despite Germany's best efforts the EU's free-trade negotiations with Mercosur, a big South American trading bloc, have dragged on for 25 years. (France, among others, remains opposed.)

For some, a handier tool for juicing the economy would be to reform another piece of the German model that no longer seems fit for purpose: the debt brake, a peculiarity of the constitution that limits the federal government's annual structural budget deficit to 0.35% of output. The debt brake is an artefact of a bygone age, says Max Krahé of Dezeriat Zukunft, a Berlin-based research outfit, when Germany relied on other countries running deficits to stoke its economy. In a world where globalisation has stalled, that model no longer works.



The Economist

Meanwhile Germany's public-investment requirements—one widely cited estimate puts them at €600bn over ten years—have become too big to ignore (see chart 3). Moreover, fresh funds will have to be found for defence. This year Germany at last reached the ^{NATO} target of 2% of ^{GDP}, but only thanks to a

special fund that will soon expire. Even more is likely to be needed to appease the new Trump administration.

For these reasons, there is a growing sense that the next coalition, probably led by Friedrich Merz, leader of the centre-right Christian Democrats, will be open to a modest reform of the debt brake. (Germany will hold an election in February, following the collapse of the three-party coalition this month.) If so, says Mr Tordoir, an investment boom could help compensate for export losses in the short term; done well, investments in education, where Germany lags its peers, and infrastructure could lift Germany's long-term growth rate. There are plenty of ideas for reform around, including raising the permitted deficit (or replacing it with broader guidelines), exempting public investment from borrowing limits, or establishing off-books funds for infrastructure or defence.

Yet as changes to the constitution, all these would require a two-thirds majority in both houses of parliament. And there is every chance that spoiler parties on the extremes might command a one-third blocking minority in the Bundestag after the next election. The governing Social Democrats have therefore asked Mr Merz to consider lending his support to reform now, as that would give pro-reform parties the numbers they need. He has so far refused.

Thorsten Benner, who runs Berlin's Global Public Policy Institute, says Germany has swung from the "facile optimism" of the Angela Merkel years to a "gloom trap" in which dysfunctional politics, the constraints of the debt brake, overbureaucratisation and public distrust reinforce one another. He hopes the next government can act as a "circuit-breaker".

That does not seem implausible. So despondent has the mood become that, in contrast even to six months ago, there is a growing sense that deep-seated change is unavoidable. That will form the backdrop to the next coalition agreement, which may see a "grand bargain" in which Mr Merz accepts debt-brake tweaks if his partners agree to tax cuts or welfare reform. But there would be a grim irony to parliamentary arithmetic thwarting change just as the stars align for it. ■

To stay on top of the biggest European stories, sign up to [Café Europa](#), our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/europe/2024/11/20/once-dominant-germany-is-now-desperate>

Europe | The struggle with Russia

Ukraine's secret army in France

A new force is being marshalled to take on the Kremlin's men

November 16th 2024



Backgrid

THREE UKRAINIAN soldiers, clutching Soviet-made AKM assault rifles, creep stealthily along zig-zagging trenches. In the distance, enemy soldiers are moving in the woods. Gunfire crackles across the plain. Plumes of smoke rise into the cold air. Tiny drones hover overhead. It is an all-too familiar scene from a war that drags on along Europe's eastern fringe. Except that this simulation is taking place at an undisclosed site in eastern France, where the French army is playing the enemy and training over 2,000 Ukrainian soldiers to form the backbone of a combined-arms brigade ready for deployment at the front.

It was during a visit to Paris in June by Ukraine's president, Volodymyr Zelensky, that his French counterpart, Emmanuel Macron, announced the

idea. In September the French air force flew in the Ukrainian soldiers. Since then they have been training on French kit, including [Caesar howitzers](#) and Milan anti-tank guided-missile systems, as well as taking part in battalion-level military exercises in the field. The men are aged between 25 and 45; 90% of them are freshly drafted. At the French barracks, where cooks offer menus that alternate between Ukrainian (cabbage and sausages) and local (croissants at breakfast), off-duty soldiers in combat fatigues hang around, lifting gym weights or smoking outside.

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

The training programme, says its director, Colonel Guillaume (the French army does not disclose family names), represents a “major shift” from those already in place elsewhere. As part of the European Union’s training mission, it was “co-constructed” with Ukrainian instructors, who are also on-site to supervise the new recruits along with 1,400 French soldiers. At nine weeks of hands-on training, it is longer than the standard five-week programme used by the British army in East Anglia under Operation Interflex, which has already trained 45,000 Ukrainians.

The novelty is the decision by a European force to train, deliver and equip a brigade. (Before last year’s Ukrainian counter-offensive, America led a similar effort in Germany.) It will be joined by 1,500 soldiers already trained in Ukraine. “Anne of Kyiv”, as the new brigade is known, will be made up of two command posts, three infantry battalions and full logistical support units. The brigade will get armoured vehicles, Caesar howitzers, short-range air-defence systems, anti-tank missile launchers and other kit, which the Ukrainians will know how to use and maintain. French Mirage 2000 fighter jets, which are being adapted to carry French SCALP cruise missiles, will arrive in Ukraine in the new year.

The latest training scheme, suggests Sébastien Lecornu, the defence minister, could help secure more of a tactical return on the battlefield. In a report published in July by the Royal United Services Institute, a British think-tank, Jack Watling and co-authors point to the Ukrainians’ unfamiliarity with donated equipment and to the lack of collective training as two shortcomings that help explain the failings of counter-offensive operations in 2022 and 2023.

The French have had to adapt the scheme to the changing situation on the front, says Colonel Philippe, who is in charge of the final exercise. The French had to dig wider trenches to match those the Ukrainians use. The visitors asked for more time with drones. Also at the Ukrainians' request, the focus of the final exercise is on defence. Troops have been out since the night before, with French planes and helicopters flying overhead, to test resistance to fatigue and stress. Grenades are used to simulate air strikes. French military trainers insist that, despite Mr Zelensky's troubles with conscription, these trainees—with an average age of 38—are motivated. "They learn twice as fast as our own new recruits," says one instructor.

For all its merits, this effort may come too late. In recent months Ukraine has [lost territory to Russia](#) at multiple points. Its forces are stretched. It is struggling to mobilise fresh conscripts. In September Mr Zelensky said he needed 14 new brigades, suggesting not even four were yet equipped, despite allied pledges. The election of Donald Trump has shifted the diplomatic mood. Mr Macron may now have become one of Europe's most outspoken hawks. "Nothing should be decided about Ukraine without the Ukrainians, nor in Europe without Europeans," he declared on November 12th. But he and his fellow Europeans worry that in practice they will get little say over what happens next. Helping Ukrainians gain whatever tactical advantage they can in order to strengthen their negotiating hand may be the best they can hope for. ■

To stay on top of the biggest European stories, sign up to [Café Europa](#), our weekly subscriber-only newsletter.

Europe | Attack 'em

Ukraine can, at last, use its Western missiles inside Russia

Joe Biden wants to send North Korea a message

November 18th 2024



THE NAME of the weapon, designed in the late 1980s, was both an acronym—Army Tactical Missile System ([ATACMS](#))—and, when said aloud, an exhortation—“attack ‘ems”. But Ukraine could not, in fact, attack ‘em—at least not inside Russia, not until November 17th, when it became clear that Joe Biden, America’s president, had changed course and given Ukraine permission to fire the longer-range missiles onto Russian soil. The decision will not dramatically change Ukraine’s flagging fortunes on the front lines, though it will boost morale and strengthen the country’s hand ahead of negotiations likely to be pursued by [Donald Trump](#) after January 20th. Until then, a tumultuous two months lie ahead.

America first gave Ukraine HIMARS rocket launchers in the summer of 2022, though equipped only with shorter-range rockets. In late 2023, after over a year of debate, it relented and provided the 300km-range ATACMS. Ukraine used them to devastating effect in Russian-occupied territory, including Crimea. It destroyed nine helicopters in two strikes that October, but it was denied permission to fire them over the border into Russia against the airfields, ammunition depots and command posts that were being used against it.

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

Mr Biden imposed that restraint for three reasons. One was the Pentagon's argument that it had limited stocks of ATACMS and that these were needed for war plans in other parts of the world. The second was that their military effect would, supposedly, be limited. In September the Pentagon said that 90% of Russian jets launching glide bombs at Ukrainian positions had already moved east, out of range of ATACMS. The third was the risk of escalation. Ukraine has frequently used its own drones and missiles to strike inside Russia—one attack at Toropets in September took out several month's-worth of ammunition—but ATACMS strikes typically require American assistance with intelligence and targeting. Vladimir Putin, Russia's president, has said that the use of Western missiles in Russia would constitute “direct involvement” in the war.

Ukraine and its backers bat these arguments away. They say there are more than enough ATACMS in America's inventory—more than 1,000, by some estimates—and they are being gradually replaced with newer and longer-range missiles. Russian jets may be out of range, but other targets abound. Besides logistics hubs and the like, they could include helicopters and attack aircraft providing close-air support to troops. Escalation concerns are also overdone, they argue. After all, Mr Putin considers Crimea to be an inalienable part of Russia and yet did nothing in response to ATACMS strikes there. Likewise, he has failed to take any dramatic retaliatory steps in response to the West's steady intensification of arms supply, from small arms to missiles to tanks to fighter jets.

Mr Biden's decision now leaves three big questions. One is the extent of his reversal. Initial reports suggested Ukrainian strikes would be confined to Kursk province, where North Korea is helping retake territory seized by

Ukraine. But the first ^{ATACMS} strike appears to have hit an ammunition dump in the Bryansk region next door. That suggests Ukraine may have more latitude than is thought, though America is likely to be vetting every target.

The second question is whether the decision catalyses more action by America's allies. On November 20th Ukraine appears to have fired as many as a dozen British Storm Shadow cruise missiles into Kursk province, suggesting that Mr Biden had also reversed his earlier opposition to their use in Russia. France's identical ^{SCALP} missiles are likely to follow. All eyes are now on Olaf Scholz, Germany's chancellor, who will come under mounting pressure to send German Taurus missiles—a step he ruled out, again, a week ago.

The third and most consequential issue is how Mr Putin will choose to respond. America was throwing oil on the fire, said a spokesman for the Kremlin. "If such a decision has been taken, it means a whole new spiral of tension." On November 19th Russia published a revised nuclear doctrine which lowered the threshold for nuclear use. And on November 21st, Ukraine said that Russia had hit the city of Dnipro with a (conventionally-armed) intercontinental-range ballistic missile (^{ICBM}). If true, that would be the first time such a missile has been used in combat anywhere; but the missile type has not yet been confirmed.

Actual nuclear use remains far-fetched. More likely is Russian action elsewhere. One concern is that Russia might provide advanced missiles to Houthi rebels in Yemen. Another is that Russian assets will intensify their campaign of sabotage inside Europe. That may already have occurred. On November 18th a pair of undersea data cables in the Baltic Sea were cut. Western security officials from several countries told *The Economist* they did not have hard evidence of sabotage. But Boris Pistorius, Germany's defence minister, offered a blunt assessment: "Nobody believes that these cables were cut accidentally."

Mr Biden may be hoping that Mr Putin will choose not to respond too aggressively, in order to keep open the prospect of cutting a deal with Mr Trump next year. The president-elect is said to have told Mr Putin in a phone call that he should not escalate the war. The Kremlin denies that the phone call took place. If the account is true, then both Mr Biden and Mr Trump will

have had their answer in the skies above Ukraine in the early hours of November 17th: the largest air attacks since last year crippled Ukraine's power grid and killed a reported 18 people. ■

To stay on top of the biggest European stories, sign up to [Café Europa](#), our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/europe/2024/11/18/ukraine-can-at-last-use-its-western-missiles-inside-russia>

Europe | Charlemagne

A rise in antisemitism puts Europe's liberal values to the test

The return of Europe's oldest scourge

November 21st 2024



In 1945, as Europe smouldered and the moral reckoning of the Holocaust lay ahead, Karl Popper pondered the paradox of tolerance. An open society needs tolerance to thrive, the Austrian-born philosopher posited. But extending that intellectual courtesy to the prejudiced would result in the undermining of the very tolerance that made their intolerance possible in the first place. Popper concluded it was on balance better to nip the bigots in the bud early on and save everyone the kind of trouble his home continent (and Popper personally, given his Jewish heritage) had just been through. The history of post-war Europe, at first in the west and then in the former communist bloc, is one of polities striving to balance the right of allowing

everyone to say what they please while preserving the liberal society Popper sought to bring to life.

A form of intolerance that should have seen its last in 1945 has made a discomfiting return. Antisemitism, never quite expunged from the continent but once banished beyond the political pale, is so rife in Europe now that 96% of Jews say they have experienced it in the past year. More than half say they fear for their safety; the same number have either emigrated or considered doing so in recent years. Physical attacks, while rare, are rife enough that three-quarters of Jews occasionally avoid wearing religious symbols in public. Even more worrying these statistics, compiled by the European Union for a report released in July, were based on data gathered before the terrorist attacks by Hamas in October 2023, and the brutal Israeli response. Every indicator has become worse since then. A dispiriting flow of antisemitic incidents reached an apogee in the wake of a football match involving a team from Tel Aviv playing in Amsterdam on November 7th, after which Israeli visitors—some of them behaving even more boorishly than is customary for football fans, including tearing down Palestinian flags and worse—were chased in the streets by mobs in what the city’s mayor described as a “pogrom”. Rabbi Menachem Margolin, chairman of the European Jewish Association, warned of Europe “going down the darkest path again”.

The continent suffers from three sorts of antisemitism. The first is the kind of bigotry, soft or hard, that people in Popper’s era might have recognised. It is the prejudice that puts the greedy Jew (preferably with a hooked nose) at the centre of all manner of conspiracy theories, from hoarding gold to controlling the media/banks/politics. An offshoot of ancestral intolerance, it became the preserve of the extreme right: think of Jean-Marie Le Pen, founder of the French party now known as the National Rally, describing the Nazi gas chambers as “a detail” of history. The resurgence of this type of prejudice has been fuelled by the advent of the internet, whose dark corners are the spiritual home of crackpots.

The second antisemitism is one that can be thought of as an unwelcome import through waves of migration. New arrivals to Europe in the past six decades or so often came from Muslim-majority countries. Some lacked the liberal cultural mores which most Europeans (debatably) believe themselves

to exemplify, and justifiably felt no guilt for the Holocaust nor what preceded it. A sympathy for the Palestinian cause hardened attitudes to Jews in ways that sometimes resembled Mr Le Pen's tirades. Even as the migrants became the parents of European-born children, the bigotry all too often endured. In France, the EU country with both most Jews and Muslims, 55% of the latter think the former are too powerful in politics (a claim that can easily be dismissed as fanciful). Across Europe, perceptions of prejudice against Jews have risen most in places that have taken in lots of migrants in recent years, such as Germany, the Netherlands and Sweden.

Add to this a third antisemitism linked to some Europeans' anger at the Israeli government of the day, which shoots up in the wake of strife in the Middle East (ie, all too regularly). Protesting against the actions of Israel in Gaza is legitimate, everyone agrees, but also acts as a pretext for those who hold less acceptable views about Jews. Drawing the line between what is fair criticism and what is covert bigotry can be hard: Germany recently passed a resolution combating antisemitism that critics—including Jewish ones—say stymies legitimate discussion of any Israeli misdeeds.

Whose antisemitism is it anyway?

This confluence of hatred can lead hostility towards Jews to pop up in unexpected places. In France it is now the radical-left Unsubmissive France party that many think fits the antisemitic bill, given its full-throated backing of Palestinians has veered into bigotry (one party grandee called Hamas a “resistance movement”). Over half of French Jews say they might leave if its leader, Jean-Luc Mélenchon, came to power. That is nearly twice the number who might go if Marine Le Pen, daughter of Jean-Marie and now party figurehead, were to lead France. Like other hard-right leaders, such as Geert Wilders in the Netherlands and Viktor Orban in Hungary, she now ardently supports Jews and Israel: being on their side is a way of stigmatising the bigger Muslim minority. This hard-right embrace of Jews can lead to odd moments, such as Mr Orban cheering Israel while presenting George Soros, a liberal Jewish philanthropist, as an all-controlling bogeyman (hint, hint).

Bigotry against Jews holds a special place in Europe, given its history. But one lesson of Amsterdam is that antisemitism can itself be used to bludgeon another minority. Within days of the scenes there, its mayor, Femke Halsema, expressed anxiety that the violence, and the use of the word pogrom, were being weaponised by the hard right. The actions of a few Muslims, though vile, had been seized upon by the likes of Mr Wilders to stigmatise millions; a minister of Moroccan descent resigned, threatening a fragile coalition. Fighting prejudice is a moral duty, as Popper concluded. Doing it with more prejudice is no answer. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/europe/2024/11/21/a-rise-in-antisemitism-puts-europes-liberal-values-to-the-test>

Britain

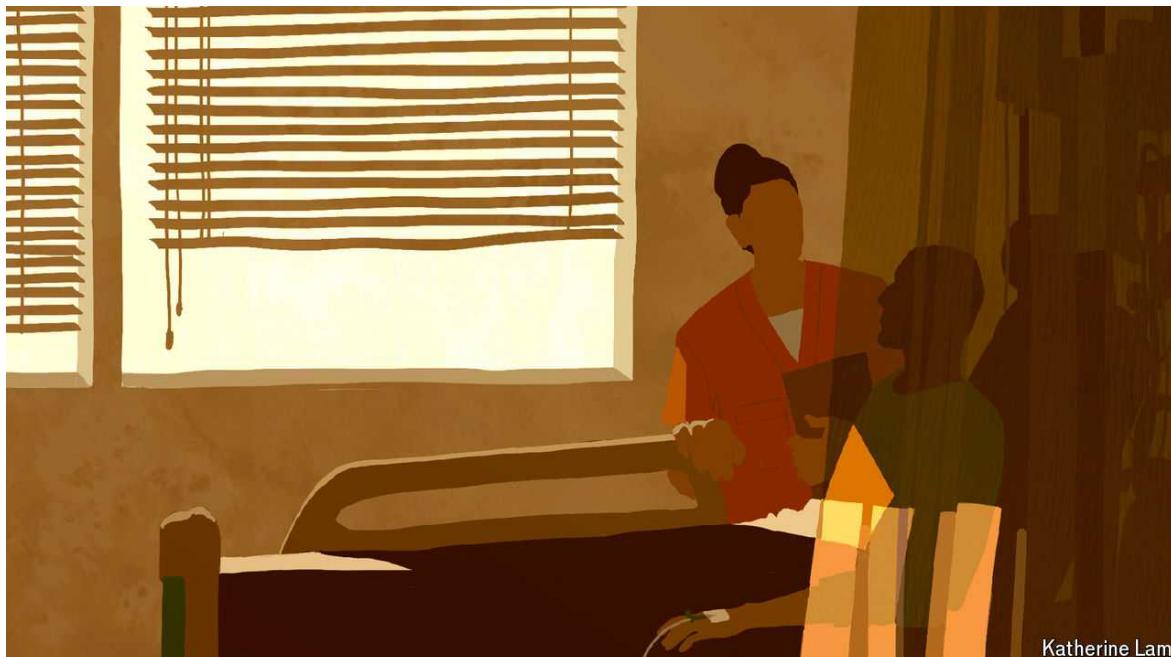
- [Where British MPs should look before the vote on assisted dying](#)
- [How to fix palliative care in Britain](#)
- [Britain's new government may cut the number of Channel crossings](#)
- [Britain's government wants bigger pension funds](#)
- [The story of Britain's “ginaissance”](#)
- [A sticking-plaster policy for Britain's strained courts](#)
- [Assisted dying and the two concepts of liberty](#)

Britain | The Victorian example

Where British MPs should look before the vote on assisted dying

The closest analogue to Kim Leadbeater's bill is not Canadian but Australian

November 21st 2024



Katherine Lam

Members of Parliament in Britain usually have a party line to toe. But occasionally, on matters of conscience, they are given a “free vote” and the chance to exercise their judgment independently. On November 29th ^{MPs} must make up their minds on one of the most consequential issues of all: whether people in England and Wales have the right to an assisted death. That is the date of the second reading of a private member’s bill put forward by Kim Leadbeater, a Labour backbencher, which would legalise assisted dying for terminally ill adults.

The public debate draws heavily on the experience of other countries, some of which passed assisted-dying laws decades ago. Yet comparisons can mislead as well as inform. Opponents of assisted dying frequently point to Canada to warn of the risk of a “slippery slope”: the scope of the law there has widened over time and the number of people choosing to end their lives in this way has risen sharply. But Canada’s law has been shaped by successive court cases, and had relatively expansive eligibility criteria from the outset.

More on this:

- [Why British MPs should vote for assisted dying](#)
- [Assisted dying and the two concepts of liberty](#)
- [By invitation: My assisted-dying bill safely solves a grave injustice, says Kim Leadbeater](#)
- [By invitation: Assisted-dying advocates’ claims of freedom have it backward, says Danny Kruger](#)

When legislatures are in charge of the process and define eligibility narrowly, as is the case with the proposed bill in Britain, the picture is very different. Both the domestic courts in Britain and the European Court of Human Rights have indicated that assisted dying is a matter for a parliament or state to legislate, notes Stevie Martin of the University of Cambridge. Nineteen Anglophone jurisdictions have passed assisted-dying laws restricted to the terminally ill. None of these has broadened.

As ^{MPs} weigh up their votes, a much more instructive comparison than Canada lies in Australia, and in one state in particular: Victoria. Its assisted-dying law was the first passed Down Under, in 2017, and is almost a mirror image of Ms Leadbeater’s. A terminally ill person there can be prescribed a lethal drug only after making multiple requests; if they have less than six months to live and are of sound mind; and if two independent doctors agree, pending approval by a senior civil servant. Mental illness cannot be grounds to apply. All these measures feature in Ms Leadbeater’s bill (though the approver in England and Wales would be a High Court judge).

Victoria's experience offers ^{MPs} in Westminster three lessons in particular. The first concerns how Britain should have approached such contentious legislation. First, a parliamentary inquiry into end-of-life care built consensus for a change. Next the state government convened an advisory panel that consulted hundreds of experts and the public to work out the details. The resulting private member's bill, introduced by the health minister, finally passed after over 100 hours of debate.

Contrast that meticulous, government-backed approach with the process in Westminster. Ms Leadbeater had not thought much about the issue until she topped a private members' ballot in September. She has had to rely on the unpaid help of a former parliamentary drafter to write the bill. Although Sir Keir Starmer, the prime minister, supports the principle of assisted dying, his government is neutral (and the health secretary, Wes Streeting, is active in his opposition). The debate next week will last only five hours.

"The 29th of November is the start of the parliamentary process," says Ms Leadbeater. The government has pledged to allow proper time for scrutiny if the bill passes its second reading. But Rachel Maskell, a Labour ^{MP} and opponent of assisted dying, is right to argue that the process feels "rushed".

The second takeaway from Victoria's regime, after five-and-a-half years in operation, is that a law that looks an awful lot like Ms Leadbeater's bill can be implemented safely. The number of cases each year is rising but small: 0.84% of all deaths in Victoria in 2023-24 were assisted. Three-quarters of assisted deaths are cancer-related; the median patient age is 73.

The explicit coercion some fear seems not to have occurred. Dr Anna Negus, a doctor in Western Australia, has assisted around 80 deaths there; she has never seen a hint of coercion. "To the contrary," she says: "Families often try to talk their loved ones out of it." It is reasonable to worry that some people might choose an assisted death because they fear being a burden. But some seem to find reassurance in having the option: a fifth of those who are given the medication in Victoria never take it.

Victoria collects feedback from families after a death. With over 500 responses, it is the largest survey of its kind in the world. "The most

common word in the narratives is ‘peaceful’,” says Professor Michael Dooley, who heads the statewide pharmacy service for assisted dying.

There is no evidence that uptake is higher in areas where access to palliative care is patchier (see next story). Four-fifths of those who take advantage of the law are receiving palliative care, funding for which has increased every year, notes Euan Wallace, the most senior civil servant in Victoria’s health department and the official who approves the requests.

One thing is especially striking: how uncontroversial the law now is. When the law first passed, “I had clinicians pushing a finger in my chest telling me I’m a monster”, says David Speakman, who was then chief medical officer of Peter MacCallum Cancer Centre. “That’s no longer the case.”

Not everyone is reconciled to the law. Robert Clark, a former lawmaker who opposed the assisted-dying bill, remains convinced that the safeguards are a “charade”. For him, a civil-servant review amounts to little more than a “tick-box exercise”. But Professor Wallace, the civil servant in question, rejects this characterisation of his role. He reads three to four applications a day, and requests more information if he is unsure whether they are compliant. He was initially uneasy about the law but changed his mind when he saw its impact on patients and their families. “It is a deep privilege to be involved,” he says. “It’s an amazing piece of human kindness.”

Indeed, the third lesson from Victoria is that Ms Leadbeater’s bill risks being not too lax, but too restrictive. It is telling that other Australian jurisdictions, all of which have since followed Victoria’s lead, have included fewer safeguards, not more. In June, for example, the Australian Capital Territory passed a law for those with a terminal prognosis without specifying a time-frame for how long they had left to live.

There is little prospect that Victoria’s law will liberalise soon, some small tweaks aside. A five-year review, which is also built into Ms Leadbeater’s bill, can consider only its operation and not the legislation itself. “Sometimes I wish it hadn’t passed,” admits Jane Morris, who runs Dying With Dignity Victoria, a pro-assisted dying lobby group.

Yet the proposed regime in England and Wales would be even stricter than Victoria's. As part of the approvals process, doctors could be forced to appear in court. In contrast to Victoria, where a pharmacist leaves medication with the patient under lock and key, they would have to be present for the death. Under Ms Leadbeater's bill, to ensure that the wish to die is settled, patients must usually reflect on their decision for 21 days; the cooling-off period in Victoria is nine days. Far from being a slippery slope, the biggest risk with Ms Leadbeater's bill is that it is a straitjacket. ■

For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/britain/2024/11/21/where-british-mps-should-look-before-the-vote-on-assisted-dying>

Britain | False dilemma

How to fix palliative care in Britain

A big point of contention in the assisted-dying debate can be resolved fairly easily

November 21st 2024



Science Photo Library

MISapprehensions ABOUND about palliative care. That it happens in hospices when most are cared for at home. That it is about death when it is about improving quality of life. As a parliamentary vote on whether to allow assisted dying in England and Wales approaches, another misconception risks taking hold.

Wes Streeting, the health secretary, asserts that the state of palliative care “wouldn’t give people a real choice” if assisted dying were to be legalised. In fact, this is something well within Mr Streeting’s power to fix.

It is true that 100,000 Britons a year die needing palliative care but without being able to get it. Although Britain routinely tops international rankings for this kind of treatment, a service is not gold-standard if not everyone has access to it. Spiralling costs and stagnant statutory contributions mean that most hospice funding now comes from charitable donations; informal carers often pick up the pieces.

The hospice sector requires an immediate injection of cash to cover its deficits, estimated to be £50m-60m (\$64m-76m) last year. It also needs a longer-term plan to make it sustainable. Around 660,000 Britons died in 2023; that number is forecast to rise to almost 800,000 by 2040. The best solution is probably for the NHS to cover hospices' clinical-care costs, leaving extras like bereavement services to be funded by donations.

A sustainable new contract for adult hospice care (including wider community services and at-home care) would probably cost the NHS in England an extra £350m annually, reckons Toby Porter of Hospice UK, a charity. That is around 0.2% of its budget.

But, as Amanda Pritchard, the NHS's chief executive, has acknowledged, a third of all NHS hospital-bed days are accounted for by the 1% of Britons who are in their last year of life. Moving just 10% of their care into the community would suit patients and free up beds equivalent to the capacity of three large hospitals. Funding palliative care properly is morally right and financially wise, whichever way the vote in Parliament goes. ■

For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.

Britain | Asylum-seekers

Britain's new government may cut the number of Channel crossings

Dropping the crazy Rwanda plan was a good start

November 21st 2024

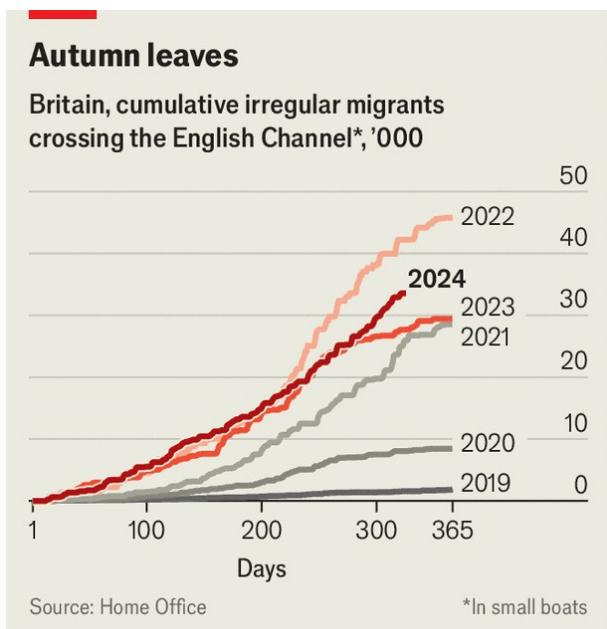


Reuters

British history is filled with stories of miraculously helpful weather, from the “Protestant wind” that scattered the Spanish Armada in 1588 to the calm, cloudy conditions that enabled the evacuation of Dunkirk in 1940. The weather has been less kind to Britain’s new government in one area where it is desperate to succeed.

October was unusually calm on the southern coast—good weather for piloting a rickety inflatable craft filled with asylum-seekers across the English Channel from France or Belgium. Boats arrived on 16 days last month, up from nine the previous October. More than 5,400 migrants

landed, setting a monthly record for this year and pushing the annual tally above last year's total (see chart).



The Economist

For a government keen to show it can get a grip on the nation's problems, this is unfortunate. Britons may sympathise with people fleeing oppression, but they dislike the evident lack of control over their borders. Labour is creating a new Border Security Command and it promises tougher measures against people who facilitate irregular border crossings. Earlier this month Sir Keir Starmer, the prime minister, told Interpol, an international police agency, that people-smuggling should be seen as a threat to global security, like terrorism.

The number of people seeking asylum is strongly influenced by population growth elsewhere and the amount of chaos in the world—things over which Britain has scant influence. But the new government may soon be able to boast that the figure is coming down. One reason is that Europe's borders are tightening. Another is that the new regime is taking a more pragmatic approach than its Conservative predecessor, which clung to the fantasy that it could make the problem disappear by [sending people to Rwanda](#).

From January to the end of September, the number of irregular crossings into the EU was 42% lower than the previous year, according to Frontex, the

agency that oversees the bloc's borders. That snapped a three-year trend of increases. Agreements with transit countries like Tunisia and Egypt, which receive cash in exchange for tighter policing of migrants, have probably helped cut the numbers. More such deals are likely. Britain, which knows that most asylum-seekers reaching its shores have traipsed through the _{EU}, seems keen to help, and could cut deals of its own.

The new government also wants to maintain better relations with France, which (with the help of British cash) harries migrants on its coast and prevents many of them from leaving for Britain. An improvement should not be difficult, because the Tories were so inept. In 2021 the then prime minister, Boris Johnson, wrote to Emmanuel Macron, France's president, breezily suggesting that his country take back every asylum-seeker who crossed into Britain. "My officials will share draft text with counterparts," he added, helpfully. France reacted by disinviting the home secretary from a meeting about migration.

The number of people seeking asylum in Britain tends to track the number applying in the _{EU}, but not exactly. In the year to June 2016, when many Syrians fled to Europe, 32 times more first-time claims were made in the 27 countries that are now _{EU} members than in Britain. Then the ratio began to fall. By the year to June 2019, claims in the _{EU} were 14 times higher. In the year to June 2024 they were 11 times higher. Something seems to have made Britain more attractive.

One likely suspect is Brexit. When Britain left the _{EU}, it lost access to a fingerprint database known as Eurodac, which allows countries to see if a person has already claimed asylum somewhere else. It also ceased to be covered by the Dublin Regulation, which enables _{EU} countries to return asylum-seekers to each other. That may have enticed migrants. "They know that once they reach the _{UK}, the chance of being returned to the _{EU} is small," says Peter Walsh of the Migration Observatory, a think-tank at Oxford University.

Rectifying this situation will not be easy. The _{EU} is already struggling to hold member states to a migration pact that they agreed on last year, and may not have the time or the inclination to cut a separate deal with Britain. But at least the new Labour government is taking a more sensible tack than its

predecessor. It cannot control what other countries will do, just as it cannot control the weather. It has some influence over the climate. ■

For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/britain/2024/11/21/britains-new-government-may-cut-the-number-of-channel-crossings>

Britain | Megafund pool party

Britain's government wants bigger pension funds

That will help savers but won't boost growth much

November 18th 2024



Getty Images

Over the past decade of political turmoil, few goals of government policy have been quite so consistent as that of rationalising the country's mishmash of pension schemes. In a speech in the City of London on November 14th [Rachel Reeves](#), the chancellor, announced plans to consolidate local government pension schemes (^{LGPSS}) into "megafunds". Back in 2015 George Osborne, a previous chancellor, inaugurated his own push to merge them into "British wealth funds".

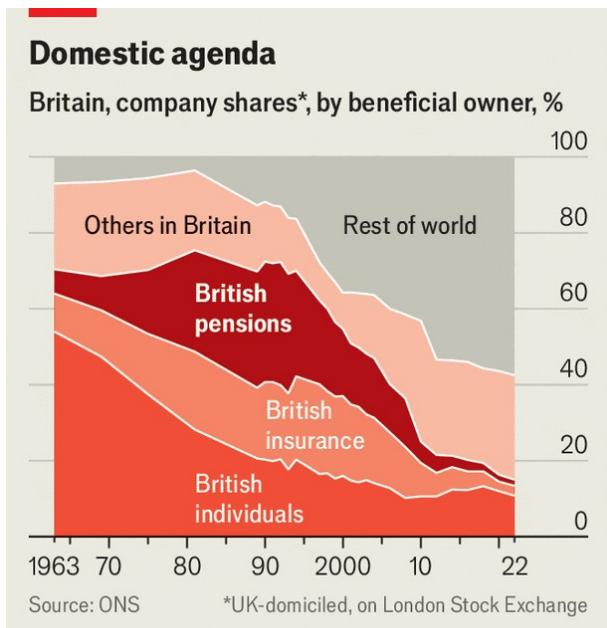
Such proposals do tackle a genuine problem. [Britain's pension market](#) is the world's third-largest by assets but has an unusually fragmented system. A proliferation of smaller schemes means duplicated management costs. Larger funds have economies of scale for hiring pricey in-house expertise,

which is especially important for unlisted assets like private equity, venture capital or infrastructure.

Previous governments made some progress. Mr Osborne's reforms created "pools" to help centralise the management of ^{LGPS} assets. By March 2022, though, only 39% of ^{LGPS} assets had been transferred to these pools. Another 31% was managed by the pools but remained under ^{LGPS} ownership. Last year Jeremy Hunt, Ms Reeves's immediate predecessor, set a deadline of March 2025 for all ^{LGPS} funds to transfer their assets to the pools; she has now promised new legislation to force that through. She also announced plans, which might prove even more consequential, for consolidating defined-contribution pension schemes that will cover the bulk of future pension savings.

The main winners from these reforms, if they are done well, should be pension savers. They would benefit from more competent portfolio management and lower fees, which ought eventually to translate into faster-growing retirement savings. Over the past decade pension schemes in Britain have performed a little worse than those in peer markets like Canada or Australia. Ms Reeves's reform agenda is the right one to help close that gap.

But successive chancellors have taken such an interest in pension consolidation for another reason, too: to use pension savings to boost investment and unlock growth in Britain. In her speech Ms Reeves lamented that "more often than not, it is Canadian teachers and Australian professors reaping the rewards of investing in British productive assets through their pensions schemes, rather than British savers". These reforms, she promised, "will deliver real change in our economy".



The Economist

This is a less persuasive pitch. British pension funds do make up a very small share of the investor base for British assets (see chart). But an underallocation to British companies and projects is not the reason for their underperformance. Quite the opposite. British asset markets have lagged behind global benchmarks; British pensions would have done even worse without diversification. If anything, finance textbooks would counsel underweighting of domestic assets. Savers already have plenty of inescapable exposure to the local economy through their salaries, property and so on. No need for even more.

If pension funds do choose to increase their British investments, that could give domestic capital markets a boost; foreign investors are likelier to encourage startups eventually to incorporate or list abroad. Redirecting billions of pounds of pension cash might also nudge down the cost of capital for a few British firms. But the City of London is among the world's best-developed financial centres, with access to plenty of foreign capital. For sufficiently compelling investment opportunities, financing is not likely to be the bottleneck.

Both main political parties have made occasional noises about incentivising or compelling more domestic investment. In his final budget Mr Hunt set up a “British ISA” to extend tax breaks for retail investors buying British stocks;

Ms Reeves, sensibly, shut that down. But Emma Reynolds, the pensions minister, recently hinted to the *Financial Times* that if the new megafunds do not choose to increase British investments, they could be forced to. That would be precisely the wrong way round. The British economy needs reforms to make it easier to build, hire and export. Do that and there will be no shortage of capital, whether domestic or foreign. ■

For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/2024/11/18/britains-government-wants-bigger-pension-funds>

Britain | Sloedown

The story of Britain’s “ginaissance”

Are things about to turn bitter?

November 19th 2024



Getty Images

COLONSAY IS A tiny Scottish island, only 15km long, in the Inner Hebrides. Its 135 inhabitants have access to one school, one shop and one post office. Residents have more choice when it comes to local spirits. The island is home to two gin distilleries: Wild Island, which was launched in 2016, and Wild Thyme, which followed a year later.

It has been an intoxicating few years for British ginmakers. Between 2015 and 2024 the number of distilleries jumped from 190 to 920, according to the Office for National Statistics. Britons are guzzling the stuff: domestic sales totalled \$1.7bn (£1.3bn) in 2023—up from \$662m in 2008—according to IWSR, a data firm. The country is also the world's biggest exporter of the spirit; over the same period British sales abroad rose from £396m to £578m.

Deregulation kickstarted the “ginaissance”. For centuries, producers were subject to the Gin Act of 1751, which prescribed the way gin could be made and sold. The law dictated that gin had to be made in stills with a capacity of 1,800 litres or more, in effect banning all but the largest manufacturers. The act was an attempt to suppress a “gin craze”. In early 18th-century London, adults were drinking half a pint (almost 300ml) of low-quality gin a day; the disorder that ensued was captured in vivid drawings by William Hogarth.

By the early 21st century the tipple was thought of more as a civilised aperitif than a harbinger of chaos. But the law remained—as Sam Galsworthy, Fairfax Hall and Jared Brown discovered in 2007 when they tried to set up a company with a 300-litre still. After two years of ginning up support for a repeal of the law, they succeeded. When they launched their brand in 2009, Sipsmith was only the 12th gin distillery in Britain.

Doing away with the 18th-century edict set off a second gin craze. Today almost 90% of distilleries have fewer than ten employees. You can buy a gin made in Gatwick airport or steeped with botanicals grown at Buckingham Palace. By making small batches, microdistilleries can experiment with flavours and focus on seasonality. In the lead-up to Christmas, shelves are stocked with sloe, clementine and spiced varieties. Fortnum and Mason, a luxury department store, offers a mince-pie-and-marmalade gin liqueur.

Yet after 15 years of good times, many gin-makers are dispirited. In January the _{UK} Spirits Alliance (_{UKSA}), an industry group, observed that “80% of an average spirits bottle is taken as tax” and that Britain’s spirits duty was “77% higher than the average across _{EU} member states and the highest in the _{G7}”. In its October budget the government increased the duty per bottle of gin by another 4%. The _{UKSA} says a “national success story” is imperilled.

Patrick Fisher of _{IWSR} predicts that sales in Britain will decline over the next five years. As well as steep duties, distillers are grappling with high costs for raw materials such as grains and glass. They are passing on the cost to consumers, many of whom are cutting back on indulgences because of the high cost of living. Lots of drinkers are thinking of their livers as well as their wallets, and turning to low- or [no-alcohol alternatives](#). The gin industry may soon find itself in need of a tonic. ■

For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/britain/2024/11/19/the-story-of-britains-ginaissance>

Britain | Criminal justice

A sticking-plaster policy for Britain's strained courts

Magistrates get more power. Will they get punch-drunk on it?

November 21st 2024



IT HAS BEEN a long day in courtroom number 5 at Stratford Magistrates' Court by the time Charlie Mendajami enters the dock. The trio of magistrates have presided over eight cases, including those of a pale teenager who admitted to sharing indecent images (he gets a 24-month community order and 200 hours of unpaid work); a man who attacked a noisy neighbour's door with a hammer (£650, or \$820, fine; hammer confiscated); and a serial offender who stole a bike and punched a stranger (five weeks in prison).

Mr Mendajami, who wears sunglasses and gesticulates behind the plexiglass, has pleaded not guilty to drunkenly hurling a glass bottle at a

customer in a petrol station, before attempting to spray fuel and then “simulating a sex act with the nozzle”. The court will have to decide at a later hearing whether that is merely a publicorder offence or meets the bar for affray, which could carry a longer sentence. “As of today,” the prosecutor tells the magistrates, “and congratulations by the way, that can all still be done here.”

He is referring to the fact that on November 18th magistrates’ courts in England and Wales—including this one in east London—were given more powers. Magistrates, lay judges who are volunteers with little formal training, will now be able to send people to prison on charges that carry a maximum tariff of a year, up from a previous maximum of six months. The government says this will free up space in crown courts and, counterintuitively, relieve [pressure on prisons](#). Court-watchers have some doubts.

The plan has several moving parts. The worst backlogs in the judicial system by far are in crown courts, which deal with more serious offences and where 28% of cases wait over a year for a trial. The most crowded bits of the prison estate, in turn, are reception and remand prisons, which hold people awaiting trial or sentencing; the number of such inmates has increased by 84% to 16,500 in the past five years. Pushing more cases down to the magistrates should, ministers say, free up 2,000 days per year in crown courts.

Getting through the backlog more quickly would cause an initial uptick in the prison population, according to the justice department’s modelling. In 2022 the government tried exactly the same reform of magistrates’ powers, only to backtrack after less than a year as prisons reached capacity. The government hopes that its decision to release some prisoners early means it has more breathing-space to cope with a similar surge this time. Over time, however, the prison population should fall as reception and remand prisons become less full. “It’s a bit like trying to do a 3D jigsaw,” says Tom Franklin of the Magistrates’ Association, a membership body.

Some have concerns about the quality of justice in magistrates’ courts. They can be a “Wild West” in which proper processes are not followed, according to Transforming Justice, a think-tank. Giving magistrates more power could

be trading speed for quality. Some barristers see magistrates as excessively punitive, as well as lacking legal training. “They go around like they are little emperors,” says one. Handed more serious cases—such as fraud, assault or weapons possession—they may be less minded to trust that offenders can be managed in the community.

There is no robust evidence, though, that magistrates do sentence more harshly. Some lawyers think they have become more consistent as sentencing guidelines have been tightened in recent years. It is in any case possible that magistrates will find their extra prerogatives to be short-lived. David Gauke, a former justice secretary, will complete a sentencing review in the spring. He has previously argued for a presumption against the use of short sentences of under a year.

If the government adopted that approach, magistrates’ role would be transformed. Punitively minded or not, they would be able to send far fewer people to prison. But that would have other consequences: few think the probation system is in any state to deal adequately with thousands more people in the community. Mending the dire state of [Britain’s justice system](#) will require a ten-year strategy, says Mr Franklin. For now, the government is still using sticking plasters. ■

For more expert analysis of the biggest stories in Britain, [sign up](#) to Blighty, our weekly subscriber-only newsletter.

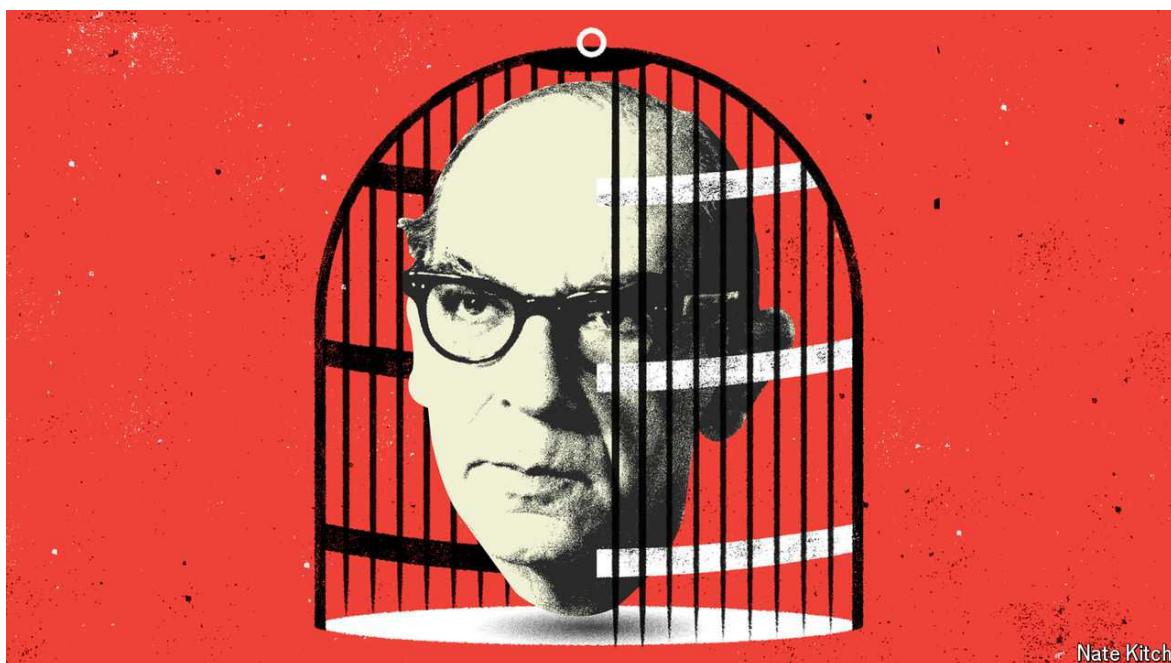
This article was downloaded by [zlibrary](#), from <https://www.economist.com/britain/2024/11/21/a-sticking-plaster-policy-for-britains-strained-courts>

Britain | Bagehot

Assisted dying and the two concepts of liberty

Isaiah Berlin would recognise the debate unfolding in Britain over the right to die

November 20th 2024



Sir Keir Starmer was born in 1962 in a Britain that was still cloaked in an austere, suppressive fog. The Lord Chamberlain censored plays. Abortion was outlawed, and divorce permitted only rarely beyond cases of adultery. Gay sex was a criminal act. This world was largely swept away before the future prime minister started secondary school. Individual liberties triumphed over collective moral prohibitions. My rights beat your qualms.

Assisted dying is, for its advocates, the next and last step of this liberal revolution. A private member's bill, brought before Parliament by Kim Leadbeater, a Labour MP, would give terminally ill patients in England and Wales a right to request their death. It will be debated in a second reading on

November 29th but its chances of passing are unclear. On this issue Britain, once a pacesetter in liberalising legislation, is behind other Western countries. Why?

More on this:

- [Why British MPs should vote for assisted dying](#)
- [Where British MPs should look before the vote on assisted dying](#)
- [By invitation: My assisted-dying bill safely solves a grave injustice, says Kim Leadbeater](#)
- [By invitation: Assisted-dying advocates' claims of freedom have it backward, says Danny Kruger](#)

The problem does not lie with the public, which has consistently supported change since the early 1980s. Nor does the cause of [assisted dying](#) lack friends in high places: successive bills have been brought before Parliament since the first was debated in 1936. It remains unresolved because the debate on this issue is no longer a fight between the liberal idea of personal autonomy and a Christian idea of public morality. It has become a fight within liberalism, between two rival ideas of liberty.

Isaiah Berlin, a political theorist, would have recognised this battle. In 1958 he delivered a lecture entitled “Two Concepts of Liberty”, which set out two big strands of [philosophical thought on freedom](#). “Negative liberty”, or “freedom from”, was the ability of a person to do as they wished without interference from others. This was the realm of English thinkers such as Thomas Hobbes and John Stuart Mill. It means the right to property, religion and speech beyond the grasp of the state.

In contrast, “positive liberty”, or “freedom to”, said Berlin, was about “self-mastery” and the triumph of a person’s “higher nature” over his low impulses and outside influence. It reflected a sense of a deeper autonomy: “a doer—deciding, not being decided for, self-directed and not acted upon by external nature”. But, he went on, liberating people’s true will would invariably mean the state placing constraints on what they could legally do for their own benefit—just as children are compelled to go to school, even if they do not grasp why. In other words, negative and positive liberty were in

conflict. Jean-Jacques Rousseau, a Swiss liberal thinker, had said one could force people to be free. This, Berlin said, was the logic of paternalists, tyrants and Marxists.

Berlin's lecture can serve as a guide to today's debate. Ms Leadbeater and her supporters preach a negative liberty: picking the time and manner of your death is an essential question of freedom, choice and autonomy. Berlin argued that negative liberty requires privacy: "a frontier...drawn between the area of private life and that of public authority". Liberals of the 1960s wanted the government to get out of the bedroom; advocates of assisted dying want it out of the hospice.

Opponents of assisted dying cast their arguments in terms of autonomy and choice, too. Under Ms Leadbeater's regime, they argue, patients would inevitably feel under pressure, implicitly or overtly, to end their lives. For the frail and sick who fear themselves to be a burden, argues Danny Kruger, a Conservative MP, "the conversation" about an assisted death would not be an expansion of liberty but a mockery of it, robbing the dying of the freedom that comes with knowing their nearest and dearest are not conspiring to kill them. This argument is a version of Berlin's positive liberty: a constrained legal choice but greater real autonomy. For paternalists, the philosopher said, oppression was justified if it liberated the "'true', albeit submerged and inarticulate, self".

Post-war moralists approved of a strong state. Today's opponents of assisted dying have a libertarian suspicion of it. Given the long list of geriatric-care scandals, the argument runs, the National Health Service seems all too good at finishing people off already. The idea of meaningful choice, on which the concept of negative liberty rests, is hard to apply to a bureaucracy that struggles to provide people with decent dinner options.

Give me liberty and give me death

In this clash of two liberties, listen to what the assisted-dying debate is not. God loomed over the bill in 1936: Lord FitzAlan, a former lord lieutenant of Ireland, declared it an impudent usurpation of the Almighty. God's presence was also felt the last time the Commons debated a bill on assisted

dying, in 2015. (“Although some may believe that suffering is a grace-filled opportunity to participate in the passion of Jesus Christ, which is selfishly stolen away by euthanasia, I say ‘Please count me out’,” sighed Crispin Blunt, a Tory supporter of that bill.)

But society is becoming more secular at a striking pace, as is the House of Commons. Christian groups know that if they relied on appeals to Christian ethics, they would lose. There is less talk of the sanctity of life and the moral injury of suicide, more focus on notions of “safeguarding” and “informed consent”.

For advocates, Ms Leadbeater’s bill may turn out to be another missed opportunity. It has been hastily prepared. Sir Keir, despite his support for the cause, has decided to follow Harold Wilson, the Labour prime minister of his childhood, in being an aloof bystander rather than a participant. But the debate is inexorably shifting onto their preferred terrain. The argument has inched from moral prohibitions to policy design. It centres not on whether assisted dying is tolerable but whether the British state is able to implement it. This clash of two concepts of liberty explains why the debate has persisted for so long. But a battle fought on liberal terms is also one the liberalisers will, in the long run, surely win. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/britain/2024/11/20/assisted-dying-and-the-two-concepts-of-liberty>

International

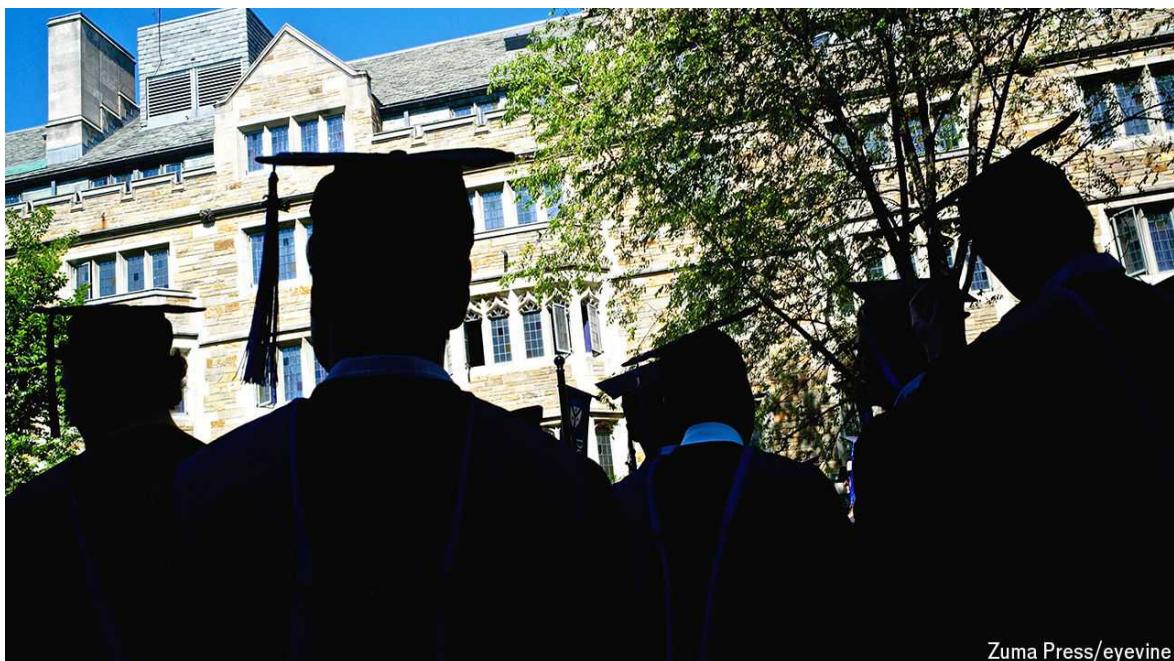
- [Is your master's degree useless?](#)
- [The perils of appeasing a warlike Russia](#)

International | University in America and Britain

Is your master's degree useless?

New data show a shockingly high proportion of courses are a waste of money

November 18th 2024



Zuma Press/eyevine

IN THE COMING months millions of people across the northern hemisphere will apply to do postgraduate study. Most will top up an undergraduate qualification with a one- or two-year master's degree in the hope that this will set them apart in a job market crowded with [bachelor's degrees](#).

“The number-one reason people get these degrees is insecurity,” reckons Bob Shireman of the Century Foundation, a left-leaning think-tank in New York. “The feeling that if they are going to get a job—or keep their job—they need a master’s degree.” Yet on average these provide a much smaller bump to wages than an undergraduate degree does. And a new body of data

and analysis suggests that a shockingly high share of master's courses leave graduates worse off.

In America close to 40% of workers with a bachelor's also boast a [postgraduate credential](#) of some sort. In the decade to 2021 the number of postgraduate students there increased by 9% even as undergraduates fell by 15%. PhDs required by academics and long professional degrees of the sort needed by doctors and lawyers are becoming more popular. But master's courses still account for most of the growth.

They are an even bigger business for [universities in Britain](#), which hand out four postgraduate degrees for every five undergraduate ones. This has much to do with a boom in master's students from places such as India and Nigeria. Britons have been getting in on the action, too. The number enrolling in taught master's courses has grown by about 60% over 15 years.

In part this has been driven by employers demanding higher qualifications as jobs in science and technology, in particular, grow more complex. But universities are also keen. In Britain, undergraduate fees are capped by the government and have barely increased in a decade. Enrolling more postgraduates—who may be charged whatever the market will bear—is one way to cope. America's university-age population will soon start declining. College presidents there hope that repeat customers can keep their institutions afloat.

Since 2000 the cost of postgraduate study in America has more than tripled in real terms, according to the Centre on Education and the Workforce at Georgetown University. The median borrower now acquires around \$50,000 in debt while completing their second degree, up from \$34,000 20 years earlier (in 2022 dollars). Almost half of the money America's government lends to students goes to postgraduates, even though they are only 17% of learners. In Britain domestic master's students paid about £9,500 (\$13,000) a year in 2021, some 70% higher than in 2011 after accounting for inflation.

Students have put up with these fees in part because they assume that lofty credentials will usually increase their earnings. "Gaining a financial return is not the only reason to pursue education," acknowledges Beth Akers of the American Enterprise Institute, a right-leaning think-tank. But "for the vast

majority of students...that is the ambition." At first glance they are making a reasonable bet. In America full-time workers with a bachelor's earn about 70% more than high-school graduates. And those who tack on a master's can expect an additional 18%.

Yet earnings vary enormously by subject and institution. Moreover, postgraduates are usually from richer families and got better grades as undergraduates than did their peers. They would tend to do well in life, regardless of additional credentials. Working out the real returns requires comparing the outcomes of this brainy cohort with those of similarly impressive people who decided against further study.

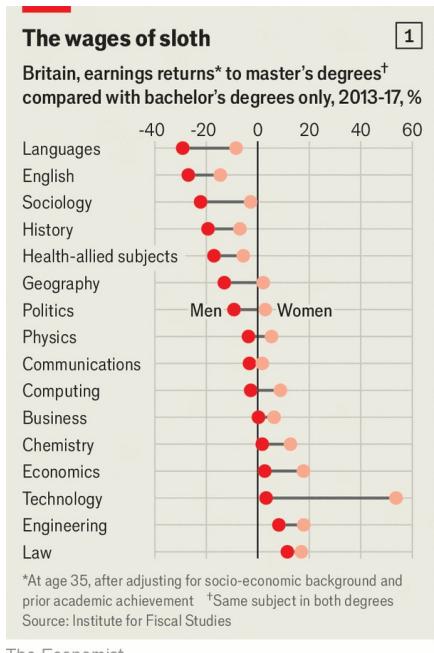
Seen through that lens, the average master's student will bank no more than \$50,000 extra over their lifetime as a result of their qualification, reckons Preston Cooper, an analyst formerly of FREOPP, a think-tank in Austin, Texas, who also considered fees paid and potential earnings forgone while studying. Worse still, students enrolled on about 40% of America's master's courses will either make no extra money or incur a financial loss. That is a higher risk than for undergraduate courses, which Dr Cooper believes provide positive returns about 75% of the time.

Because American data remain somewhat patchy, reaching conclusions such as these still involves vast amounts of guesswork. Things are a bit clearer in Britain, where researchers who ask nicely may crunch a database linking the tax histories and educational achievements of millions of young adults. In 2019 analysts at the Institute for Fiscal Studies, a think-tank in London, concluded that one-fifth of undergraduates would be better off if they skipped university all together.

More recently the institute has investigated returns from master's courses—with even more striking results. It has found that by the age of 35, master's graduates earn no more than those with just a bachelor's (after accounting for their better-off backgrounds and higher previous attainment). That finding was "genuinely surprising" says Jack Britton, one of the study's authors. It also differed markedly from research that used less-granular data.

On both sides of the Atlantic, choice of subject is the single biggest factor determining whether a master's boosts earnings. In America returns are

especially large in computer science and in engineering. They are slightly smaller in other science subjects, in part because an undergraduate degree in these already bumps up salaries by quite a lot. Teachers who bag graduate degrees in education tend to earn more, even if wages for the profession as a whole are fairly low, because many American school districts automatically raise the pay of those who have them.



The Economist

More striking are the large negative returns in some subjects. British men who complete master's degrees in politics earn 10% less in their mid-30s than peers who do the same subject at undergraduate level only. For history the hit to earnings is around 20%; for English it is close to 30% (see chart 1). Many of the people on these courses are targeting careers that they know will be low-earning, but which they think they will enjoy, explains Dr Britton. But some drift into advanced study because they have not yet decided what profession to pursue. It should probably not be a surprise that these people tend to earn less in the medium term than peers who have rocketed straight from bachelor's courses into jobs.

Choice of institution matters, though in most cases less than is commonly assumed. In America costs range widely by university. But there is no strong connection between the price of a master's course and the amount its graduates go on to earn, according to Tomás Monarrez and Jordan

Matsudaira from the ^{us} Department of Education (see chart 2). “Brand-name schools have realised that they can trade on their reputation to offer programmes that look very prestigious on paper,” says Dr Cooper, “but which don’t have outcomes that justify the hype.”

^{MBA} courses are a notable exception: graduates from the most celebrated institutions make far more than everyone else. But in other walks of life, acquiring swanky networks while studying is not quite so crucial to success. The upshot is that splurging on an elite university is not nearly as clever as picking a well-priced course somewhere less fancy.



The Economist

Women have a higher chance than men of getting a boost to earnings from doing a master’s. The British study finds that these qualifications increase earnings for women in 14 out of 31 subject areas; for men that is true in only six of them. This seems surprising: men’s hourly earnings are higher than women’s and the gap widens further with education. But women with higher qualifications do better than women without them because they also tend to work longer hours, particularly when they become parents and are put under pressure to go part-time or stop working.

The poor returns from many master’s degrees should worry applicants. But they also raise thorny questions for governments. In Europe and America

politicians have been accused of inadvertently pushing up costs. In 2016 master's students in Britain became eligible for government-backed loans with generous repayment terms. America's federal government limits how much it will lend to undergraduates—but since 2006 has allowed postgraduates to borrow whatever their universities choose to charge. In both cases easy money has led to price inflation.

A related debate is whether governments ought to be more picky about which postgraduate courses they fund. In America credit is offered as freely to people studying “underwater basket-weaving” as to those who study law, says Dr Akers. In 2026 profit-making universities could be prevented from enrolling students who borrow federal money in courses that have saddled graduates with unmanageable debt, or which have not boosted their incomes. But the new rules will not be applied to public and non-profit universities, which enroll most students. These institutions will instead simply have to warn applicants about courses with poor returns.

Americans from both the right and left of politics agree that graduate education is “a bit out of control”, says Mr Shireman. That could make it easier to make changes to, say, the postgraduate loan system. But it remains to be seen how the incoming administration will choose to handle these issues, says Dr Akers. The worry, she says, is that Donald Trump's team might “focus more on publicly shaming institutions that are bastions of progressivism, than on thoughtful reform”. ■

The perils of appeasing a warlike Russia

Finland's cold-war past offers urgent lessons for Ukraine's future

November 16th 2024



IN BARRACKS SQUARE in old Helsinki stands an unusual monument to a war. A towering sculpture of a soldier's winter snowsuit, its polished steel body is pierced with large round holes, as if still standing after a strafing by cannon fire. It is Finland's national memorial to the winter war of 1939-40. During that conflict, Finnish troops withstood a huge Soviet force for 105 days, inflicting heavy casualties on the invaders before succumbing to the Red Army's larger numbers. The Soviet Union imposed harsh terms, taking 10% of its neighbour's territory. Peace proved fragile, and Finland was soon swept up into the second world war, fighting with Nazi Germany against the Soviet Red Army from 1941 to 1944.

Unveiled in 2017, the memorial's message is more timely than ever. The winter war has new resonance for Finns. Their country has known 80 years of peace. It boasts one of Europe's most capable armies, backed by extensive military service for young men and large reserves. Yet even after ditching decades of neutrality to [join NATO](#) in April 2023, Finland remains haunted by Russia, its former imperial ruler and neighbour along a 1,340km shared border. "When Russia attacked Ukraine it was as if Finland's wars were happening yesterday," says a member of Finland's tight-knit establishment. Indeed, this old hand worries about younger Finns being "too bold" in denouncing Russia. Membership of the European Union and [NATO](#) is all very well. But Finland is a small country whose fate has often been decided by great powers, and Russia will always be there. "We know that the big guys can always agree things above our head. We can always be alone."

This is a moment for all Europe to ponder that memorial in a Helsinki square. For that battered but still-recognisable uniform—hollow and headless, with the sky visible through its many holes—presents an important question. What can a country afford to lose, and what must it preserve, and still be true to itself?

When the cold war divided Europe, Finland made many sacrifices to survive as an independent nation. To preserve its capitalist system and parliamentary democracy, it became a neutral buffer state between the West and the Soviet Union. Until 1956 the Soviet navy was allowed to lease a base on the Finnish coast, within artillery range of Helsinki. ^{KGB} officers meddled shamelessly in Finland's politics and society (though some Finnish officials and military officers quietly sent intelligence to the West, too). Bound by treaty to take Soviet security interests into account, the country's compromised form of sovereignty was dubbed "[Finlandisation](#)" by critics. Finnish defenders of close relations with the ^{USSR} described their mission as "co-operating without losing one's soul".

Today, Finlandisation is back, this time as a model for Ukraine's post-war relations with Russia. On a doomed peace mission to Moscow, days before Russia's invasion in 2022, France's president Emmanuel Macron called Finlandisation "one of the options on the table" for Ukraine. Mr Macron might not use the term now, for his line on Russian aggression has hardened greatly since then. But if the war ends soon, as America's president-elect

Donald Trump insists it must, leaders in Kyiv can expect pressure from many quarters to make painful compromises. A loss of some territory will surely be one price of peace. Then will come a hard question: how to secure Ukraine's sovereignty in the future. Some Western governments may put their faith in deterrence of Russia, encouraging Ukraine to build a strong army and economy and to align its political system with European values. Other world leaders may push Ukraine to appease its neighbour by declaring itself neutral and accepting a place in Russia's sphere of influence.

In Helsinki foreign-policy thinkers have strong views on those seemingly opposite approaches to security, because cold-war Finland tried both at the same time. Finland maintained armed forces strong enough to make Soviet leaders recoil from the potential costs of trying to occupy the country formally. At the same time, it bought peace with many compromises, some of which look distinctly shabby in hindsight. In Helsinki today, the term Finlandisation is taken as a slur.

Realism but not fatalism

Circumstances imposed foreign-policy realism on Finland. The country's survival could not be taken for granted in the late 1940s. It focused on preserving the essential elements of its sovereignty, without provoking the superpower next door. But this was realism with a purpose, rather than defeatism. Finland turned its agrarian economy into an industrial powerhouse and worked hard to expand its trade with Nordic neighbours and the wider world. The country signed a free-trade pact with Europe in the 1970s, despite growling opposition from Moscow. The post-war history of Finland saw "a step-by-step inching of our way towards the West", says Hiski Haukkala, a former chief of staff to Finland's president and incoming director of the Finnish Institute of International Affairs. "If a Ukraine peace is predicated on allowing Russia to dictate the terms, that would not be the Finnish lesson," he adds. "That would be capitulation."

A plaque next to the winter-war memorial offers a strikingly geopolitical take on those long-ago horrors. It blames the conflict on Hitler's and Stalin's secret agreement in 1939 to push Finland into "the sphere of influence of the Soviet Union". The loss of over 25,000 Finnish lives is presented as an

investment in a better tomorrow: a sacrifice to preserve Finland's "independence, freedom and potential to develop into the Nordic welfare state that it is known as today". Finland did not choose its geography. But—even in its darkest hour—it fought to choose its own fate. Literal Finlandisation would be a terrible model for Ukraine, turning it into a Russian satellite. But Finland's sense of itself as a nation, and its will to survive, is an example worth studying.■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/international/2024/11/16/the-perils-of-appeasing-a-warlike-russia>

Business

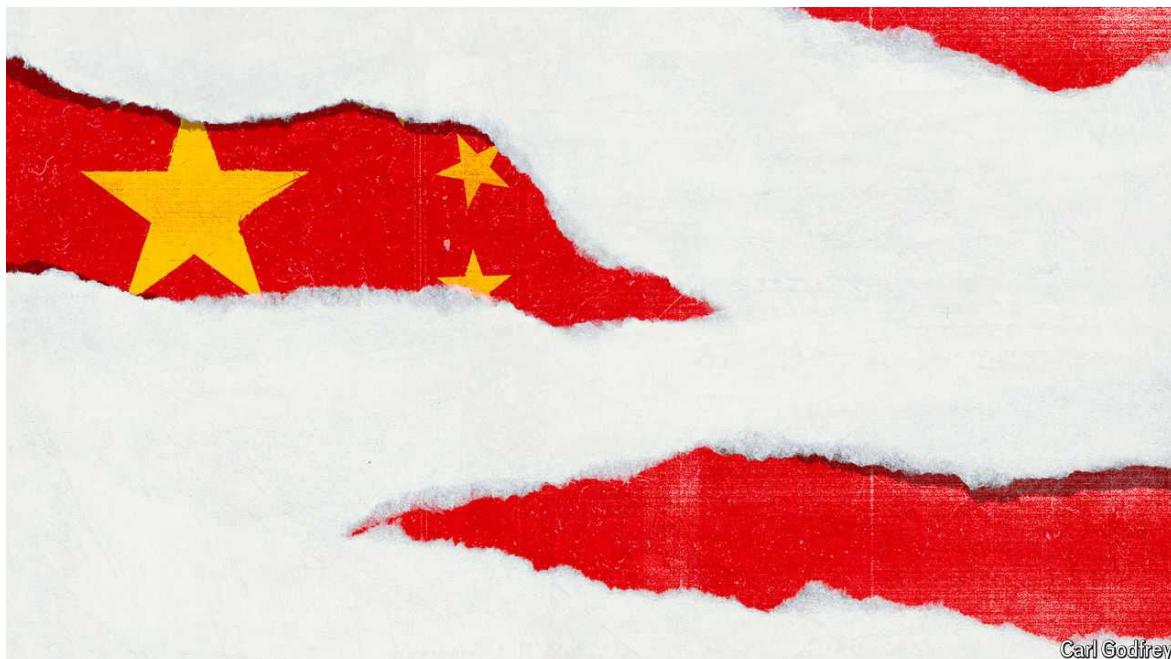
- [How Chinese is Shein?](#)
- [Nvidia's boss dismisses fears that AI has hit a wall](#)
- [What ChatGPT's corporate victims have in common](#)
- [Donald Trump's victory has boosted shares in private-prison companies](#)
- [Gautam Adani faces bribery charges in America](#)
- [Spirit's woes reveal the dismal state of America's budget airlines](#)
- [How to behave in lifts: an office guide](#)
- [Does Dallas offer a vision of Trumpian America?](#)

Business | A corporate identity crisis

How Chinese is Shein?

For the fast-fashion giant, nationality has become a vexed question

November 19th 2024

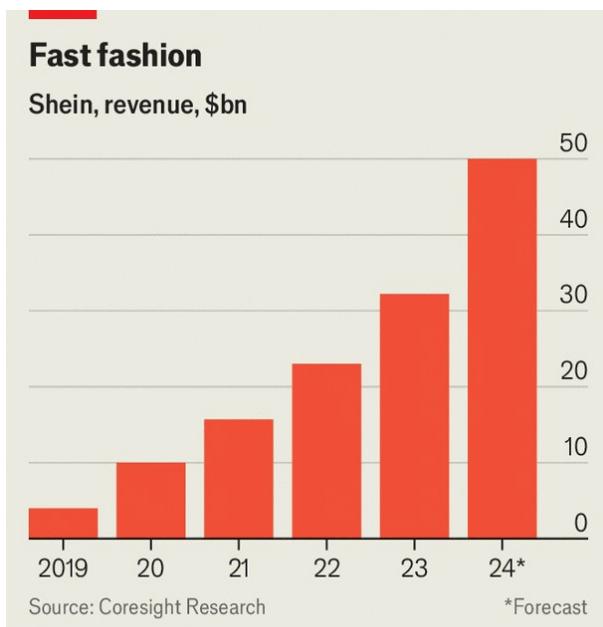


Carl Godfrey

To which country does Shein belong? The [online apparel giant](#), headquartered in Singapore, is expected to [list its shares](#) in London in the coming months. Earlier this year Donald Tang, its executive chairman, proclaimed it to be American, by virtue of its values and the fact that it makes most of its money there. Meanwhile, most of Shein's employees are in China, where the company was founded in 2012. All this might suggest Shein is multinational, beholden to no single country. Unfortunately, the matter is [not so straightforward](#) for a firm that straddles China and the West.

Shein is part of a new generation of innovative Chinese companies that has taken the rich world by storm. It now accounts for half of fast-fashion sales in America, and is expected to sell around \$50bn-worth of cheap blouses,

skirts and other clothing and accessories globally this year, up from roughly \$32bn in 2023 (see chart). That is about as much as H&M and Zara, the West's two biggest fast-fashion brands, combined. Temu, an overseas offshoot of Pinduoduo, a Chinese e-commerce company, has had similar success. Some 170m Americans use TikTok, a video-sharing app controlled by ByteDance, a Chinese tech firm. Chinese companies in industries from gaming to electric vehicles have also been expanding in Western markets.



The Economist

Consumers in the West have lapped up these new offerings. The enthusiasm, however, has not been shared by their governments, which fear that Chinese firms will pilfer citizens' data or undermine national security. Last year America passed a law requiring ByteDance either to sell TikTok or leave the country (though its future is uncertain under Donald Trump, who has flip-flopped on the issue). American lawmakers are investigating Shein and Temu over allegations of forced labour in their supply chains (which the companies deny). And in September America's government said it planned to remove a trade rule that exempts imports worth less than \$800 from customs duties, which would hurt the two firms. At the same time, Chinese officials have also grown suspicious of these globe-trotting companies, fearing that they will leak sensitive information to foreign adversaries or wriggle their way out of the Communist Party's grip.

In response, many Chinese multinationals are playing down their ties to the country. On November 14th BeiGene, a drugmaker whose name is a nod to China's capital city, said it would rebadge itself as BeOne Medicines. Hundreds of Chinese firms have, like Shein, moved their headquarters to Singapore. But Shein has gone further than most in its efforts to redefine itself as a global, rather than a Chinese, company. It does not sell its wares in China (where it goes by the name Xiyin) and says that it increasingly resembles any other global firm that sources its products from the country. Yet its experience shows just how difficult it is for companies born in China to untether themselves from it.

Consider first Shein's operational footprint. About 10,000 of its 16,000-strong workforce were based in China at the end of last year, according to regulatory disclosures. Partly that is because Shein relies heavily on Chinese factories. The company's former headquarters in Guangzhou, still its biggest office globally with almost 5,000 staff, is focused mainly on logistics and managing relations with its suppliers. In a nearby area known as "Shein Village", tens of thousands of people work in factories making garments for the company (they are not directly employed by Shein). The office in Guangzhou is nondescript; there is no logo on the building identifying its main tenant. When your correspondent visited last month the only indication of Shein's presence was a large cake-shaped balloon inflated in the entryway to celebrate the company's 12th birthday.

Shein's base in China is about more than managing its supply chain, though. The company's ability to use data to develop algorithms that can accurately predict customer demand has been central to its success. The vast majority of that work still happens at home. It would be very difficult, says a consultant familiar with the company, to replace or relocate the people needed to maintain those operations.

In Nanjing, where the company was founded, executives work on its branding strategy. Shein still refers to the office there as its "global operations centre" in some documents. Two subsidiaries in Shanghai, which employed around 500 people between them at the end of last year, work on product design, digital marketing and managing relations with TikTok influencers who are paid to advertise for the company. What is more, Shein's footprint in the country is expanding. As of last month the firm was

hiring for nearly 1,900 positions in 13 cities, including Shenzhen and Shanghai, where it is adding to a team that processes data and helps develop its algorithms.

A second illustration of the difficulty of Shein's position comes from its proposed overseas listing. Foreign initial public offerings (^{IPOS}) by Chinese firms have plummeted in recent years as China's government has shown its disapproval, most visibly by forcing DiDi, a ride-hailing firm, to delist in America in 2022. Chinese businesses raised a record \$53bn through foreign listings in 2014, according to ^{LSEG}, a financial-markets group. This year they have raised less than \$5bn.

Shein may have hoped that, having forgone the domestic market, its ^{IPO} would attract less scrutiny from China. Firms with fewer than 1m online Chinese users do not need to submit to a review by the country's cybersecurity administration before listing their shares abroad. Shein has also been careful to keep a low profile in China. Xu Yangtian, its founder and chief executive, has eschewed media interviews; few photos exist online of the 40-year-old billionaire. The company's reluctance to shift work abroad may further reflect its wariness of incurring the government's displeasure. A person close to the business says that Chinese authorities keep tabs on what digital operations are done within the country and what is moved overseas.

Never gonna give you up

Despite all this, Shein has not been spared. The cybersecurity watchdog has launched a review of how the company manages data on its suppliers and logistics within China, according to the *Wall Street Journal*, and Shein has had to seek permission from China's government for its foreign flotation. The murky, unofficial process it must now go through highlights the "embedded political risks" that investors will have to consider when valuing the business, says Drew Bernstein of MarcumAsia, an accounting firm.

Growing concern over those risks has contributed to the downward revisions to Shein's valuation over the past two years. A funding round in 2022 that included General Atlantic and Tiger Global, two American private-equity

firms, valued Shein at around \$100bn. Last year it was valued at just \$66bn, and private share sales earlier this year are said to have put the figure at less than \$50bn. Shein's base in China has helped it develop an innovative service that millions of shoppers around the world enjoy, with little care for its nationality. As long as both Washington and Beijing view it as Chinese, though, investors may have to do the same. ■

To stay on top of the biggest stories in business and technology, sign up to the [Bottom Line](#), our weekly subscriber-only newsletter.

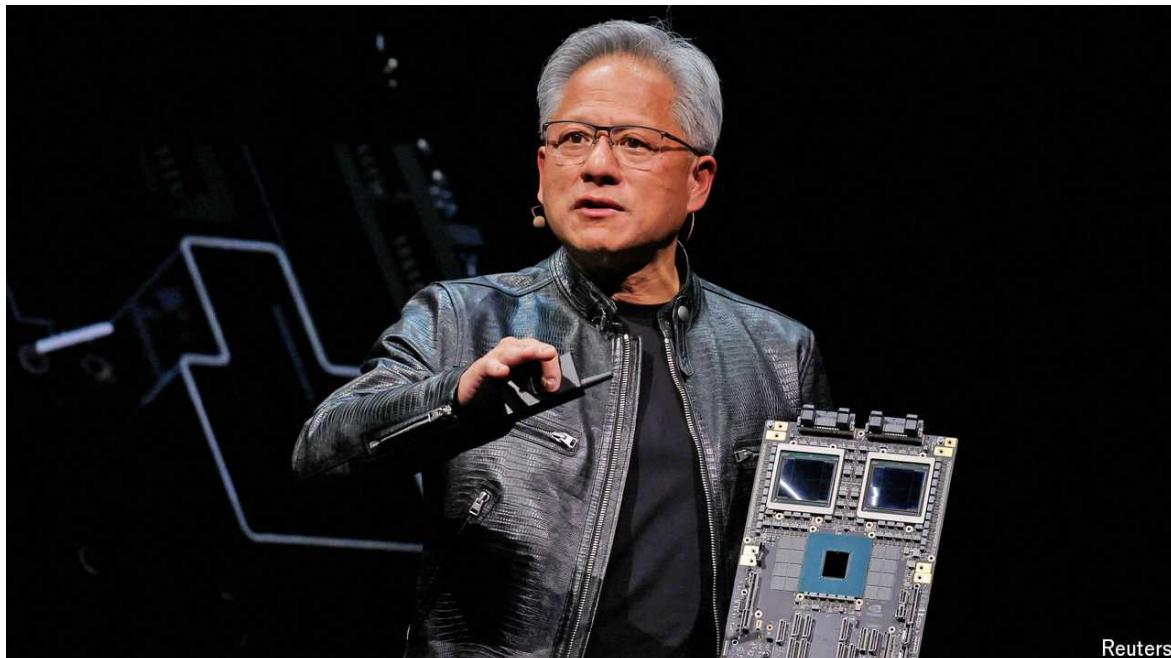
This article was downloaded by [zlibrary](#) from <https://www.economist.com/business/2024/11/19/how-chinese-is-shein>

Business | All's well that's Blackwell

Nvidia's boss dismisses fears that AI has hit a wall

*But it's "urgent" to get to the next level, Jensen Huang tells *The Economist**

November 21st 2024



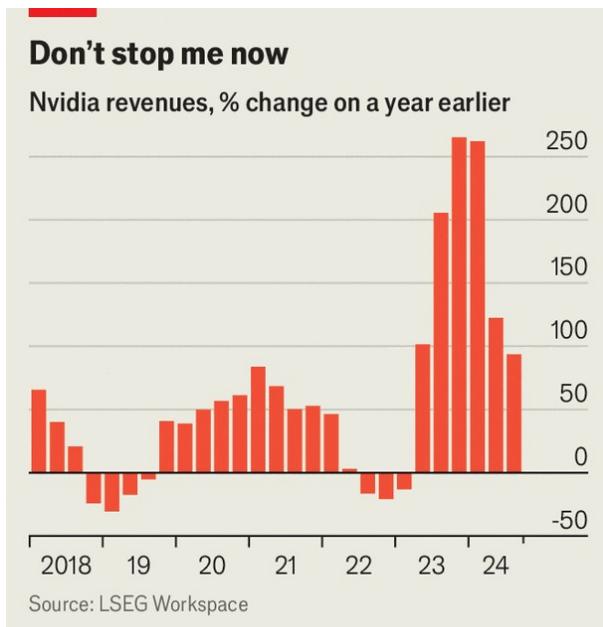
WHEN SAM ALTMAN, boss of Open_{AI}, posted a gnomic tweet this month saying “There is no wall,” his followers on X, a social-media site, had a blast. “Trump will build it,” said one. “No paywall for Chat_{GPT}?” quipped another. It has since morphed from an in-joke among nerds into a serious business matter.

The wall in question refers to the view that the forces underlying improvements in generative artificial intelligence (_{AI}) over the past 15 years have reached a limit. Those forces are known as scaling laws. “There’s a lot of debate: have we hit the wall with scaling laws?” Satya Nadella, Microsoft’s boss, asked at his firm’s annual conference on November 19th.

A day later Jensen Huang, boss of Nvidia, the world's most valuable company, said no.

Scaling laws are not physical laws. Like Moore's law, the observation that processing performance for semiconductors doubles roughly every two years, they reflect the perception that AI performance in recent years has doubled every six months or so. The main reason for that progress has been the increase in the computing power that is used to train large language models (LLMs). No company's fortunes are more intertwined with scaling laws than Nvidia, whose graphics processing units (GPUs) provide almost all of that computational oomph.

On November 20th, during Nvidia's results presentation, Mr Huang defended scaling laws. He also told *The Economist* that the first task of Nvidia's newest class of GPUs, known as Blackwells, would be to train a new, more powerful generation of models. "It's so urgent for all these foundation-model-makers to race to the next level," he says.



The Economist

The results for Nvidia's quarter ending in October reinforced the sense of upward momentum. Although the pace of growth has slowed somewhat, its revenue exceeded \$35bn, up by a still-blistering 94%, year on year (see chart). And Nvidia projected another \$37.5bn in revenues for this quarter,

above Wall Street's expectations. It said the upward revision was partly because it expected demand for Blackwell GPUs to be higher than it had previously thought. Mr Huang predicted 100,000 Blackwells would be swiftly put to work training and running the next generation of LLMs.

Not everyone shares his optimism. Scaling-law sceptics note that OpenAI has not yet produced a new general-purpose model to replace GPT-4, which has underpinned ChatGPT since March 2023. They say Google's Gemini is underwhelming given the money it has spent on it.

But, as Mr Huang notes, scaling laws not only apply to the initial training of LLMs, but also to the use of the model, or inference, especially when complex reasoning tasks are involved. To explain why, he points to OpenAI's latest model, o1, which has stronger reasoning capabilities than GPT-4. It can do advanced maths and other complex tasks by taking a step-by-step approach that its maker calls "thinking". This enhanced inference process uses far more computing power than a typical ChatGPT response, Mr Huang says. "We know that we need more compute whatever the approach is," he says.

The more AI is adopted, the more important inference will become. Mr Huang says that Nvidia's previous generations of GPUs can be used for inference, but that Blackwells will make performance dozens of times better. Already at least half of Nvidia's infrastructure is used for inference.

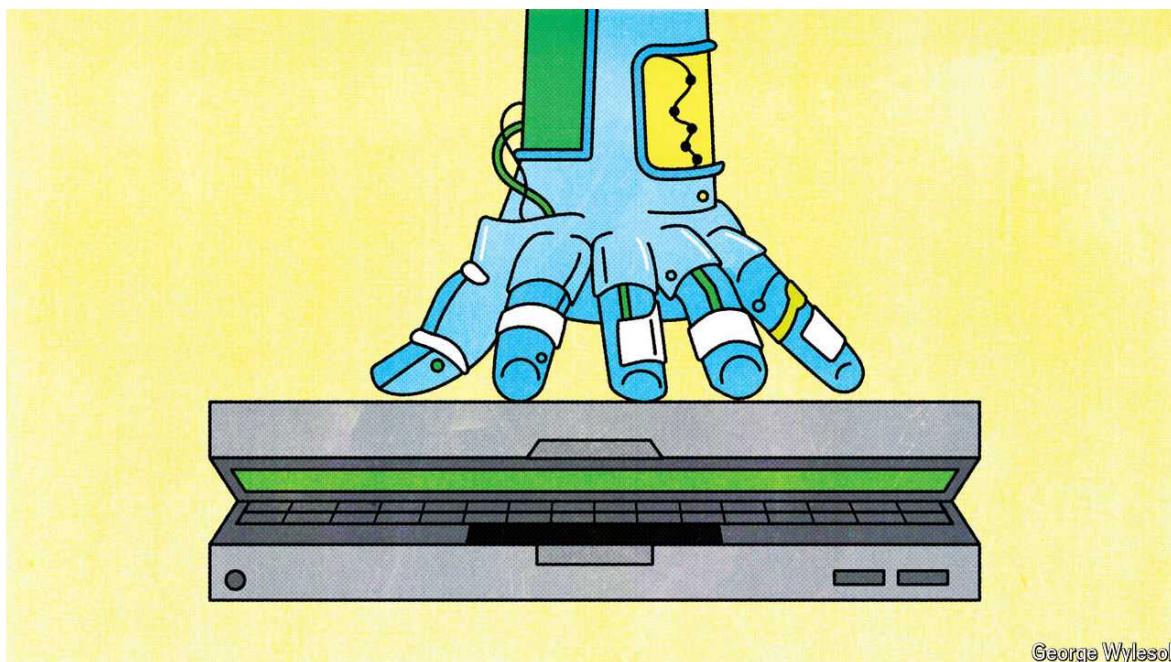
Mr Huang clearly has an interest in portraying scaling in the best possible light. Some sceptics question how meaningful the advances in reasoning are. Although a handful of [business models](#) are being disrupted, many firms are struggling to adopt AI at scale, which could eventually weigh on demand for the technology. These are early days, though. Tech giants continue to spend big on GPUs, and Mr Huang points out that new technologies take time to digest. Nvidia's back is not against the wall yet. ■

To stay on top of the biggest stories in business and technology, sign up to the [Bottom Line](#), our weekly subscriber-only newsletter.

What ChatGPT's corporate victims have in common

The first casualties of generative AI offer lessons for other businesses

November 20th 2024



In less than four years the share price of Chegg, an [online education](#) service, has dropped by 99%. A post-pandemic slump in digital learning is partly to blame for its tumble. A bigger problem for the company, though, is artificial intelligence (^{AI}). Its customers are mostly students who want help answering their homework assignments, which often involves the virtual support of a human tutor. The [rise of ChatGPT](#) and its kind have created a free substitute for that service. On an earnings call on November 12th Nathan Schultz, Chegg's boss, admitted that "technology shifts have created headwinds". The same day the firm said that it would fire a fifth of its workforce.

Chegg is one of an emerging group of firms that have already been pummelled by Chat_{GPT}-like generative _{AI}. Two others stand out: Stack Exchange, which runs Stack Overflow, an online forum for software developers, and _{RWS}, a translation service. These emerging _{AI} victims offer clues as to when a business may be strengthened by the technology and when it will be upended.

For years Stack Overflow was the go-to place for developers to get help with tricky coding problems. Many are now turning to code-writing _{AI} assistants instead, such as Microsoft's Github Copilot. Two-fifths of coders say they use such tools. According to Similarweb, a data provider, Stack Overflow's monthly internet traffic has fallen by half over the past two years. Last year the company went through two rounds of layoffs, firing about a third of its workforce in total. "Death by _{LLM}," is how Elon Musk described the company's fate on X, the social media-site he owns, referring to the large language models that underpin generative _{AI}.

Translation services have been hit by _{AI}, too. In the six months to March _{RWS}'s revenue fell by 4%, year on year, while profits fell by 16%. Investors, fearful of _{AI}'s impact, have sent its share price down by 57% since the launch of Chat_{GPT} in November 2022. Last year the company held an event for investors where it sought to convince them that _{AI} will benefit its business; few, it seems, were convinced. Other problems, such as the launch of a new _{EU}-wide patent scheme which hurt _{RWS}'s patent-translation business, have not helped the firm. Earlier this year, Ian El-Mokadem, its boss, said he would resign in 2025.

Examining these _{AI} victims suggests three lessons for businesses. The first is that the threat to incumbents from the technology is greater in industries where the potential damage done by _{AI} hogwash (known as hallucinations) is low. Error-strewn code is a worry for developers, but problems are typically easy to spot before the software is deployed. Flawed translations can be easily corrected. If an _{AI} tool makes up facts when writing an undergraduate's history essay, the ramifications are small (though perhaps less so for the student if they are caught using an _{AI} tool). Errors when writing up a legal contract or a medical prescription, by contrast, are more costly. _{AI} services will take longer to gain ground in industries that are more sensitive to made-up nonsense.

A second lesson is that businesses are most at risk when off-the-shelf AI can replicate what they do with little customisation. Tools like ChatGPT can already help with translating text, writing code or rattling off events from history. There is a long tail of things that, with further tailoring, an AI tool could potentially do, such as planning and booking holidays or finding and liaising with job candidates. But for now, travel agents and recruiters look safe.

A final lesson is that, if your company is squarely in the AI firing line, using the technology to develop an original product may help shield you. Chegg is working with Scale AI, a startup, to offer students machine-generated answers to questions that would have previously been written by humans. RWS has an AI-powered translation tool. Stack Overflow now helps users perform an advanced search of its website, among other things.

The problem is that these applications are rather uninspired. But consider Duolingo, a language-learning app. ChatGPT can imitate a half-decent French tutor and the cost to users of an AI-induced error is low. Nevertheless, shareholders are starting to think of Duolingo as an AI winner. In September it unveiled a video-chat feature that lets customers practise their language skills with an AI-generated character called Lily. On November 6th this sarcastic, purple-haired avatar joined the firm's earnings call and presented its results. Analysts and investors swooned; the firm's share price rose by 6% over the next few days. As AI upends more industries, clever innovation is the best way for would-be victims to escape their fate. ■

To stay on top of the biggest stories in business and technology, sign up to the [Bottom Line](#), our weekly subscriber-only newsletter.

Donald Trump's victory has boosted shares in private-prison companies

A hard line means hard cash

November 21st 2024



Getty Images

AS the dust settled on Donald Trump's election victory, what businesses did investors think would benefit most from his return to the presidency? Tesla? Big oil? Rustbelt manufacturers? No: two firms that lock people up. Shares in ^{GEO} Group and Core Civic, which own and run prisons, soared by two-thirds in the three days after the election, beating the rest of America's 1,500 most valuable firms.

Investors' reasoning may be cold, but it is clear: Mr Trump takes a hard line on criminal justice. He is expected to revoke Joe Biden's executive order phasing out the federal government's use of private prisons, having rescinded a similar edict by Barack Obama in his first term. Other votes

from election day may also provide a boost. Californians approved a ballot measure increasing penalties for some thefts and drug crimes, including prison terms for sellers of certain drugs.

More important is Mr Trump's promise to secure America's borders by deporting a record number of illegal immigrants. Although privately run prisons hold less than one-tenth of the country's inmates, private owners and operators supply almost all the detention beds used by ^{us} Immigration and Customs Enforcement (^{ICE}), the agency responsible for removing migrants. ^{GEO} and Core Civic already earn 43% and 30% of their revenue, respectively, providing detention centres, electronic monitoring and more to ^{ICE}.

Mr Trump's ambition implies much more business. Between them ^{GEO} and Core Civic have about 36,000 unused beds suitable for ^{ICE} (thanks in part to Mr Biden's order on prisons). That would almost double ^{ICE}'s current funded capacity of 41,500. ^{GEO}'s boss, Brian Evans, has estimated that contracts for 18,000 extra beds would reap his firm around \$400m a year—a 15% rise in total revenue. Electronic monitoring, he added, could be scaled up too.

Investors, though, may be too optimistic about the divisive industry. Similar enthusiasm abounded after Mr Trump's first victory in 2016: Core Civic's shares rose by as much as 60% in the hours after the election. And before the pandemic, ^{ICE} did detain more people. But amid public distaste, especially at the separation of immigrant children from their families, social activists applied pressure. The value of ^{GEO} and CoreCivic sank after a string of banks ceased doing business with the industry.

Will this time be different? ^{GEO} and CoreCivic have worked to insulate themselves from squeamish investors, paying down debt and reducing their reliance on banks. The wave of socially activist investing has receded since Mr Trump's first term. Still, the private-prison industry could again come under fire. Mass deportations may prove harder to watch on the news than they were to vote for. ■

Business | Indian business

Gautam Adani faces bribery charges in America

Prosecutors allege one of India's richest men paid off local officials

November 21st 2024



Getty Images

For the second time in two years, the Adani Group, one of India's largest conglomerates, has been accused of criminal activity from the other side of the globe. The first barrage came from Hindenburg Research, a short-seller in New York which accused the group of fraud last year. The second came on November 20th, when federal prosecutors in New York filed a 54-page indictment against Gautam Adani, chairman of the group and one of India's richest men, along with his nephew, Sagar Adani, and six others. The prosecutors allege that "senior executives and directors" engaged in a scheme "to pay over \$250m in bribes to Indian government officials, to lie to investors and banks to raise billions of dollars, and to obstruct justice," according to Lisa Miller, the deputy assistant attorney general for the case.

The indictment centres on the connection between the conglomerate's renewable-energy arm, referred to as the "Indian Energy Company", and the Solar Energy Corporation of India, a state-controlled business that was created to increase the use of renewables in India. The prosecutors allege that officials at Indian state-controlled electricity-distribution firms were promised more than \$250m to enter into contracts with the Solar Energy Corporation of India under which power would be provided by the Adani company and its subsidiaries.

The indictment says that Mr Adani himself met with the Indian government to "advance" the bribery scheme, and that the defendants had discussed the plot on messaging apps. The prosecutors also allege that Mr Adani and others misrepresented the company's anti-bribery practices to American investors and international financial institutions when it sought financing for the project in America, where the firm raised \$3bn in funds through syndicated loans and private-bond offerings. A parallel civil lawsuit has been put forward by America's Securities and Exchange Commission.

The Adani Group has rejected the charges. "The allegations made by the ^{us} Department of Justice and the ^{us} Securities and Exchange Commission against directors of Adani Green are baseless and denied," it said on November 21st. It plans to pursue "all possible legal recourse".

As we published this, share prices for Adani Group companies had fallen by as much as 20%. Adani Green Energy also announced that it would suspend the planned issuance of a bond in America. Foreign financing will be hard to achieve for as long as the case continues.

The case sheds light on just how complex India's energy industry is. It involves a bewildering mix of national and local entities, both public and private, that control the generation, distribution and—importantly—purchasing of power. This often leads to stalled projects, litigation and unpaid bills.

The Adani company was pursuing a contract in which it would sell power to the Solar Energy Corporation and, through it, to the state power-distribution companies. The second part of that contract, however, was being stymied by the proposed price, according to the indictment, leading to the offers of

bribes. The largest amount was allegedly to be paid to officials in Andhra Pradesh, a state in south-eastern India, but other states the indictment also says were involved include Odisha, Jammu & Kashmir, Tamil Nadu and Chhattisgarh.

Another striking point is where the case is being prosecuted from. The indictment relies on a detailed investigation into the nuances of India's power industry conducted from thousands of miles away. The prosecutorial office involved, the Eastern District of New York (Brooklyn), is across the river from the Manhattan-based Southern District, whose jurisdiction covers New York's investment banks, making it the usual source for big prosecutions tied to financial crimes.

Prosecuting the case is likely to take time. Whatever happens next, though, it could have a lasting impact on more than just the Adani Group. Businesses around the world may tread more carefully before they turn to America's financial markets for investment. ■

This article was downloaded by [zlibrary](#), from <https://www.economist.com/business/2024/11/21/gautam-adani-faces-bribery-charges-in-america>

Business | Flying low

Spirit's woes reveal the dismal state of America's budget airlines

Its bankruptcy shows how strained the low-cost model has become

November 19th 2024



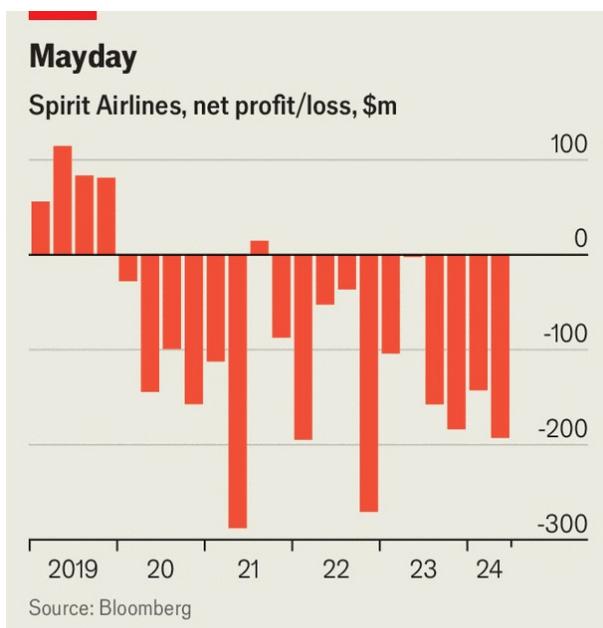
Getty Images

Budget airlines are rarely loved by passengers. Cutting costs to the bone and charging for every conceivable extra makes for cheap fares but often unpleasant journeys. Few will therefore have much sympathy for the tribulations of Spirit Airlines, perhaps America's most despised low-cost carrier (LCC), which filed for chapter 11 bankruptcy protection on November 18th. Yet its failure, which illustrates the parlous state of [America's budget airlines](#), should worry travellers.

Spirit is the first big carrier in the country to go bust since American Airlines in 2011. Back then American blamed high fuel and labour costs, sagging demand and growing competition as LCCs expanded rapidly on domestic

routes. Spirit, currently America's seventh-largest flyer by passenger traffic, can also blame pricey fuel and labour. But this time demand for flying is growing, and the competition is coming instead from legacy carriers.

A busy year for flying in America has not translated into profits for most budget airlines. Passenger numbers in North America are forecast to hit 2.2bn in 2024, a 7% increase on 2023, the year when flying regained its pre-pandemic altitude. Yet with the exception of Southwest, which now operates more like the legacy carriers it once sought to disrupt, America's other big budget airlines—Frontier, JetBlue and Allegiant—all made losses or the slimmest of profits in the third quarter.



The Economist

Spirit has not turned an annual profit since 2019 (see chart). It has suffered alongside other LCCs from a glut of seats and a resulting slump in ticket prices; its average fare was down by 19% in the first half of the year, compared with a year earlier. Since then the LCCs have made swinging cuts to capacity. Although analysts at Deutsche Bank expect overall domestic airline capacity in America to grow by 1.6% in the three months to December, compared with the previous year, capacity is projected to contract by 5.3% for LCCs.

The problem for Spirit and other LCCs has been a change of strategy by legacy airlines, which have been doing comparably well. Legacy carriers are filling

up their planes by offering cheap fares of their own. They are also in a better position to cater to the shifting preferences of consumers who have tired of budget flying. More passengers are now willing to pay extra for a little pampering, such as a drink or two. Attempts by LCCs to offer more upmarket travel, such as introducing business fares and more lenient rules about luggage, seem to have had little impact so far.

Spirit's difficulties were compounded by the hefty debts it took on during the pandemic and a level of service frequently among the worst in the industry when it came to late flights and lost luggage. Its managers may also have been distracted by a failed effort to merge with Frontier Airlines, announced in early 2022. That deal was scuppered by a counter-offer from JetBlue, which then abandoned its courtship in March after a judge deemed that the deal was anti-competitive, given the overlap between the pair's routes.

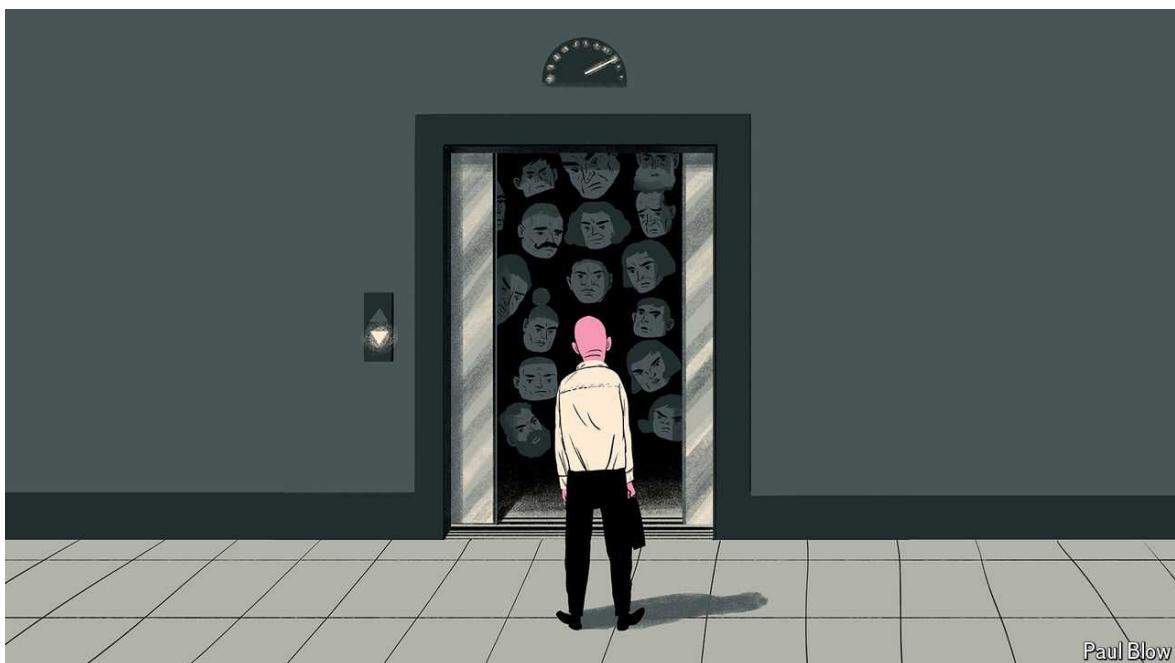
Spirit hopes to emerge from bankruptcy early next year and will continue to operate while it restructures. Frontier has dismissed rumours that it will revisit the idea of a merger. Such a deal could have given the two budget carriers a fighting chance against America's ascendant legacy carriers. As Keith McMullan of Aviation Strategy, a consultancy, notes, a tie-up would have created a carrier with 75m passengers a year, nearing half the size of Ryanair, Europe's budget champion. An American LCC with such competitive heft would surely have been appreciated—even if not loved—by the travelling public. ■

To stay on top of the biggest stories in business and technology, sign up to the [Bottom Line](#), our weekly subscriber-only newsletter.

How to behave in lifts: an office guide

Life in an elevator

November 21st 2024



Congratulations on joining our internship programme. For most of you this is your first experience of the workplace, and with that in mind we have prepared a guide to office etiquette. Other chapters cover what to wear (more), when to use emojis (less) and when to speak in meetings (it depends).

The first chapter is on lifts. If this is your first job, you may have a vague idea that this is where people make elevator pitches. Wrong. However much time you spend in a lift, you will never hear anyone proposing ideas that will change the world or ignite their careers. Instead, you will be exposed to a mixture of disappointment, incompetence and awkwardness as you gradually make your way to your destination. As a way of understanding

what it's like to be at work, in other words, it's an ideal place to start. Here are a few basic tips.

When people are waiting for a lift, someone will stand right in front of the doors, so close that their breath mists the metal. In the lift that is descending towards them, someone else will be standing as close as possible to their set of doors. When the doors open, these two individuals will be utterly shocked by the proximity of the other. They will then perform an elaborate little dance, like bowerbirds ducking and bobbing in search of a mate, before moving out of the way. You should always stand well back and let people out first.

When you enter a ground-floor lift on your own, there will be an agonisingly long wait for the doors to close. This wait will be prolonged enough that you will assume the lift is broken. Do not do anything. If you try to step out, the doors will start to close and you will curse and step back inside. When they finally start to shut again, someone unseen will put an arm into the gap, causing the doors to open once more. A body will eventually follow. This may well be repeated several times until you want to cry. If you are prone to stress, take the stairs or, if that is not feasible, listen to a meditation app.

When you are catching a lift back down, someone will come out of it on your floor while looking at their phone. They will eventually look up and realise that this is not where they were meant to get out. They will emit a small, high-pitched noise and scurry back into the lift. They will then describe what has just happened, even though you were there. “I thought that was the ground floor,” they will say. When this happens you must laugh in a friendly way. It is an oddly disturbing experience for people to enter another company’s territory without permission, a bit like being parachuted behind enemy lines in error.

Deciding whether to start a conversation in a lift depends on three factors: familiarity, fullness and floor. If you are in a lift with someone you don’t know, it’s very simple: say nothing, smile thinly and then look fixedly at the ceiling. If you must, say “Good morning”, but nothing more. You cannot network or form friendships in a lift; you can only make strangers fear for their safety.

If you get in with someone you work with and know well, chat away. But if there are other people in there, tailor your behaviour to take account of who might be earwigging. Do not say “Isn’t Keith amazingly short?” when Keith’s friends might be in there with you. Or, buried deep among the crowd, Keith.

If you get in a lift with someone you know vaguely, you are in very tricky territory. A nod may suffice but you may have to speak to them. You must calibrate conversation to the length of the journey. If you have just two floors of ascent or descent together, do not ask for their views on the Geneva Convention. (Actually, no matter what the circumstances, don’t ask for their views on the Geneva Convention.)

Whenever a crowd is entering a lift, the person who has to exit first must stand at the very back. No one knows why this rule exists but it is crucial. So if you are getting out on the second floor, make sure to squeeze right in.

Offices are tribal places, and so are lifts. Entering a crowded lift on the way down is the equivalent of going into a saloon in a Western. No one is pleased to see you; the air crackles with hostility. Do not take it personally: just get in and take up as little space as possible. By the time someone on the next floor tries to enter, you will be part of the in-group and can glare at them.

There are other rules. That mirror is not actually for getting dressed. Reaching across someone to press the buttons requires extreme care. But these will do for starters. Let’s move on to tattoos. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

Does Dallas offer a vision of Trumpian America?

The Texan city embodies the allure of small government

November 20th 2024



Brett Ryder

ASK ORDINARY Americans about Dallas and you are likely to elicit a few common responses. American-football fans will tell you that the Dallas Cowboys, once the country's most formidable team, have seen better days. Soap-opera junkies, at least those alive in the 1980s, may reminisce about the long-running series named after the north-Texas city. The few who paid attention in history class may recall that it is where Lee Harvey Oswald shot John F. Kennedy. You will probably not hear breathless comparisons to the world's industrial capitals.

Unless, that is, you are talking to captains of industry, especially those who are happy to see Donald Trump back in the White House. Dallas is their idea of heaven. Forget snooty New York, libertine Los Angeles or woke San

Francisco. In America Inc's fever dreams, more cities turn Dallas-like in their [pro-business temperament](#)—and America as a whole transforms into a continent-size small-government Texas.

There is, therefore, no better place than Dallas to understand why many chief executives held their noses and voted for Mr Trump, despite his various shortcomings. And also why they did so regardless of the ideas he campaigned on, such as [trade wars](#) and mass deportations, that could hurt the city, and its home state, disproportionately.

Dallas may lack physical topography—pancakes have starker reliefs—but its commercial ascent in recent years has been about as breathtaking as it gets. Public companies collectively worth \$1.5trn are based in the Dallas-Fort Worth (_{DFW}) “metroplex”, which encompasses Dallas’s sister city 30 miles (48km) west and spills into the surrounding towns and prairies. That is double the amount from five years ago. And unlike Houston (an oil boomtown in south Texas) or Austin (which has the state capitol and a tech cluster), Dallas’s big businesses are among the most diverse of any American city.

_{DFW}’s five most valuable listed firms make diggers (Caterpillar), manufacture chips (Texas Instruments), run telecoms networks ([AT&T](#)), offer brokerage services (Charles Schwab) and distribute drugs (McKesson). Three moved there in the past five years: Caterpillar from Illinois, Charles Schwab and McKesson from San Francisco. Toyota put its North American headquarters nearby in 2017. Goldman Sachs is increasing its local headcount from about 970 in 2016 to a planned 5,000, behind only New York, at a new campus it is building uptown. “It’s fun living in a growing city,” says Aasem Khalil, who runs the bank’s office there.

In contrast to Tesla and Oracle, two Californian tech giants whose right-leaning founders [relocated them](#) to Austin in part to troll progressives, corporate newcomers to _{DFW} are driven by pragmatic considerations. Some of these are Texan more broadly. The state levies no tax on corporate profits or personal income (which amounts to a 5-10% pay rise for Californians or New Yorkers earning over \$70,000 a year). It hates red tape and has a can-do attitude to building things. Roads, pipes and cables are typically in place before new homes arise from the featureless prairie. Oncor, the state’s

biggest grid operator, is investing \$27bn over the next five years to that effect. “When a six-lane highway gets congested, we put in a seventh lane,” points out a local honcho.

Other attractions are _{DFW}-specific. These include a handful of excellent universities, a vast freight hub and the world’s third-busiest airport, with direct routes just about anywhere in America in under four hours and as far afield as Sydney, Shanghai and São Paulo. By next year Dallas may have its own stock exchange, with lower fees and fewer rules than in New York.

The city boasts an enviable standard of living. Scorching summers are a small price to pay when a typical house costs a fifth less than in Austin and half as much as in San Francisco. “You don’t need to know some secret handshake to get your kid into a private school,” gushes a banker. Co-workers raise eyebrows when you do not go to your child’s 2 o’clock school play, marvels another.

Best of all, enthuses a venture capitalist, Dallas is “unabashedly American” in its embrace of meritocracy and free enterprise. “If you are successful, any prejudice melts away,” agrees a _{CEO}. The result is a virtuous circle. Business begets growth, growth brings people, people draw restaurants, culture and buzz—in the past week or so Dallas got its first Michelin star and a satellite town hosted a Netflix-sponsored boxing match between Mike Tyson, a 58-year-old former heavyweight champion, and Jake Paul, a YouTuber half his age. This attracts more businesses, and so on.

The consensus view among corporate chiefs is that this process was sped up by the leftie lunacy of coastal cities, which kept schools shut and faces masked for too long during the covid-19 pandemic. They are equally unanimous in their belief that Mr Trump and his Republican Party, which controls all levers of power in both Washington and Austin, will not be so stupid as to derail it with their own right-wing madness.

Don’t mess with Texas. Please!

Dallas business elites acknowledge that, at the state level, anti-abortion and pro-gun laws could scarcely get nuttier. But so far these have not scared away their liberal employees. Deporting millions of migrants? Impossible to

pull off. And the chaos at the border really does need to be stopped, even if the resulting labour shortages cost Texas half a percentage point of output in the short run. Although Mr Trump's idea of slapping a 10-20% tariff on all foreign goods would hurt a state which imported \$383bn-worth of them last year, second only to California, it is seen by many bosses as little more than a threat to be used in negotiations. "The fly is circling the ointment," acknowledges a financier. The belief in Dallas is that it will never land. ■

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

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/business/2024/11/20/dallas-utopia-for-the-trump-curios CEO>

Finance & economics

- [How to make Elon Musk's budget-slashing dreams come true](#)
- [Donald Trump's gas war is about to begin](#)
- [Is China really a nation of slackers?](#)
- [Should investors just give up on stocks outside America?](#)
- [Vladimir Putin is in a painful economic bind](#)
- [Computers unleashed economic growth. Will artificial intelligence?](#)
- [What Donald Trump and Bernie Sanders get wrong about credit cards](#)

Finance & economics | Slash and burn

How to make Elon Musk's budget-slashing dreams come true

We offer some suggestions

November 17th 2024



ELON MUSK and Vivek Ramaswamy plan to whip the American state into shape. On November 14th their newly created Department of Government Efficiency (^{DOGE}) announced that it wants to hire “super-high-IQ small-government revolutionaries” to work on cost-cutting. It is easy to ridicule the enterprise. [Mr Musk](#) has talked of ripping \$2trn from the federal budget, an amount that, if done in a year, would exceed the government’s entire discretionary spending. His focus on deregulation, job cuts and fraud is unlikely to provide the requisite savings. [Donald Trump](#) has given ^{DOGE} less than two years. The entity is an advisory body. And its name is inspired by a joke cryptocurrency.

But it would be a mistake to make light of DOGE's mission, because it does get at two essential truths. First, America's fiscal trajectory is unsustainable. The national debt is approaching 100% of GDP, up from 35% in 2007. With the federal deficit running at 6% of GDP—a level once associated with wars and economic downturns—debts are bound to climb higher still, raising the risk of a crisis. Second, the situation is not actually hopeless. There are plenty of ways that American officials can, in theory, put the country on a sounder fiscal footing, even if getting budget cuts through Congress is another matter.

None of the small-government revolutionaries at *The Economist* has applied for a job at DOGE, as far as we know. We do, though, have a few suggestions. One point is that time matters. Whereas cutting \$2trn in a year is absurd—it would leave public offices incapable of performing basic functions, and most likely involve slashing the defence budget—achieving those sorts of savings over the course of a decade is eminently doable. Moreover, DOGE would not be starting from scratch. There are already plenty of well-researched blueprints for sorting out America's finances. It is useful to break them into four categories: conventional spending cuts; tweaks to entitlement eligibility; changes to health-care spending; and tax reform.

Across-the-board spending cuts appear to be what Messrs Musk and Ramaswamy mainly have in mind when they rail against government waste. This raises an obvious problem. Consider the \$6.8trn spent by the federal government in the last fiscal year. After excluding interest on existing debt as well as mandatory allocations to pensions and health insurance, just 25% or so—around \$1.8trn—remains. These are the discretionary funds at the heart of the annual budget process. Almost half goes to defence, which Mr Trump is loth to cut. So that leaves roughly \$900bn allocated annually by the federal government to transport, education, science, national parks and law enforcement.

Nevertheless, paring back discretionary spending ought to be part of the solution. It has grown by nearly a third since 2019, propelled by big increases during the covid-19 pandemic. Rather than making outright cuts, DOGE could call for strict caps on future discretionary allocations, a simple budgeting technique used on and off since the 1990s. If, for instance, discretionary-spending growth were capped at 2% a year (in line with

expected inflation) until 2035, it would work out to a saving of about \$500bn over the next decade relative to the forecast of the Congressional Budget Office (^{CBO}), a non-partisan scorekeeper. That would be a good start.

Next is a recognition that America cannot fix its finances without tackling Social Security and Medicare, two giant programmes that together gobble up more than a third of the budget. Although Mr Trump vowed in his campaign platform he would make no cuts to them, that should not stop ^{DOGE} from weighing the options. America is experiencing much the same demographic pressure as other rich countries: people are living longer, and assets meant to support them in their retirement are being stretched to cover more years. One response would be to raise the age of eligibility. To be sure, this would not be politically easy, as demonstrated by the backlash in France when Emmanuel Macron raised the retirement age there. But Mr Trump is no stranger to controversy.

Barking up the right tree

The Penn Wharton Budget Model, a research group, has examined the effects of delaying Medicare coverage to the age of 67, up from 65 today. Such a change would be phased in by two months a year, meaning that it would take a dozen years to fully implement it. The savings would come to about \$50bn a year. Similarly, the Penn Wharton modellers looked at raising the age for full Social Security benefits (in effect, a national pension) to 70 from 67. Doing so would also reduce the government's obligations by about \$50bn a year. Over the next decade, the combined savings from these two delays to when programmes start would be around \$1trn.

^{DOGE} could then get to work on the government's broader health-care spending. States design and operate Medicaid—health insurance for lower-income Americans—but the federal government funds about two-thirds of the programme. This leads to a misalignment in incentives: the federal commitment is open-ended, so if spending at the state level rises, federal spending does, too. The ^{CBO} has examined tweaks. One would set a federal cap on payment per person enrolled. Were the cap to increase at the rate of inflation, it would reduce the federal deficit by almost \$900bn over the next decade.

Much else can be done to reduce medical spending. There is ample evidence of waste in parts of America's fiendishly complex Medicare system. ^{DOGE} would do well to get acquainted with Med_{PAC}, an independent commission that advises Congress on how to manage health care. Among the commission's many recommendations, it has called for closer scrutiny of billing, more competitive bidding between providers and mandating that the same medical service costs basically the same at every facility (currently, hospital outpatient departments charge more than clinics). The Committee for a Responsible Federal Budget, a non-partisan group, totted up several such ideas and concluded that they could save the federal government about \$550bn over a decade. And if Mr Trump were to build on the Biden administration's efforts to negotiate lower prices for prescription drugs, there could be another \$200bn-worth of savings.

If ^{DOGE} were truly courageous, its final target would be America's tax system. Given Mr Trump's oft-professed desire to slash taxes, it is unrealistic to expect him to raise them instead. But it would be irresponsible to look at America's fiscal health today without considering whether, and how, to generate more revenue. The good news is that the government does have options short of outright tax increases. Reducing tax deductions for health-insurance plans bought through employers could lower the deficit by at least \$500bn over a decade, according to the ^{CBO}. Covid-era tax credits for companies that retained employees are, shockingly, still being processed; ending these would save another \$80bn. Arguably the best investment the government can make, in terms of its potential return, would be to modernise and strengthen the Internal Revenue Service (^{IRS}), in order to crack down on fraud and make filing tax returns less onerous. If Mr Trump sustains funding increases approved by Mr Biden, tax collectors could bring in about \$850bn in extra revenue over the next decade, according to the Treasury. Alas, many Republicans would rather shrink the ^{IRS}.

Implementing the various proposals laid out above would save the government about \$4.5trn over the next decade. And there is much more that can be done: in a report in 2022 the ^{CBO} offered 76 different policy options for reducing the deficit. The main obstacle, therefore, is not intellectual firepower but political will. Budget cuts are never popular. What is more, the White House cannot act on any of this alone. Serious fiscal policies must go through Congress. That may end up being the biggest test of ^{DOGE} and Mr

Trump: not whether they can draw up cost-cutting proposals, but whether they can win the support of their fellow Republicans.■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/finance-and-economics/2024/11/17/how-to-make-elon-musks-budget-slashing-dreams-come-true>

Donald Trump's gas war is about to begin

It could annoy some of his most loyal supporters

November 21st 2024

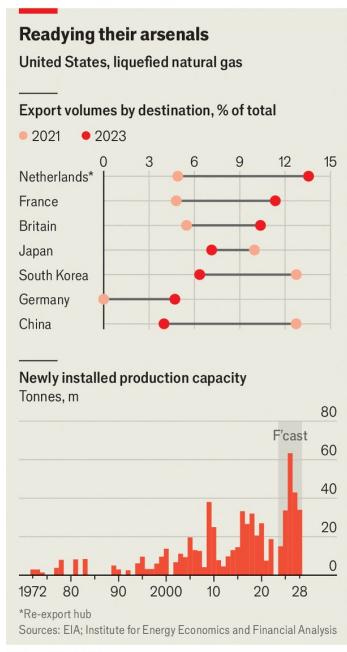


Getty Images

IN THE BARREN, post-apocalyptic setting of the “Mad Max” film series, the outpost of Gas Town plays a vital role. It is swimming in fossil fuels, meaning that holding it confers great power in a world of ultra-violent, road-based conflict.

Even the most zealous free-traders do not foresee such a scenario when Donald Trump returns to the White House on January 20th. But gas will almost certainly feature heavily in the trade wars that will begin then. Disputes over it could upset a tight-knit alliance between the energy industry and the Trump administration.

America is now a gas-exporting superpower—a development that has transformed the global energy market. Last year the country sold over four times as much natural gas overseas as it did in 2015, when Mr Trump previously announced his intention to run for the presidency. The rise has largely been driven by shipments of liquefied natural gas. Because LNG does not require pipelines to be transported, it can be sold all over the world. And Mr Trump has pledged to reverse a restriction introduced by President Joe Biden that paused approvals for new LNG export facilities.



The Economist

Mr Trump has also suggested broad tariffs of 10-20% on imports of goods, as well as higher tariffs on countries including China and Mexico. Most of America's LNG exports go to places that have trade surpluses with America, and will thus probably be the target of the incoming president's protectionist ire. South Korea buys 6% of America's LNG exports, for instance, while Japan takes 7%. China, the destination for 4% of America's LNG last year, deployed duties on American energy exports as part of the tit-for-tat tariffs imposed by the two countries in 2018 and 2019.

This time, though, the most obvious source of energy strife is Europe. More than half of America's LNG exports went to the EU last year, up from less than a quarter in 2021. The share of American exports going to Europe rose rapidly

after Russia's invasion of Ukraine in 2022, which led to reductions in flows of Russian energy.

America appears to have the upper hand going into a gas war. Europe's memories of energy-price spikes in 2022, and the desire of the continent's policymakers to reduce Russian imports, limit its ability to take a tough line with Mr Trump. Ursula von der Leyen, the president of the European Commission, has even suggested that Europe could buy more American LNG, in the hope of avoiding tariffs.

But this calculation is likely to change over the course of Mr Trump's presidency, since a wave of new LNG supply—the largest yet—is forecast to hit the global market between 2025 and 2028. As well as new export facilities in America, others will open in Canada, Qatar and across Africa. New suppliers will make it considerably easier for America's trading partners to threaten and deploy retaliatory tariffs.

At the same time, European appetite for gas will probably shrink. The Institute for Energy Economics and Financial Analysis, a research firm, suggests that demand will fall by 11% from 2023 to 2030, partly as a result of the transition to renewable energy sources. As a consequence, Capital Economics, another research firm, expects European natural-gas prices to drop from around €45 (\$47) per megawatt-hour to nearer €25 by the end of 2026.

If gas prices fall, and America is hit by European tariffs, American suppliers would struggle to find new buyers. Parts of the developing world, like India, could become purchasers. But the International Energy Agency, an official think-tank, estimates that prices of \$14 per megawatt-hour—around half the price required to make recent investments profitable—would be needed to make LNG competitive with coal. If the forecasts of a gas glut prove to be right, the coming trade wars will frustrate a promising export industry. In doing so, they will irritate some of Mr Trump's most vociferous supporters. ■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.

Is China really a nation of slackers?

A new survey raises the question

November 21st 2024



China is famous, even infamous, for hard graft. Prodigious amounts of toil and elbow grease helped the country become the workshop of the world. More than 175m migrant workers labour in cities far from home, often leaving their children in the care of relatives. And the sacrifices are not confined to the poor. Even some of China's more sophisticated firms are known for their "996" office culture, encouraging unfortunate employees to work from 9am to 9pm, six days a week.

Many Chinese people therefore reacted with surprise and no little scorn to a new official survey of how they spend their time. The study, only the third of its kind, claimed that the average resident devotes less than three and a half hours a day to paid labour. "They must have surveyed government workers

only,” quipped one on social media. “Did they go to kindergartens and care homes?” asked another.

Many official statistics in China invite scepticism or even ridicule because they appear to unduly flatter the government. However, this result would appear to do the opposite. China’s leaders would like citizens to remain industrious and diligent even as the country advances. Indeed, they worry that prosperity will induce decadence and indolence. Many younger Chinese have, for example, rebelled against the rat races of professional employment and decided instead to “lie flat”, resigning themselves to low-key, bit-part jobs that at least offer a less stressful life. Is this phenomenon now showing up in the national statistics? Does the survey show that China is beginning to slack off?

The survey was certainly thorough. China’s National Bureau of Statistics got in touch with more than 100,000 people, asking them to record what they were doing at 15-minute intervals, both on a weekday and at the weekend. But this introduces the first complication. One reason why China’s daily workload appears surprisingly light is because the hours are averaged across all seven days of the week. If someone works a regular eight-hour shift and enjoys a two-day weekend, their paid labour averages less than six hours a day in the survey. Even a slavish 996er would log not 12 hours a day, but ten hours, 17 minutes, once their solitary day off was taken into account.



The Economist

Although online critics were wrong to suggest the survey extended to children in kindergarten, they were not that wrong. The survey encompasses children as young as six, as well as the retired. That is another reason why the headline average appeared low: it was dragged down by people not in the labour market at all. When the young and the old are excluded, China's work hours still look onerous by international standards (see chart). Working weeks tend to shorten as countries get richer, but China's hours are longer than you might expect given its level of economic development. Excluding non-workers, Chinese people aged between 18 and 59 logged six hours and 32 minutes a day on average, an amount that produces an average working week of over 45 hours.

On top of paid work, of course, is the unpaid kind. The survey shows that more than four in five women and two in three men carried out child care, housework, shopping or some other form of unremunerated labour. The women put in almost three and a half hours on average; the men did only half as much. The gender split was even worse than in the last survey in 2018, when men did 60% as much as women.

The survey does not therefore reveal China to have transformed into a nation of slackers. At the same time, its people do genuinely seem to be working a little less intensely than they were last time they were surveyed. All told,

they are spending nine fewer minutes on housework, and 23 minutes less on caring for other family members. They also sleep for 27 extra minutes on average. But the biggest change in their daily habits is not lying flat but logging on. Chinese people spend five hours and 37 minutes a day surfing the internet, up by almost three hours since 2018.

Apart from extra minutes in bed and online, Chinese people have also increased the time devoted to less sedentary and perhaps more worthwhile activities. Almost half of Chinese residents now take part in sports and exercise, compared with less than one-third in 2018. Maybe the country's exacting leaders need not fear: when the Chinese people are not working hard, more of them are working out. ■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#), from <https://www.economist.com/finance-and-economics/2024/11/21/is-china-really-a-nation-of-slackers>

Should investors just give up on stocks outside America?

No, but it is getting a lot harder to keep the faith

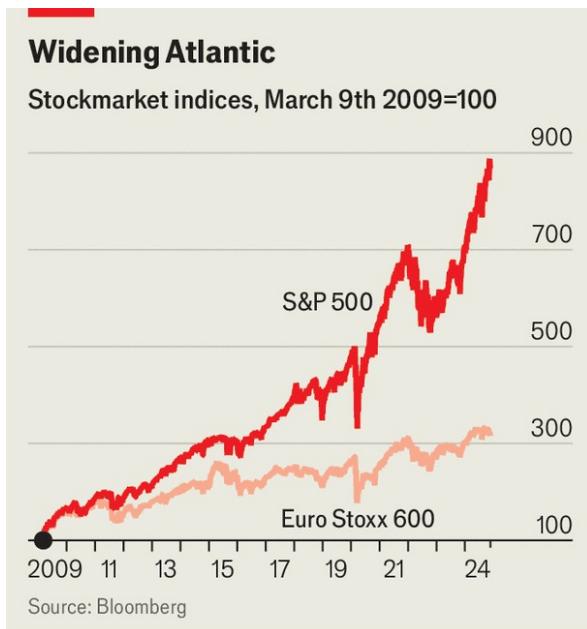
November 21st 2024



Spare a thought for the analysts, bankers and fund managers who make a living from European shares. If your salary depends on talking up the stockmarkets of the continent that invented them, you have learned to live with disappointment. For much of the past two decades, you could have pointed out that European stocks were cheaper, relative to earnings, than American stocks. You could have reasonably argued that this portended better investment returns and less risk of crashes. And for all that time you would have been utterly, gloriously wrong.

Suppose you had invested in an index of American shares at a trough in 2009, and held on to it until today. Your portfolio would now be getting on

for triple the size it would have been if you had instead picked a basket of stocks listed on the old continent (see chart). Just about whenever American share prices crashed, European ones fell about as far or further; when American prices rocketed, European ones trailed them.



The Economist

Even considering this dismal record, the past few weeks have tested the most battle-hardened European equity bulls. Investors greeted Donald Trump's re-election by sending American share prices to record highs. European stocks have dropped by 4% since the morning of the result, and by 5% since a peak in September. They are not alone—stocks in much of Asia fell alongside them. It is enough, after so many years of American outperformance, for investors to finally throw in the towel and give up on the rest of the world altogether.

The case for doing so is certainly compelling. Firms listed in America now constitute nearly two-thirds of the value of MSCI's broadest index of global stocks. Higher valuations (and higher salaries for executives) have long enticed the most exciting international companies to complete initial public offerings in the world's biggest economy. Europe's latest kick in the teeth came on November 12th when Klarna, a Swedish fintech star and once the continent's biggest startup, announced that it had filed regulatory documents

for an American flotation. If the fastest-growing firms keep fleeing bourses elsewhere, those markets will have good reason to remain cheap.

What is more, investors are right to think that Mr Trump's second term bodes better for American businesses than for their rivals overseas. He will most probably extend the cuts to personal income tax he made in his first term, which might otherwise have expired next year, and may slash corporation tax, too. The combination would boost both American firms' revenues and post-tax profits. Meanwhile, their large—and rich—domestic hinterland stands them in better stead to weather tariffs and other trade barriers than, say, companies in Asia's and Europe's poorer, more fragmented markets.

Time for investors to go all in on America, then? Not quite, though not because of the familiar argument about the power of diversification to de-risk portfolios. America's stockmarket, after all, is increasingly the world's, owing to its sheer size and tendency to poach other countries' star firms.

Rather, the reason to look beyond America is the disparity between how exposed its stockmarket is to the rest of the world and how differently it is valued. Some 40% of American firms' earnings come from abroad. Meanwhile, foreign firms receive 20% of their earnings from America. Thus a big chunk of the profits of the two groups are made, broadly speaking, in the same places.

In spite of this, American companies are valued eye-poppingly higher, relative to earnings, than non-American ones. The difference is often justified by their fatter profit margins, better management and stronger growth. Fair enough. However, another way of looking at the valuation gap is that, in order to get from earnings to share prices, the market scales them up by radically different multiples based on whether they are made inside or outside America. This is peculiar, and much harder to justify, suggesting that valuations may have fallen out of whack and may eventually be subject to a correction. With American shares more expensive than at almost any other time in history, that would hardly stretch belief.

It is a lot more difficult to believe, after such a long and consistent spell of exceptionalism, that American stocks might no longer be investors' best bet.

For a while, they may well be. But do not write off the chances that, sooner or later, those European fund managers will be singing a cheerier song. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/finance-and-economics/2024/11/21/should-investors-just-give-up-on-stocks-outside-america>

Vladimir Putin is in a painful economic bind

Russia's reliance on China is becoming a problem

November 18th 2024



Getty Images

Most central banks are cutting interest rates. Not Russia's. Last month policymakers raised rates to 21%, a two-decade high; markets expect them to reach 23% by the year's end. The shift is all the more unusual as it is happening at a time of war, when central bankers are normally loth to suppress economic activity.

Russia's economy has [confounded analysts](#) since the country invaded Ukraine in February 2022. Despite facing one of the tightest sanction regimes in modern history, it has undergone its [fastest expansion](#) in more than a decade. Russia enjoyed growth of 3.6% last year and is expected to maintain such a pace this year. Yet rather than being a demonstration of

strength, the central bank's decision to lift interest rates is a warning of trouble to come.

Government outgoings are increasingly difficult to sustain. Russia's budget, unveiled in September, included a plan to increase defence spending by a quarter next year. Taken together, annual expenditures on defence and security—a separate budget item that covers the intelligence services—are now expected to rise to 17trn roubles (\$170bn), an amount representing more than 40% of all government spending or 8% of Russia's ^{GDP}. Defence spending alone will be 6% of Russian national income, the most since the cold war.

Although that is a lot, it is not unusual for a country at war. America's defence spending, for example, was 8-10% of ^{GDP} during the Vietnam war. In the second world war the great powers devoted 40-60% of their economic output to military ends. The crucial difference is to be found in monetary policy. British policymakers in the early 1940s endeavoured, and mostly succeeded, in fighting what they termed "a 3% war", keeping interest rates near that level. America's Federal Reserve held rates at 2.5% during the same conflict. Lower borrowing costs helped keep the large deficits affordable. By contrast, in Russia, the yield on ten-year sovereign debt has risen from around 6% before the war to 16%.

Hard labour

Conscripting prisoners and hiring North Korean soldiers is an unconventional indicator of a hot jobs market, but it is one nonetheless. Russia's unemployment rate sits at a mere 2.4%. Spare capacity has been used up and the economy is showing all the classic signs of overheating. Annual inflation is running at more than 8%. Although increasing interest rates is the textbook response to such a situation, it raises borrowing costs. In the 1940s America and Britain kept inflation in check through a combination of steep increases in personal taxation, designed more to hold back household spending than to raise revenues, and rationing. In today's Russia such measures would be deeply unpopular, as well as difficult to square with Vladimir Putin's propaganda.

There is another reason why the country has been forced to tighten monetary policy. For most of the second world war neither Britain nor America had to be especially concerned about the external value of their currency. The dollar benefited from being seen as a haven, while America's "Lend Lease" programme provided Britain with both military equipment and resources such as oil and food, doing so pretty much for nothing. Had Britain lacked an ally with the deep pockets and industrial capacity of America, willing and able to supply two-thirds of its imports, then the fall in the value of the pound would have become a military problem.

Mr Putin's difficulty is that he lacks such an ally. China has become Russia's most important trading partner, providing a third of all imports and more than 90% of microelectronics, which are used in drones, missiles and tanks. Yet such support is not being offered free. Russian officials must therefore keep an eye on the value of their currency in terms of the yuan; this year it has fallen by 7%, to near its lowest since shortly after the war began. Russia, unlike the allies in the second world war, faces an external vulnerability. That, rather than inflation, is ultimately what has pushed interest rates to record highs.

Until recently, the Russian government had cushioned the economy from higher borrowing costs. A variety of schemes made it easier for households to suspend debt payments and for firms to borrow at lower subsidised rates, with the government stepping in to compensate banks for lost income. There are signs, though, that such programmes are becoming unaffordable. A [mortgage-subsidy scheme](#), which had allowed borrowing at a cost of just 8% when official rates were much higher, ended on July 1st. Mortgage volumes fell by half the next month. Corporate bankruptcies have risen by 20% this year. The Russian Union of Industrialists and Entrepreneurs, a trade body, reckons investment plans for next year are being put on hold because of heavy borrowing costs.

Higher interest rates will crimp spending by both companies and consumers. The ^{IMF} expects Russian economic growth to slow sharply to 1.3% next year. Even ^{VEB}, the state-run development bank, has cut its growth estimate to 2%. A combination of lower investment and manpower lost to the front is taking a toll. The need to maintain the value of the rouble in order to pay for crucial imports is a vulnerability for Mr Putin, and one which could soon undermine

his ability to fight. He may be hoping that Donald Trump keeps his promise to bring the conflict to an end. Waging a 3% war is one thing; a 21% war is quite another. ■

For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.

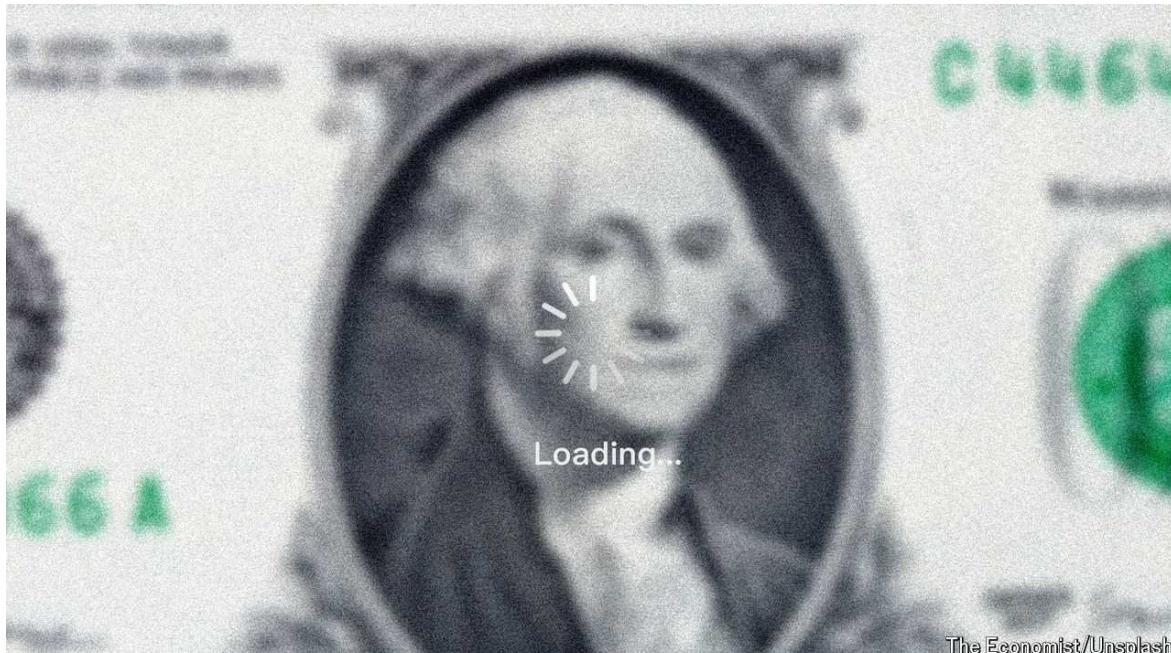
This article was downloaded by [zlibrary](#) from <https://www.economist.com/finance-and-economics/2024/11/18/vladimir-putin-is-in-a-painful-economic-bind>

Finance & economics | Dotcom dreaming

Computers unleashed economic growth. Will artificial intelligence?

Two years after ChatGPT-3.5 arrived, progress has been slower than expected

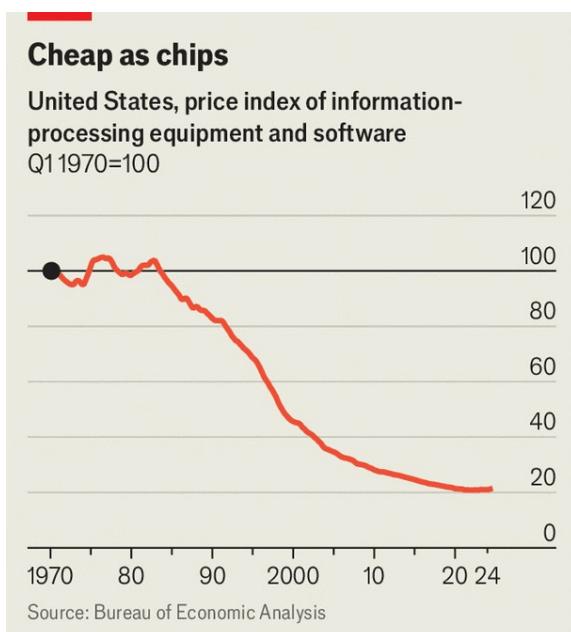
November 21st 2024



The Economist/Unsplash

Almost two years have passed since OpenAI released GPT-3.5 to great fanfare. Bill Gates, co-founder of Microsoft, compared the technology's arrival to his first encounter with the graphical user interface—a breakthrough that reshaped personal computing—in the 1980s. Others predicted that generative artificial intelligence (AI) would rapidly transform economies around the world, leaving many millions unemployed. Yet despite the hype and the worries, AI's impact has been muted thus far. According to America's Census Bureau, only 6% of businesses use AI to produce goods and services. Output and labour-productivity growth, meanwhile, remain far below the soaring heights of the computer age in the 1990s.

Why has AI so far failed to live up to its promise? Lessons from the computer age can shed light on the question. As with AI today, the early years of the computer age were marked by predictions of economic transformation. In 1965 Herbert Simon, a giant of computer science, declared that “machines will be capable within 20 years of doing any work that a man can do.” Two decades after Simon’s prediction, the promised productivity revolution remained elusive. In 1987 Robert Solow, a Nobel laureate, famously quipped that “you can see the computer age everywhere but in the productivity statistics.” Only in the late 1990s did the economic transformation at last materialise, leading Solow to acknowledge—three decades after the initial exuberance—that computers had begun to reshape the economy.



The Economist

Three main factors contributed to the eventual arrival of a computer-age productivity boom: companies ramped up investment in information technology, computer and software prices fell rapidly (see chart), and bosses found new ways to integrate the tech into their operations. Are these factors in evidence today?

Begin with IT investment. Starting in 1995, firms ramped up spending on computer hardware, network infrastructure and software. Between 1995 and 2000, their investment in information-processing equipment and software

rose by an average of 20% a year in real terms. Research by Kevin Stiroh of the Federal Reserve Bank of New York has found that firms were investing nearly \$400bn in such technologies by 1999, accounting for over 30% of all non-residential fixed investment.

By contrast, recent capital expenditure has been underwhelming. Over the past two years, business investment in information-processing equipment and software has grown by around 4% a year. ^{AI} investment may be more focused on intangible assets, such as algorithms and data, which are more difficult to measure than physical capital. Payments to startups for custom tools may show up as operating expenses in the statistics, for example. Even so, you would expect at least a rise in software investment. Instead, spending on both pre-packaged commercial software—such as Microsoft 365—and custom-built systems, including ^{AI} tools tailored to specific workflows, is surprisingly low. Growth in software investment over the past year was about three times lower than in the late 1990s in real terms, and remains well below the long-term average.

The second half of the 1990s also witnessed a dramatic fall in the quality-adjusted price of computer hardware and software. From 1995 to 2000 prices for information-processing equipment and software dropped by a third, producing cheaper and better computers. The ^{AI} era has yet to see a corresponding decrease in prices: over the past five years, those for software and information-processing equipment have barely budged. Indeed, in the most recent quarter, the price index for these goods rose at an annualised rate of 4%. Even as the underlying technology is becoming cheaper, middlemen who repackage ^{AI} tools are increasingly adding margins and driving up prices.

What about the final ingredient in the economic revolution of the 1990s? For a technology to provide productivity gains, companies must retool operations and business models to integrate it. Consider the example of Walmart. In the 1990s the retailer boosted productivity by embedding a new software system—Retail Link—into its operations, granting suppliers real-time access to sales and inventory data. ^{AI} adoption today remains largely confined to narrow applications within existing operations, such as a financial-services firm using an ^{AI} app for fraud detection. Most firms do not

have the data infrastructure required to train custom firm-specific models. To unlock ^{AI}'s full potential, more fundamental changes will be required.

Given these constraints, it might be prudent to recall the words of Rudi Dornbusch, an economist who spent his career at the Massachusetts Institute of Technology: that in economics things happen slower than you thought they would and then faster than you thought they could. ^{AI} may eventually produce extraordinary productivity growth, but at present it appears to be some distance from the take-off experienced in the 1990s.

Perhaps a more fitting comparison is to the 1970s—a period when technological promise mingled with disappointing productivity growth. The memory chip and silicon microprocessor, which powered the personal computer, were introduced around 1970. Yet 20 years later, less than 10% of the world's businesses were using computers. As the world moved into the information age with the arrival of email, mobile phones and the internet, productivity growth remained stubbornly low. From 1975 to 1994 labour productivity in America averaged a lacklustre 1.7%. Then things finally got going. The ^{AI} revolution seems to be following a similar path. ■

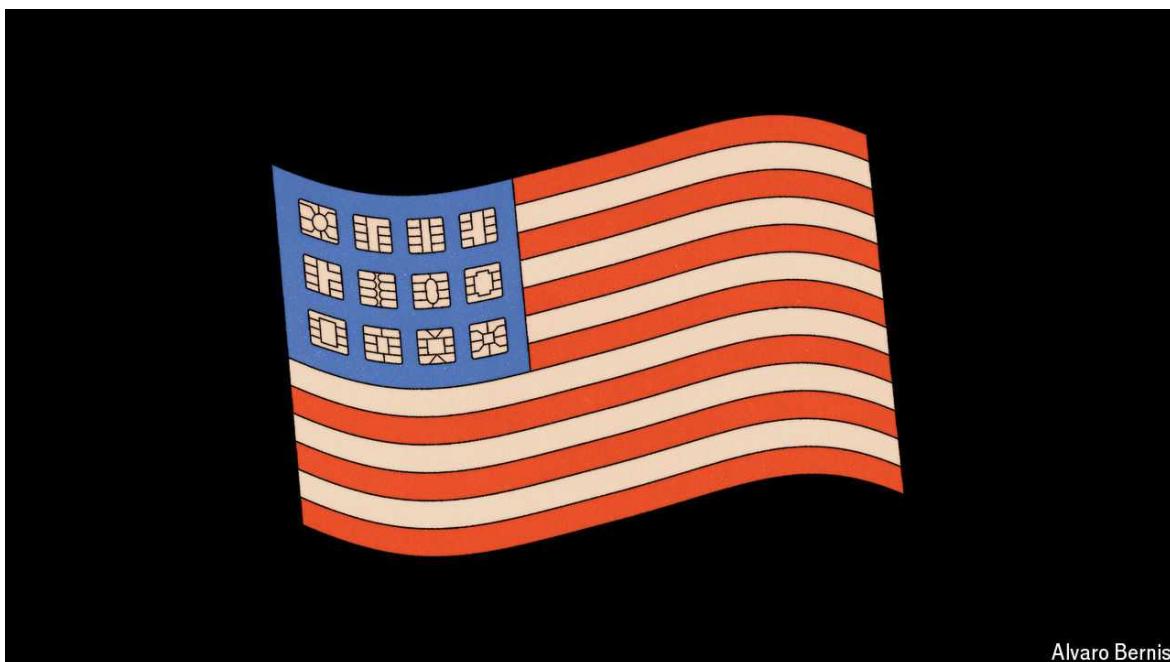
For more expert analysis of the biggest stories in economics, finance and markets, sign up to [Money Talks](#), our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/finance-and-economics/2024/11/21/computers-unleashed-economic-growth-will-artificial-intelligence>

What Donald Trump and Bernie Sanders get wrong about credit cards

Forget interest rates. Rewards are the real problem

November 21st 2024



Alvaro Bernis

Democrats spent much of the presidential-election campaign calling Donald Trump a fascist. Mr Trump is hardly known for his conciliatory nature. So few American politicos expect there to be much bipartisanship in his second term. Yet in one place there is already a flicker of cross-aisle agreement: a proposal to cap interest rates on credit-card repayments at 10% has won the support of both Mr Trump and Bernie Sanders, perhaps the most prominent left-wing Democrat.

Sadly, the policy is unwise. Like most price controls, capping interest rates would distort the market and hurt ordinary punters. Card issuers would probably respond by locking out less reliable borrowers, not by offering

cheaper rates. Worse still, Messrs Trump and Sanders are looking past genuine problems with American credit cards. That may be because the problems stem from something stupendously popular: ultra-generous rewards.

Credit-card rewards are meagre in much of the rich world, especially Europe. But in America they are chunky, and many are hooked. The Points Guy, a website with the strapline “Maximise your travel”, which recommends strategies to accumulate and spend credit-card points, has garnered almost 30m visits in the past three months. More than 600,000 people subscribe to the r/churning forum on Reddit, a social-media site, where members construct elaborate strategies to “churn” through different cards, capitalising on introductory offers. A common piece of advice for would-be churers is to beware the “5/24 rule”. JPMorgan Chase, a bank, is thought to issue blanket denials to anyone who has signed up to five or more cards over the previous 24 months.

Options run from relatively straightforward cashback cards, which might offer 1.5% back on each transaction, to jazzier, more expensive ones. Some charge hefty annual fees: \$695 for the American Express Platinum card, for instance. Customers can, in theory, recoup these with points and benefits such as credits for flights, food delivery and subscriptions. In practice, clawing back fees can be tricky and distort spending. Your columnist, desperate to spend a \$50 American Express voucher for Saks Fifth Avenue, a department store, before it expired, once found himself ordering an entirely unnecessary \$49 geranium-scented-soap dispenser.

To the sufficiently obsessed, optimising credit-card spending can be a lucrative hobby. However, beneath the bonanza is a problem: the rewards are funded by the least well-off. This happens in two ways. First, customers who do not use credit cards subsidise those who do. Half of all transactions by households earning more than \$150,000 a year are done by card, compared with just one in ten for those earning less than \$25,000. The subsidy occurs because every time a card is used, merchants are charged an interchange fee. In America that is usually around 2% of the value of the transaction, though it can easily be higher for premium cards. The fee then gets split three ways: between the credit-card company (most often Mastercard or Visa), the issuer (usually a bank) and the customer (via cashback or rewards). Each

beneficiary, unsurprisingly, enjoys this arrangement: banks and credit-card companies make a tidy profit; shoppers get a little closer to funding that business-class flight to the Maldives. Merchants are rather less grateful, but they generally fold the fee into their prices—meaning those who do not use credit cards share the pain.

Merchants could, in theory, demand higher prices from credit-card users. This happens occasionally; for instance, some stores offer discounts when payments are made by cash or else only accept card payments for larger transactions. Rent payments often cannot be done by credit card, or at least not without sizeable additional fees. But until recently adding surcharges for credit-card payments was banned, both in retailers' agreements with credit-card companies and, in some states, by legislation. In 2013 a class-action lawsuit put an end to surcharge bans by Mastercard, Visa and the like. Most state-level laws are also getting pared back. In New York credit-card surcharges were outright illegal until 2018, when the state Court of Appeals ruled that surcharges were permitted as long as they were adequately disclosed. Still, a widespread shift in pricing norms looks unlikely. Americans are too used to the current way of doing things.

A second issue is that rewards function as a tax on those with credit cards but without the ability or inclination to keep up with the panoply of options. Sumit Agarwal of the National University of Singapore, Andrea Presbitero of the ^{IMF}, and André Silva and Carlo Wix of the Federal Reserve find that American credit-card-reward programmes redistribute around \$15bn a year from “naïve” to “sophisticated” consumers. In cash terms, the biggest losers are actually the unsophisticated well-off. Yet financial sophistication, which the researchers approximate with credit-rating scores, also correlates with education, income and race. High-school graduates, the poor and ethnic minorities are the least likely to earn credit-card rewards.

The Brussels route

What could Mr Trump do? One answer lies on the other side of the Atlantic. In 2015 the European Union capped credit-card interchange fees at 0.3%. Research by the European Commission estimates that 70% or so of the reduction has been passed on to consumers in the form of lower prices. At

the time, *The Economist* was sceptical of the EU's move. Better, we thought, to let competition yank down fees than to do so by state diktat: startups could profit by undercutting incumbents. Although that is still the best solution, there is little sign of such disruption. If Mr Trump can stomach taking inspiration from Europe, and is willing to incur the ire of r/churning, he could support legislation to lower interchange fees—ideally by enough to scupper reward programmes. ■

Subscribers to The Economist can sign up to our new [Opinion newsletter](#), which brings together the best of our leaders, columns, guest essays and reader correspondence.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/finance-and-economics/2024/11/21/what-donald-trump-and-bernie-sanders-get-wrong-about-credit-cards>

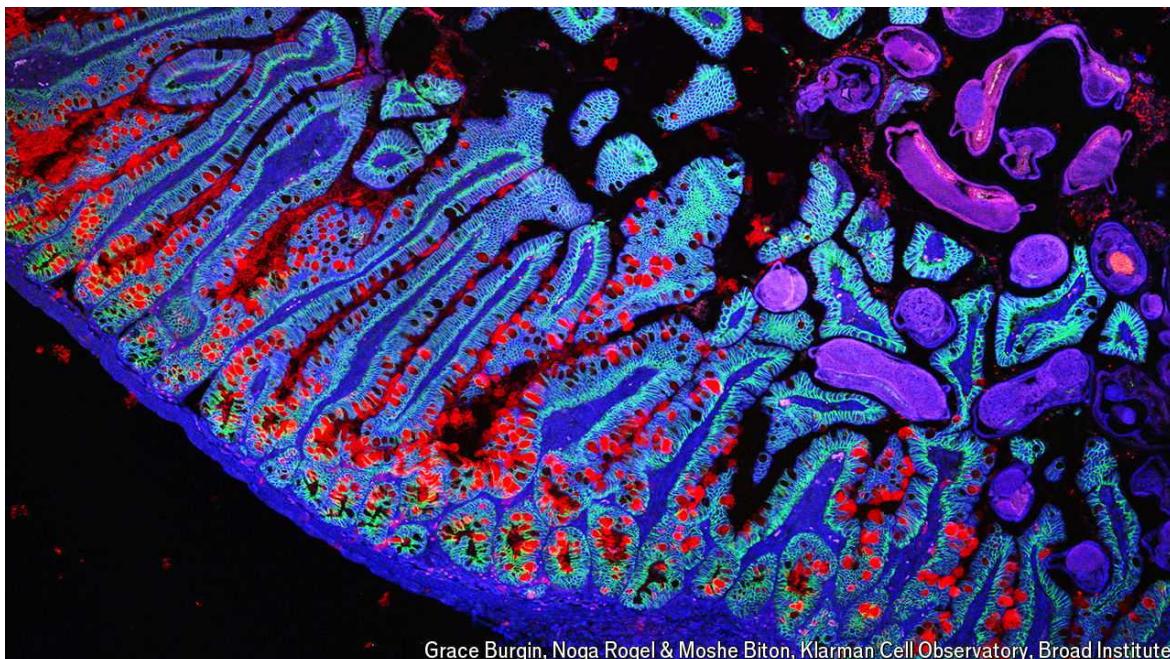
Science & technology

- [Scientists are building a catalogue of every type of cell in our bodies](#)
- [Scientific publishers are producing more papers than ever](#)
- [The two types of human laugh](#)
- [How squid could help people get over their needle phobia](#)

Scientists are building a catalogue of every type of cell in our bodies

It has thus far shed light on everything from organ formation to the causes of inflammation

November 20th 2024



AN ADULT HUMAN body consists of some 37trn cells. Not so long ago, these were thought to come in 220 different types. That number, the product of painstaking decades spent peering through microscopes at slides bearing tissue sections coloured by chemical stains, gave a sense of the division of cellular labour needed to keep a body running.

A sense, but only a superficial one. Tools now exist that are capable of looking inside the cells, breaking them open one at a time to release their complements of messenger RNA(m_{RNA}), the molecule which carries genetic information from a cell's nucleus to its protein factories. Molecules of m_{RNA}

indicate which genes are active, thus revealing a cell's inner nature. Cells that look alike under a microscope often turn out to be quite diverse. The cell-type count has thus risen above 5,000.

The leader of this histological revolution is the Human Cell Atlas (^{HCA}) consortium, which was set up in 2016 and currently involves more than 3,600 collaborators in 190 laboratories in 102 countries. Other cell-atlas projects are limited to mapping particular organs or types of tissue. The ^{HCA} aspires to catalogue the whole caboodle: identifying and locating all the cell types, healthy and diseased, in every human tissue over the course of a lifetime. Its remit extends even to "[organoids](#)", science's fumbling first attempts to grow living simulacra of organs.

The hope, according to Sarah Teichmann of Cambridge University and Aviv Regev of Genentech, an American biopharma firm, who set the whole thing up, is to have a first draft of the atlas available next year. Their latest progress report has just been published as a set of papers in *Nature* and several of its sister journals.

As Dr Teichmann and Dr Regev point out, ^{HCA} maps are of two sorts. One, similar in concept to geographers' maps, ties each cell type to a four-dimensional site in the human body (sampling at different stages of life adds the dimension of time to those of space). The other sort are less familiar. These, called manifolds, are normally used by mathematicians to represent multidimensional mathematical hyperspaces. In the case of the ^{HCA}, the numerous dimensions in question are not space and time but, rather, molecular features, such as m_{RNA} profiles, characteristic of different cell types. By plotting different cell types on the same map, charts of manifolds thus enhance understanding of their similarities and differences.

No cell left behind

The geography of the real world also plays a part. From the start, Dr Teichmann and Dr Regev have been determined not to oversample parts of the world (Europe, North America and certain bits of Asia) where scientists are concentrated. Instead, they have sought participants from all six inhabited continents—a decision that has already been rewarded with

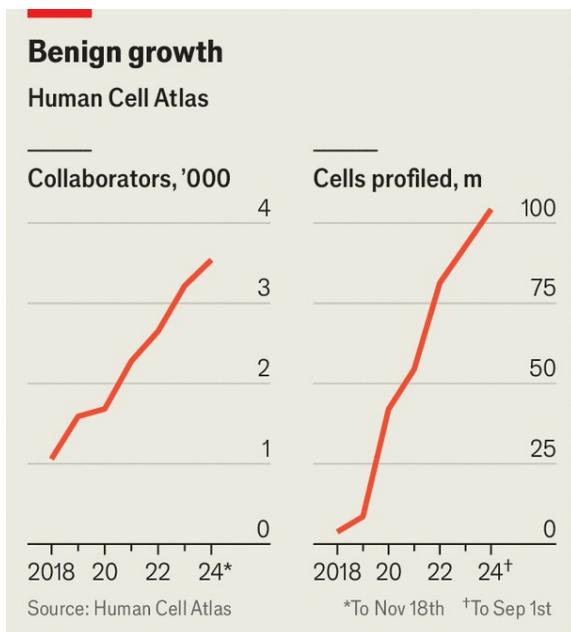
insights into the cellular basis of geographical differences in immune responses and susceptibility to breast cancer.

The subjects of this week's papers show the scope of the endeavour. Placentas, the embryonic development of the skeleton, gut inflammation and the formation of the thymus (the organ which generates the immune system's T-lymphocytes, the cells ravaged by AIDS) are all discussed.

The findings of these studies break new ground. They confirm earlier suspicions that some cellular processes involved in the formation of cancerous tumours are involved in the placenta's rapid growth. They identify genes expressed in developing bone and cartilage cells that may lead to arthritis in later life. They show, by comparing healthy and unhealthy guts, that one source of disease-causing inflammation seems to be intestinal cells accidentally developing into a type normally found in the stomach. And they give a detailed description of the thymus based on a standardised representation of that organ.

Perhaps the most intriguing paper of the lot, though, is on brain-mimicking organoids. Organoids composed of human brain cells, themselves derived from laboratory-created stem cells, are the sort of thing to give bio-ethicists jitters. At the moment, bereft of the blood supply needed to grow, they reach only three or four millimetres across, so are unlikely to develop any form of consciousness. But some worry that larger versions might.

They are, however, useful for research, as they permit the study of living human brain tissue without the need to remove any. But they would be even better if the particular types of neuron in particular versions of them could be reliably predicted—for neurons collectively make up a large fraction of known cell types, and each has a different job to do.



The Economist

The _{HCA} will make this easier. A paper co-ordinated by Barbara Treutlein of the Federal Institute of Technology in Zurich looked at _{m_{RNA}} data from 36 such organoids, created using 26 different protocols. The researchers involved were able both to identify the neuron types generated in each organoid and to determine how closely they resembled their natural equivalents. The results, stitched together, create a single manifold chart for such organoids that shows the strengths and weaknesses of the various protocols, and will help with planning future research.

Besides publicising the project members' latest findings (though the raw data have been online since they were collected), the papers also allow Dr Teichmann and Dr Regev to set out their vision for using artificial intelligence (_{AI}) to turn the atlas into something closer to a model of how a human being works.

Both are computational biologists by training, and it was this background which led them to conceive the _{HCA} in the first place. Without the software underpinning the project, which turns data into maps and permits those maps to be interrogated, the project would not exist. But the pair have bigger visions. They were early adopters of foundation models, a class of _{AI} (such as the large language models that have gained prominence in recent years)

which feeds on vast quantities of training data in order to recognise patterns not discernible to humans.

The hCA 's foundation models are trained not on passages of text, but collections of cells. And their goal is not human-like composition but the creation of better and more useful maps. Some learn from m_{RNA} data about cell types. Others rely on conventional histology slides and more modern iterations thereof—such as light-sheet imaging, which scans sections through three-dimensional samples. These models are now good enough to be used to annotate the cells in new specimens, to search for similar cells in different specimens and to discover the gene programs behind particular characteristics. In the future they should be able to predict how cell lineages will develop and even to envisage as-yet-unknown varieties of cell. Such models are not only faster than human researchers, but can also perform tasks beyond human capability.

The result is a system that can be (and has been) used not just for enhancing the atlas, but putting it to work. Drug companies are already, for example, using hCA data and models to screen potential drugs “virtually” before they are tested experimentally; to predict side-effects by discovering non-target tissues where the gene a drug candidate interacts with is expressed; and, conversely, to spot opportunities in such non-target tissues to extend a drug's range of therapeutic targets.

One day all this effort may contribute to a human “digital twin”, which would also incorporate foundation models about how proteins work (such as AlphaFold, a protein-folding model developed by Google DeepMind) and how bodies develop. That day is still far distant. But it now seems more likely to arrive. ■

Curious about the world? To enjoy our mind-expanding science coverage, sign up to [Simply Science](#), our weekly subscriber-only newsletter.

Scientific publishers are producing more papers than ever

Concerns about some of their business models are building

November 20th 2024

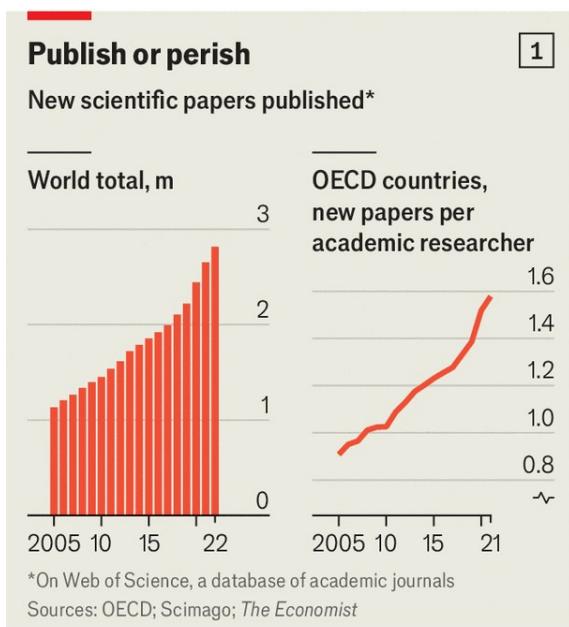


Mike Haddad

SCIENTIFIC PUBLISHING has long been a money-printing operation, with many big publishing houses reporting profit margins of between 30% and 40% year after year. The long-standing business model is watertight. Articles, which are written and reviewed by academics, are locked behind paywalls. Universities and research institutions then pay through the nose for access to them via subscriptions that cost millions of dollars a year.

In the past decade, however, this model has been challenged by a rise in funders mandating that the research they pay for must be free for anyone to read. A host of publishers have, therefore, adopted a new business model to enable “open access”: levying an article-processing charge—ranging from

\$1,000 to \$10,000 per paper, paid for by the scientists submitting the research—to cover their publishing costs.



The Economist

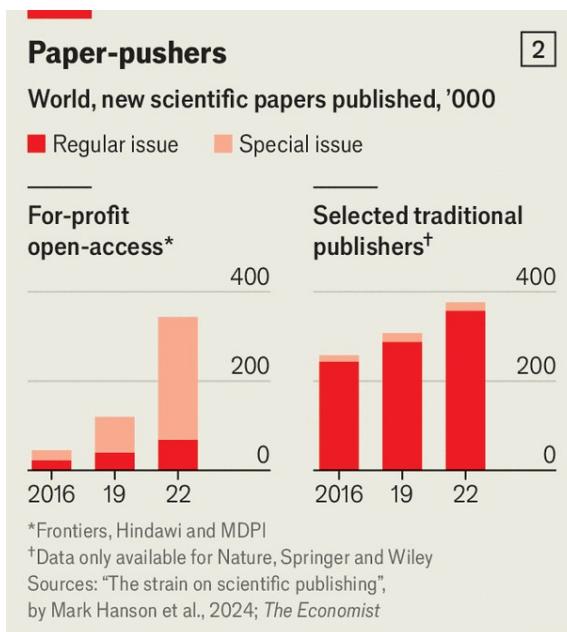
Both business models continue to do well; the number of academic papers published each year has doubled since 2010 (see chart 1). In a new study published in *Quantitative Science Studies*, Mark Hanson of the University of Exeter and colleagues set out to identify where this explosion of papers has come from and—if possible—to assess whether a drive for quantity has affected quality.

For their paper, entitled “The strain on scientific publishing”, the authors analysed publicly available data from journal websites managed by ten big publishing houses. According to the paper, of the ten publishers in their data set, all those operating for profit had increased their output since 2013. But the authors found that this increase occurred in different ways depending on the publishers’ business model.

Roughly half of the new papers since 2013 came from the large traditional publishers Elsevier, Taylor & Francis, Springer, Nature and Wiley (although these publishers operate some journals that have a fully or partially open-access model, the majority still require subscriptions). Together, these five increased their yearly output of papers by roughly 61% between 2013 and

2022. They did so by increasing both the number of journals in their portfolio and the number of papers per journal.

The study found that the remainder of the increase came from the newer for-profit open-access-only publishers, Frontiers, Hindawi and MDPI. A decade ago, these companies published around 4% as many papers as the traditional publishers. By 2022 they were publishing a third as many. Dr Hanson and his colleagues determined this rapid growth was achieved mainly through the embrace of special issues: groups of articles published together and focused on a single topic outside the journal's usual publication schedule.

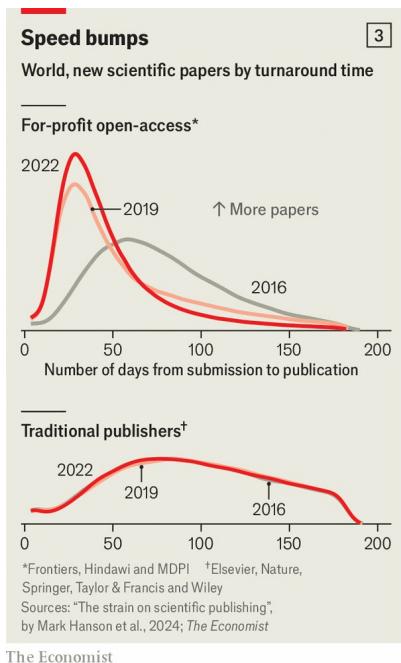


The Economist

Rather than being managed by the journal's permanent editorial staff, special issues are typically the responsibility of guest editors. These temporary editors solicit submissions from other scientists in their network. According to Dr Hanson's team, between 2016 and 2022 the number of special-issue articles produced by the three largest for-profit open-access publishers rose by a factor of 12. These companies now publish four times as many special issues as regular papers (see chart 2).

This rise in special-issue papers comes alongside signs that they are being edited more quickly. For traditional publishers the median turnaround time for articles across all issues is roughly 130 days, but with huge variability (in

some cases, reviewers may ask for an experiment to be re-run from scratch). In the for-profit open-access journals the median turnaround time was squeezed down from around 74 days in 2016 to just 38 in 2022, with markedly reduced variability (see chart 3). The researchers also found that, within MDPI and Hindawi's portfolio of journals, those with more special issues were rejecting fewer submissions.



The worry is that lower-quality articles could be slipping into these special issues. In May this year Wiley, which bought Hindawi in 2021, announced it would be shutting down 19 former Hindawi journals after more than 11,300 papers, mostly published in special issues, were retracted.

The publishers themselves reject any suggestion that these data imply a decline in quality. Wiley stressed its commitment to research integrity. MDPI attributes its shortened turnaround times to more staff and new tools to improve efficiency. A spokesman from Frontiers said that “Review turnaround time cannot be used as a simple proxy for either research integrity or quality.” Both MDPI and Frontiers insist that special issues are subject to the same peer-review process as regular papers. And there are upsides to special issues: they can be valuable ways for scientists to aggregate information from different research communities, for example,

said Hannah Hope, who leads open-research initiatives at Wellcome, a funder.

Still, some funding bodies are trying to stem how much science is published in such journals. In February this year the Swiss National Science Foundation (_{SNSF}) stopped paying processing charges for papers published in special issues. Previously, according to Matthias Egger, the president of the National Research Council of the _{SNSF}, 80-90% of the publishing fees paid by the _{SNSF} went towards such special-issue articles, to the tune of around SFr10m (\$10.6m) between 2018 and 2023.

From January 2025 the Gates Foundation will stop paying open-access fees altogether—any researchers they fund must instead use free-to-access preprint servers to share their work. The foundation says the move will help avoid some of the issues Dr Hanson and his team have identified. By making it more expensive for researchers to place their work in open-access journals, it may also limit the number of papers these journals publish. Until more funders join in, however, the tide of new papers is likely to keep on rising. ■

Curious about the world? To enjoy our mind-expanding science coverage, sign up to [Simply Science](#), our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/science-and-technology/2024/11/20/scientific-publishers-are-producing-more-papers-than-ever>

Science & technology | Funny business

The two types of human laugh

One is caused by tickling; the other by everything else

November 20th 2024



Magnum

ANGLOPHONE NOVELISTS describing amusement are laughing all the way to the bank. Depending on context, characters can chortle, chuckle, titter, hoot, giggle, snigger, howl or guffaw. This richness of language may suggest to some that laughter, itself, is a phenomenon of infinite variety, one that lends itself to endless subcategorisation. The joke would be on them.

New work led by Roza Kamiloglu, a psychologist at the Free University of Amsterdam, provides evidence that there are just two primary types of laughter: one generated when people find something funny and one that can be induced only through the physical act of tickling.

The work started with the serious business of laugh collection. Dr Kamiloglu instructed research assistants to search YouTube, a video platform, for footage featuring spontaneous laughter. They collected a total of 887 videos that were then categorised based on the inciting comic incident, ranging from tickle attacks to Schadenfreude and verbal jokes.

Roughly 70% of these videos were then used to train a laughter-categorising machine-learning algorithm to connect different forms of laughter with the activities that caused them. The algorithm was then asked to deliver its verdict on the remaining 30%. After a quick listen, Dr Kamiloglu and her colleagues thought the different laughs would be too varied for any connections to be made. The algorithm disagreed.

Based on acoustic traits like loudness, rhythm and changes in frequency brought about by vocal-cord vibrations, the algorithm was able to correctly identify laughter produced by tickling 62.5% of the time. All other forms of laughter, whether they came from viewing stand-up comedy or watching someone pour salt into their tea instead of sugar, were nowhere near as easy to tell apart. This suggested there was something unique about the post-tickling laugh. When Dr Kamiloglu ran the experiment again, this time asking human observers to categorise the laughs, a similar phenomenon presented itself: the observers correctly identified tickling laughter 61.2% of the time.

The findings, published this week in *Biology Letters*, are more than light entertainment. They could, instead, point scientists towards the evolutionary roots of laughter. After all, many mammals including dogs, squirrel monkeys, Barbary macaques and chimpanzees produce vocalisations during play that sound remarkably like laughter. One of the first things that infants do early in life is laugh. Even babies born deaf spontaneously produce laughter. Humans are not the only animals that tickle either. Macaques and chimpanzees both engage in the activity too.

All this suggests that laughter from tickling evolved over 10m years ago with the common ancestor that humans shared with these other primates. Dr Kamiloglu suspects that this early sort of laughter probably evolved to help primates build friendly relations, especially during play. With this in mind, she is now keen to study how infectious different sorts of laughs are. If the

tickling laugh is one that truly evolved to bring primates together, it ought to be particularly infectious—but nobody has yet tested if it is.

As for all the other forms of laughter that only people produce, these probably evolved millions of years after tickling came along, when the human brain became complex enough to understand irony, slapstick and puns. But he who laughs last, it would seem, laughs longest. ■

Curious about the world? To enjoy our mind-expanding science coverage, sign up to [Simply Science](#), our weekly subscriber-only newsletter.

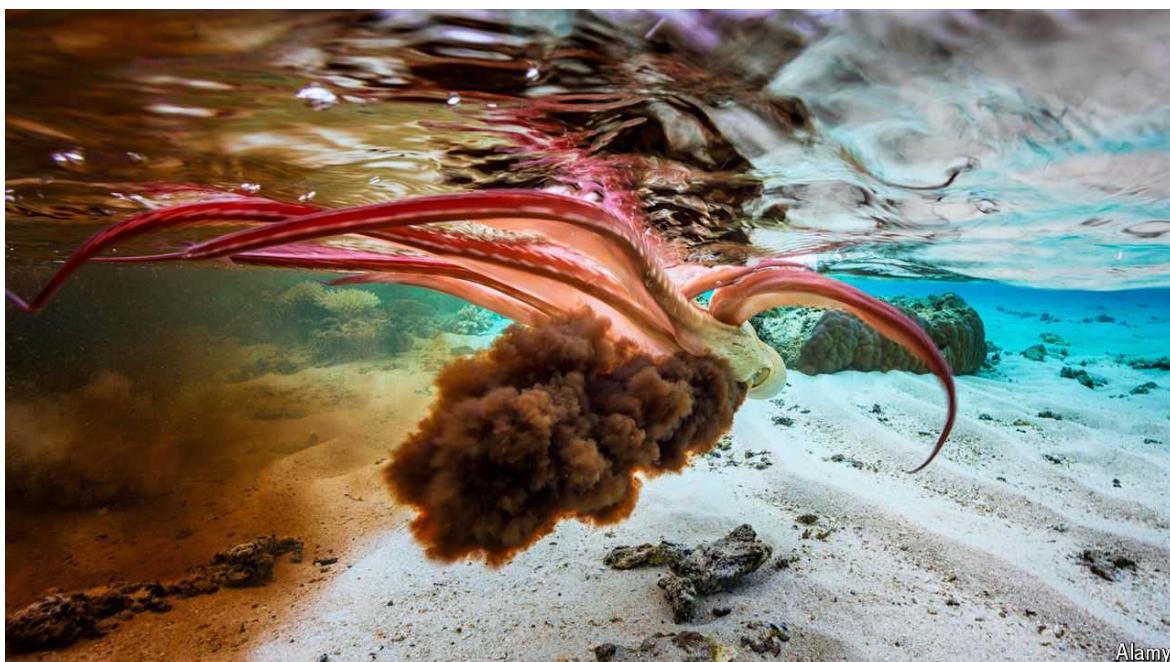
This article was downloaded by [zlibrary](#), from <https://www.economist.com/science-and-technology/2024/11/20/the-two-types-of-human-laugh>

Science & technology | Moving the needle

How squid could help people get over their needle phobia

Cephalopod ink propulsion is inspiring an alternative to syringes

November 20th 2024



Needles, though essential for delivering a great many vital medications, are not universally popular among patients. This [distaste](#) has serious consequences: an aversion to needles leads one in six American adults to skip vaccinations, and is an important reason why people who rely on injectable drugs such as insulin fail to keep up with their dosage. Now new work led by Giovanni Traverso at the Massachusetts Institute of Technology is revealing a way to get medication into patients without having to jab them at all, by copying the jet-propulsion techniques used by squid and their kin.

This is not Dr Traverso's first foray into the field of alternative drug delivery. Most of his previous inventions, however, have involved tiny

automated syringes packaged inside capsules that can be swallowed. Once in the digestive tract, the capsules dissolve, leaving the syringes free to inject a drug payload through the mucosal surface layer of the stomach or the intestines and into the subsurface tissues below. As the walls of the digestive system are extremely rich in blood vessels, it is an excellent place to deploy drugs. Patients treated in such a way need never feel or even see the needle.

Such techniques, though usable, are far from reliable. For a syringe to properly deliver a drug, it must be nearly perpendicular to the target tissue. This is as true for shots going into arms as it is for those jabbed into the lining of the gut. When it comes to penetrating the skin, a medical professional can set the alignment manually. In the depths of the digestive tract, such alignment is extremely challenging.

Keen to find a better way forward, Dr Traverso considered the cephalopod. Just as cephalopods are able to propel ink and water at high pressure in all directions, Dr Traverso theorised a similar system might be able to propel drugs with sufficient force to penetrate the soft tissues lining the digestive tract without needing the perfect angle required by needles. To build such a device he worked with a team of colleagues at Novo Nordisk, a pharmaceutical company, as well as researchers at Brigham and Women's Hospital in Boston and the Royal Institute of Technology in Stockholm. The collaboration resulted in tiny spring-loaded devices capable of releasing high-velocity jets when triggered.

To test the efficacy of the system, the team loaded the devices with green dye and tested them out on digestive tissues taken from pigs and dogs. Microscopic analysis revealed that the green dye was frequently able to cross the mucosal layer. Crucially, the team found that the devices were still able to propel most of their dye into tissues even when the angle between the spring-loaded device and the tissue layer dropped below 70°.

Eager to try the devices inside living animals, the researchers designed two versions of their drug-propulsion technology. One, bearing a resemblance to a miniature lunar lander, is designed to navigate the cavern of the stomach and squirt its contents downwards as soon as it makes contact with a surface. The second, designed to deliver its cargo in long narrow spaces such as the oesophagus, looks like a cylinder that can launch drugs out of its sides.

The team armed both sets of devices with a range of drugs including insulin and an analogue for [GLP-1](#) (a hormone that helps the body regulate blood sugar) and inserted them into the digestive tracts of pigs (which are very similar to those found in humans) for testing. In results published this week in *Nature* the researchers reveal the jets were, once more, able to consistently deliver their drug payloads to a range of sites, including the oesophagus, the stomach and the intestines.

Though tests in humans have yet to be carried out, Dr Traverso and his colleagues hope that individuals with diabetes will be able to make use of this technology soon. Given that proper management of the condition involves multiple insulin jabs a day, a more convenient delivery mechanism could transform treatment. But the technology will hardly be limited to this group. The researchers expect that similar devices could one day be used to administer vaccines. If all goes well, needle anxiety may be a thing of the past. ■

Curious about the world? To enjoy our mind-expanding science coverage, sign up to [Simply Science](#), our weekly subscriber-only newsletter.

This article was downloaded by [zlibrary](#) from <https://www.economist.com/science-and-technology/2024/11/20/how-squid-could-help-people-get-over-their-needle-phobia>

Culture

- [The cult of Jordan Peterson](#)
- [Woodrow Wilson's reputation continues to decline](#)
- [The best podcasts of 2024, as picked by The Economist](#)
- [Tech and religion are very much alike](#)
- [The New York-London arbitrage for musicals](#)
- [Canadian v American football: can you catch the difference?](#)

Culture | Love him or loathe him?

The cult of Jordan Peterson

What the Canadian intellectual gets right about young men

November 19th 2024



We Who Wrestle with God. By Jordan Peterson. *Portfolio; 576 pages; \$35. Allen Lane; £30*

JORDAN PETERSON'S new book is titled "We Who Wrestle With God". Quite what God has done to provoke this fight is not clear. Open it, and two things become apparent. First, this is a friendly skirmish: the Canadian psychologist is less wrestling God than trying to understand him.

He retells the big hits of the Bible—the fall, the flood—through a mixture of theology, psychology and symbolism. Often, alas, that symbolism comes from Disney. So the story of Adam and Eve is compared to "Beauty and the Beast", and Cain is likened to evil Scar in "The Lion King". The overall

effect is as if a Victorian vicar had been given a streaming subscription to Disney+ (and possibly some opium), then sat down to write his sermon.

The second thing that becomes clear is that by far the greater struggle here is between Mr Peterson and his prose. Mr Peterson has never been an easy read: even an academic review once described one of his books as a “tome”. This doorstopper is little easier. Flip it open at random, and your eye will invariably light on phrases such as this one: “The modern meta-Marxists, the post-modern power players, have, as it were, metastasised Marx.” Got that? Good. Because there are hundreds more pages where that came from.

Those of you who wrestle with Jordan Peterson might wonder why you would want to fork out good money to wade through nearly 600 pages of Mr Peterson wrestling with God. For many the answer will be celebrity. Both sides are well known. God is God. Mr Peterson is a contrarian who has hitherto wrestled with students over free speech (he won); feminists over whether you can [compare lobsters to men](#) (it was a draw); and [Richard Dawkins](#), an atheist biologist, over the reality of dragons (it was excruciating).

These fights have propelled Mr Peterson from academia to celebrity. He has been called both “the world’s most famous public intellectual” and “the stupid man’s smart person”. He is certainly hard to place. His most famous work, “12 Rules for Life”, offers a strange mix of humdrum domesticity and existential philosophy, as if a nanny was mixed with [Nietzsche](#) and started barking orders: Stand up straight! Shoulders back! Consider the existential void of modernity! His (mostly male) fans loved it and bought over 10m copies.

Millions despise him. In 2017 academics at the University of Toronto signed an open letter to take away his tenure, in part because he objected to being required by law to use gender-neutral pronouns. He later resigned. For a time, to have an opinion on him felt both socially necessary (he came up so often) and socially dangerous (the wrong answer could bring odium). No mere man, he was a purity test personified.

Like [Donald Trump](#) and Joe Rogan, an American podcaster, he is one of a group of men who despite—or perhaps because of—being disdained by

intellectual sorts are beloved by their “bro” followers. The number of authors who can, as he does in this new book, use phrases like “the collective meta-space of human imagination”, and also fill arenas with fans, is tiny. Probably it totals one. Few, least of all him, saw this coming. “In a sensible world”, he has said, “I would have got my 15 minutes of fame.” That was in 2017. He is still going.

On November 18th a crowd gathered for the first night of his book tour in a village near New York City. It felt more like a concert. There was merch (Peterson posters and mugs) and a guitar warm-up act. When he came on stage, in a three-piece linen suit, the crowd—by no means all young or male—whooped. The subject for this evening’s sermon, he told the congregation of fans, was sacrifice.

An entire Peterson industry has flourished for those willing to sacrifice their money: there is a Jordan Peterson newsletter (“Mondays of Meaning”), a “Peterson Academy” (\$500 a year gets you lectures on manly things by people with beards) and a “self-authoring programme”. People who spend time writing about themselves, it promises, “become happier, less anxious and depressed”. Who knew? Certainly not [Ernest Hemingway](#) or [Virginia Woolf](#)—or, apparently, Jordan Peterson. As he reached the climax of the evening’s talk, his voice cracked. He is famous for weeping in speeches: YouTube offers a video compilation of “Jordan Peterson crying”.

Mr Peterson’s new book is as old-fashioned as his appearance. It reads as if it “could have been written in the 1950s”, says a publisher. Or, indeed, the 1850s. It refers to sermons and Victorian biblical scholars. The reader has to wade through pages of archaisms from the King James Bible such as “liveth”, “heareth”, “beeves” (an old plural of “beef”) and phrases like “an handful” of grain. The reader’s “beeve” with this is not that the King James version lacks beauty. It does not. But when added to those metastasising post-modernists, it is all a bit of an handful.

However, to really understand Mr Peterson, forget his books. Do not look at the “supply side”, but instead consider the “demand side”, urges Richard Reeves, author of “Of Boys and Men”, a book about how the [modern male](#) struggles. In other words: look at his fans. Not long after Mr Peterson came to prominence in 2016 with a public debate about gender-neutral pronouns,

the #MeToo movement started to spread. Phrases like “toxic masculinity”, “mansplaining” and “manspreading” were gaining ground, and there was anger at men’s treatment of women.

But young men also had problems. The world has long been moving to an information economy that favours brains, not brawn. Women thrived. Men? Not always. In America and Britain boys lag behind girls in primary, secondary and university education. The appeal of Mr Peterson, and even Mr Trump, is “really driven by a big...socio-economic shift”, says Francis Fukuyama, a professor of political science at Stanford University.

Discussing men’s problems can prompt pushback and questions of “Is there a violin small enough?” according to Mr Reeves. But not for Mr Peterson. “Boys”, he wrote in “12 Rules for Life”, “are suffering, in the modern world.”

After America’s [recent election](#), the consequences of all this are well known. We “rolled our eyes at young men when they said ‘I’m suffering’,” says Mr Reeves. So “of course they went somewhere else.” Mr Trump is one beneficiary. Mr Peterson is another, because he was “offering something people needed”. Which—in true nanny style—was partly sympathy and partly a dose of stern advice. As he wrote in “12 Rules”: “Toughen up, you weasel.”

From the stage in New York, he spoke for well over an hour about pain, death, “the void” and the “full existential catastrophe of life”. Then he told his rapt fans how to deal with these things. Broadly speaking it was a softer version of: “Toughen up, you weasels.” His audience scurried into the November night, looking absolutely delighted. ■

For more on the latest books, films, tv shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter

Culture | Dove or raven?

Woodrow Wilson's reputation continues to decline

A dispassionate new biography chronicles the former president's hostility to suffrage

November 21st 2024



Getty Images

Woodrow Wilson. By Christopher Cox. *Simon & Schuster;* 640 pages; \$34.99

HOW WILL Joe Biden and Donald Trump be remembered a century from now? Presidential legacies change over time. For decades, Woodrow Wilson, America's president from 1913-21 who died 100 years ago, enjoyed a reputation as an enlightened internationalist. He established the Federal Reserve and the Federal Trade Commission; he backed the creation of the League of Nations, a precursor to the UN, and was a staunch advocate for democracy abroad. In 1948 Arthur Schlesinger senior, a historian at Harvard, asked 55 other historians to rank the presidents in order of

greatness: Wilson came fourth, behind Abraham Lincoln, George Washington and Franklin Roosevelt.

More recently Wilson has been downgraded, with his racism and sexism eclipsing his accomplishments. In 2020 Princeton stripped his name from its public-affairs school; Washington, DC's biggest high school did the same in 2022. In "Woodrow Wilson", Christopher Cox, a Republican who served in Congress for eight terms before running the Securities and Exchange Commission, offers a doggedly researched and soberly told story of American progress—and the president who stood in its way.

A Democrat and the first president from the South since the civil war, Wilson opposed constitutional amendments that extended citizenship and voting rights to all, arguing that it "put the negroes upon a footing of civil equality with the whites". He allowed the white supremacists he chose for his cabinet to resegregate the federal workforce.

Prickly and arrogant, Wilson was also hostile to women voting. Two weeks after assuming office Wilson held his first meeting with suffrage activists; he ended it peremptorily after ten minutes. A more confrontational meeting a year later ended similarly: Wilson stormed out after being asked a question, telling the assembled women, "I cannot permit myself to be cross-examined."

His response stemmed in part from his character: he hated being challenged or questioned, especially by those he considered inferior. While teaching at Bryn Mawr, a women's college, he wrote that teaching women history and politics was "about as appropriate and profitable as would be lecturing to stonemasons on the evolution of fashion". Later, as governor of New Jersey, he revealed he was "strongly against" women's suffrage, because of "the social changes it would involve".

As president, he framed suffrage as a question for states rather than the federal government. When he assumed office, women could vote in only nine states. From 1914-17, another eight states, including New York, extended to women the right to vote. But as activists grew bolder, Wilson's government grew more repressive. Pro-Wilson newspapers called for curtailing free speech during wartime. Mobs assaulted suffrage

demonstrators (often with police complicity), and judges imposed lengthy sentences for the dubious crime of “obstructing traffic”. Wilson may not have directed these crackdowns, but he did not stop them.

Eventually, however, the tension between supporting democracy abroad and denying it at home grew too great, and in late 1918 Wilson tepidly endorsed what would become the 19th Amendment, which granted women the right to vote. After Congress’s approval, it went into effect in time for the election in 1920, which Republicans won handily, due in part to the influx of female voters. Wilson’s presidency is a reminder of Congress’s essential role as a change-maker. It is where “so many of the nation’s important victories have been won”, writes Mr Cox.

Years later, noting the zeal with which American women picked up their ballots, he wrote to a colleague, “I shall be very much disappointed in them [if] they have forgotten that they are chiefly indebted to me for the suffrage.” It was he who was being forgetful: Wilson had been an opponent only until that stance became politically untenable. ■

For more on the latest books, films, tv shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter

This article was downloaded by [zlibrary](#) from <https://www.economist.com/culture/2024/11/21/woodrow-wilsons-reputation-continues-to-decline>

Culture | In earshot

The best podcasts of 2024, as picked by The Economist

They cover AI, war and mass hysteria

November 15th 2024



Ricardo Tomás

“Broomgate”

Subcultures often make for podcast gold. This show relives the greatest controversy in [curling](#), a sport that marries ice hockey and shuffleboard. John Cullen, a comedian and former curler, narrates the scandal with authority.

“The Butterfly King”

Most true-crime podcasts explore recent history. Here Becky Milligan, a former ^{BBC} journalist, examines a very cold case: the possible murder of King Boris III of Bulgaria in 1943.

[Read more of our guides to the cultural treats of 2024—and previous years](#)

“D-Day: The Tide Turns”

The Allied invasion of Nazi-occupied France 80 years ago changed the course of history. This beautifully produced series tells the story of [D-Day](#) by focusing on the people who made it possible.

“Hysterical”

In 2011 a Tourette’s-like syndrome affected a group of teenage girls in New York. Dan Taberski, an American podcaster, dives into the history and mystery of mass hysteria, speaking to victims and doctors.

“Not All Propaganda is Art”

A look at how culture became entwined with [cold-war](#) politics. Benamen Walker, a radio host, corrals unexpected case studies. For example, to promote American interests, the [CIA](#) funded a film adaptation of [George Orwell’s “1984”](#) and a journal aimed at left-wing intellectuals.

“The Rest is Entertainment”

One of the latest shows from Goalhanger, a production company behind “The Rest is History”, is devoted to film, journalism and television. Those industries take themselves so seriously that it is a relief to spend time with people who do not.

“Shell Game”

Evan Ratliff, a journalist, clones his voice and lets his [AI](#) counterpart speak to scammers, spammers and even his wife. “What will it do to us,” he asks, “when more and more of the people we encounter in the world aren’t real?”

“Strangers on a Bench”

Ever wonder what those people sitting on a bench are thinking about? Tom Rosenthal, a singer-songwriter, joins them and finds out.

“Thief at the British Museum”

A curator at the [British Museum](#) stole objects and offered them for sale on

eBay. Katie Razzall, the BBC's culture editor, meets Ittai Gradel, an antiquities dealer who uncovered the crime.

“The Wonder of Stevie”

In an age of fleeting fame, Stevie Wonder abides. Wesley Morris, a Pulitzer-prizewinning critic, interviews an eclectic cast of experts and fans (including Barack Obama). The show focuses on 1972-77, when the artist evolved from boy wonder to, well, Mr Wonder. ■

For more on the latest books, films, tv shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter

This article was downloaded by [zlibrary](#), from <https://www.economist.com/culture/2024/11/15/the-best-podcasts-of-2024-as-picked-by-the-economist>

Culture | Valley and the gods

Tech and religion are very much alike

They both have gods, rich institutions and secretive cultures

November 21st 2024



Tech Agnostic. By Greg Epstein. MIT Press; 368 pages; \$29.95 and £27

“ENTIRE SUBWAY CAR” mesmerised by small gizmo clutched in hand. Some sort of worship?” The tweet by Joyce Carol Oates in 2019, alongside a photo of riders holding mobile phones, as if in prayer, neatly captures the way that society holds technology sacred. Most people check their phones on waking and just before sleeping (and glance at the screen throughout the day), replacing an earlier generations’ ritual of prayers.

“Technology has become religion,” writes Greg Epstein, a “humanist” (atheist) chaplain who works at Harvard University and Massachusetts Institute of Technology, in a provocative new book. Believe him?

There are plenty of parallels. Both tech and religion have gods, which in Silicon Valley might be mythical leaders such as [Steve Jobs](#) or [Elon Musk](#), and reverential followers. Tech firms and religions are also considered all-powerful (by some) and claim institutions that have amassed almighty riches. Any journalist who has spent time in [Silicon Valley](#) can attest that tech companies are secretive and boast unique cultures and rules, like monastic orders. They also demand vows of allegiance—in the form of non-disclosure agreements and non-compete clauses.

Techies can sound as if they are spouting religious principles, too. Google's original motto—"Don't be evil"—has biblical overtones. Mr Musk has described his interplanetary ambitions as aiming to "extend the light of consciousness to the stars". Marc Andreessen, an investor in Silicon Valley, has compiled a list of the "patron saints of techno-optimism" who are "liberating...the human soul" in a manifesto that contains the words "we believe" almost 115 times.

The first half of "Tech Agnostic" does an excellent job of teasing out how tech companies have persuaded people to faithfully believe in their mission and people. It includes portraits of figures who have held great influence. One is [Sam Bankman-Fried](#), the head of a once high-flying crypto firm, later found guilty of fraud. Another is Nick Bostrom, formerly a professor at Oxford University, who posits that there is a good chance everyone on Earth lives in a computer simulation.

Mr Epstein is at his best when he brings religious scholarship to his research on tech to offer original analysis. His observations are intriguing and perceptive, for example, when it comes to the "effective altruism" movement, a philosophy (read: eschatological doctrine) espoused by Mr Bankman-Fried that urges focus on long-term existential harms rather than short-term problems to save humanity.

But such insights are rare in the second half of the book, where the author recites a litany of familiar worries about technology, blaming it for too much screen time, "[toxic masculinity](#)", the precarious lives of workers in the gig economy and heavy surveillance through facial recognition and online advertising. Whatever the technology, Mr Epstein has found a person to

interview who will criticise it in an overstated way, only for the author to soften it a smidgen (to give the devil his due), but let the point stand.

This represents a missed opportunity. Too few have examined the theism of tech leaders, from several ^{AI} pioneers' interest in the golem of Jewish mysticism to Jobs's practice of Zen Buddhism. Meanwhile, Pope Francis has convened several high-profile meetings in Rome with ^{AI} experts. At the start of the book, Mr Epstein asks: "Am I speaking literally, or have I written this book to weave the most elaborate and annoying metaphor you'll ever read in your entire life? Yes." He does not bear false witness. The book posits an intriguing thesis that is marred by a failure to do justice to the subject. ■

For more on the latest books, films, TV shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter

This article was downloaded by [zlibrary](#), from <https://www.economist.com/culture/2024/11/21/tech-and-religion-are-very-much-alike>

Culture | Sing it from the rooftops

The New York-London arbitrage for musicals

Can you guess which is more expensive: Broadway or the West End?

November 18th 2024



Alamy

When “Hadestown”, a musical that sets the myth of Orpheus and Eurydice to New Orleans-style jazz, was produced in 2019 and opened on [Broadway](#), it took an initial investment of \$11.5m. Since then American consumer prices have risen by more than 20%. But one producer of “Hadestown” has estimated it would cost \$18m to put on today—a rise of 57%. Talk about hellish inflation.

Mounting a show in New York has become so astronomically expensive that it is there, where the modern [musical](#) was born, that producers and investors are more afraid to take risks. Increasingly they are looking to London, where it is unexpectedly cheaper, to open musicals instead.

According to documents seen by *The Economist*, the revival of Andrew Lloyd Webber's "Sunset Boulevard", which opened on Broadway on October 20th, starring Nicole Scherzinger (formerly of The Pussycat Dolls, a band), required investors to stump up \$13.5m before the curtain could rise. The same revival's initial run in London, also starring Ms Scherzinger, at the Savoy Theatre in late 2023, took an upfront investment of just £2.3m (\$3m). Operating costs told a similar story: the Broadway production was forecast to burn through \$950,000 each week, nearly three times more than the West End one had.

Why have theatre costs in particular spiralled so much higher of late? One reason is dearer raw materials. The price of [timber](#), which theatre sets tend to use a lot of, has risen by some 40% since the end of 2019. Electricity costs have risen too, by around 40% per kilowatt-hour in New York. Yet energy costs have soared even higher in Britain, and productions on both sides of the Atlantic need timber.

The biggest factor explaining the difference between New York and London is the price of labour, and in particular the effectiveness of American theatre-worker unions in bargaining it up. This started during the [covid-19 pandemic](#). Many cite a desire to fight racial inequality as a reason for demanding better pay and working conditions, since junior technical staff with the worst deals are disproportionately from ethnic minorities.

In theory such negotiations take place between unions and representatives from the Broadway League, a trade body. Some producers, however, describe pay deals as being struck in effect between unions and theatre owners. The owners are more worried about strikes that would send their theatres dark than they are about wage costs. (Strikes would force theatres to give up money from tickets they have already sold; the wage bill can simply be passed on to producers and their investors.) And so salaries have continued to crescendo.

Unions in London, meanwhile, are less prevalent and far less aggressive in calling for strikes. Seen from New York, the result is a bemusing degree of naivety on the part of British actors. An American producer describes congratulating one of the young stars of "[Next to Normal](#)", a musical about mental health, on an outstanding performance in London, only to later find

out they were being paid “something like £500 a week”—an unthinkably low sum for any Broadway lead.

The incentives to develop new shows and revive old ones away from Broadway are growing. That is in spite of a deep bench of theatrical and technical talent, and the fact that New Yorkers tend to be more enthusiastic about musicals than just about anyone else. “I know lots of producers with projects in development who are saying they’ll just go to the ^{UK},” says Heather Shields, an American producer of a recent revival of “Cabaret” that started in London before heading to Broadway. “It might be less convenient for me, but I can jump on a plane.”

The higher costs mean Broadway will continue to become a less attractive place to take the sort of risks that are a prerequisite for brilliant, groundbreaking theatre. Shows by the likes of Lord Lloyd Webber will always find a home there, as will those fronted by stars whose names can pull in punters. But if you want to catch the next Stephen Sondheim, it is increasingly likely that you will need to turn your back on Times Square. ■

For more on the latest books, films, TV shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter

This article was downloaded by [zlibrary](#) from <https://www.economist.com/culture/2024/11/18/the-new-york-london-arbitrage-for-musicals>

Culture | It's a whole new ball game

Canadian v American football: can you catch the difference?

This weekend's Grey Cup, the Canucks' "Super Bowl", gives Canadian football a chance to shine

November 15th 2024



Canadian Press via AP

The National Football League ([NFL](#)) in America is not known for being understated. Military jets sometimes fly in formation over stadiums; many games feature orchestrated flag presentations and deafening firework displays to celebrate home-team touchdowns and victories. Pop divas sing “The Star-Spangled Banner”, and players take the field at a healthy distance from fans.

Football is different up north. A recent game in Ottawa between the home team, the Redblacks, and the Hamilton Tiger-Cats featured a couple of fireworks when the home team was introduced, but they were the sort a

daring dad might set off impromptu outdoors. Fans stood for the national anthem, but there were no flyovers or ostentatious displays of patriotism. Before the game, players and fans chatted casually over the low fence separating the field from the stands. When the Redblacks scored, a man in flannel resembling the team's lumberjack mascot chainsawed a disc off a giant wooden log. The whole experience, in other words, was friendly, a little goofy, low-key and fun.

On November 17th the Toronto Argonauts and the Winnipeg Blue Bombers competed for the Grey Cup, as the Canadian Football League (_{CFL}) championship is known. The Toronto Argonauts were victorious (pictured). Although the Grey Cup came first—this was the 111th, compared with just the 59th Super Bowl—the game is much less popular and well known than the _{NFL}'s championship match. Two days beforehand, tickets to the Grey Cup were still available for around C\$200 (\$143), whereas tickets for the Super Bowl in February could easily cost 60 times that, if they can be found at all.

This reflects a more general disparity: the _{NFL} draws more fans, pays players more, makes more broadcast revenue and has more teams (32, compared with the _{CFL}'s nine) that are worth more money. But Canadian football has one huge advantage: it is a better game.

The _{CFL} field is 30 yards longer, including end zones, and nearly 12 yards wider, than an _{NFL} field. Each team has 12 rather than 11 players, and has three downs (chances to advance the ball ten yards) rather than four. _{CFL} teams can score a single point if they kick or punt a ball into their opponent's end zone, and the opponent's team fails to advance it out (no such chance exists in the _{NFL}).

These differences in rules make for a passing-friendly, higher-scoring game, in which possession changes more often, as well as who is in the lead. Micah Awe, a linebacker for the Calgary Stampeders and former _{NFL} player, explains, “No team is ever out of it. If there’s three minutes left and you’re down by two touchdowns, that’s plenty of time” to come back.

Mr Awe is American, as are many _{CFL} players. More than 80,000 students play college football in America each year; a minuscule share make it to the _{NFL}, where the average career lasts just over three years. The _{CFL} is an enticing

alternative for those who just miss the cut. According to the league's bylaws, each team is allowed just 19 Americans (not including quarterbacks) on their 45-man roster; 21, including eight starting players, must be Canadian.

Americans tend to play most of the skilled positions, such as quarterback and running back. For decades, the ^{CFL} was more hospitable to black quarterbacks than the ^{NFL}. Not until 2023 did two black starting quarterbacks face each other in a Super Bowl, 42 years after J.C. Watts and Warren Moon faced off in the Grey Cup (Mr Watts later served four terms in Congress, while Mr Moon thrived in the ^{NFL}).

Even with this history and faster-paced game, the ^{CFL} sometimes struggles. In its biggest markets—Toronto, Montreal and Vancouver—football competes with hockey, which is more popular, and other types of entertainment. Toronto, Canada's biggest city, is just a couple of hours' drive from Buffalo, home to the ^{NFL's} Bills, which advertise heavily north of the border. The Lions and Vikings, in Detroit and Minneapolis respectively, also cultivate loyal fan bases in Canada.

This has led to very different fortunes. Two of the three most popular teams, the Blue Bombers and the Saskatchewan Roughriders, are “community-owned” non-profits; some teams have faced financial difficulties, and ownership tends to change more often than for ^{NFL} franchises. ^{CFL} teams remain heavily dependent on game-day revenue from tickets and concessions, which means they can suffer during a bad season, if fans stay away (as they did during [covid](#)).

One former executive suggested stabilising the ^{CFL} by making it the ^{NFL's} minor league, where players not quite good or healthy enough could develop. However, he says he “got so much hate mail from Canadians” accusing him of wanting to give away a source of national pride. Such a merger seems unlikely.

Randy Ambrosie, the outgoing ^{CFL} commissioner, argues that game-day revenues, ^{TV} ratings and team revenues are all rising just as television rights are up in 2026, positioning the league well for a more lucrative deal than it has now. And as long as Americans who love football but do not quite make the ^{NFL} head north each year, the game will remain great fun to watch. As Mr

Awe, the linebacker, notes, “We don’t have million-dollar contracts. None of us will retire off the money we’re making in the CFL, but that’s not the point. It’s really for the love of playing.” ■

For more on the latest books, films, tv shows, albums and controversies, sign up to [Plot Twist](#), our weekly subscriber-only newsletter

This article was downloaded by [zlibrary](#), from [https://www.economist.com/culture/2024/11/15\(canadian-v-american-football-can-you-catch-the-difference](https://www.economist.com/culture/2024/11/15(canadian-v-american-football-can-you-catch-the-difference)

Economic & financial indicators

- [Economic data, commodities and markets](#)

Economic & financial indicators | Indicators

Economic data, commodities and markets

November 21st 2024

Economic data

1 of 2

	Gross domestic product		Consumer prices		Unemployment rate	
	% change on year ago:	quarter*	% change on year ago:	quarter*	rate %	%
United States	2.7	Q3	2.9	Q3	4.1	Oct
China	4.6	Q2	3.6	Q4	5.0	Oct*
Japan	0.3	Q3	0.9	Q2	2.6	Sept
Britain	1.0	Q3	0.6	1.1	2.3	Oct
Canada	0.9	Q2	2.1	1.2	2.0	Oct
Euro area	0.9	Q3	1.5	0.8	2.0	Oct
Austria	-0.9	Q2	-0.2*	-0.5	1.8	Oct
Belgium	1.1	Q3	0.8	1.1	4.8	Oct
France	1.3	Q3	1.5	1.2	1.8	Oct
Germany	-0.2	Q3	0.7	-0.1	2.4	Oct
Greece	2.0	Q2	2.2	3.8	2.9	Sept
Italy	0.4	Q3	-0.1	0.8	1.0	Oct
Netherlands	1.7	Q3	3.3	0.6	3.2	Oct
Spain	3.4	Q3	3.4	2.7	1.8	Oct
Czech Republic	0.9	Q2	1.5	1.1	2.8	Oct
Denmark	3.6	Q3	5.1	1.8	1.6	Oct
Norway	4.2	Q2	5.7	1.0	2.6	Oct
Poland	2.7	Q3	-0.8	3.1	5.0	Oct
Russia	3.4	Q3	na	3.7	8.5	Oct
Sweden	0.2	Q3	-0.4	0.7	1.6	Oct
Switzerland	1.9	Q2	2.0	1.7	6.6	Oct
Turkey	2.5	Q3	0.3	2.9	48.8	Oct
Australia	1.0	Q2	0.9	1.1	2.8	Oct
Hong Kong	1.8	Q3	-4.2	3.1	2.2	Sept
India	6.7	Q2	4.5	7.0	6.2	Oct
Indonesia	4.9	Q3	3.8	5.1	1.7	Oct
Malaysia	5.3	Q3	6.3	5.1	1.8	Sept
Pakistan	3.2	2024**	na	2.8	7.2	Oct
Philippines	5.2	Q3	7.0	5.5	2.3	Oct
Singapore	4.1	Q3	8.7	3.1	2.0	Sept
South Korea	0.3	Q3	0.5	2.2	1.3	Oct
Taiwan	4.6	Q3	4.2	4.2	1.7	Oct
Thailand	3.0	Q3	4.9	4.5	0.6	Oct
Argentina	-1.7	Q2	-6.8	-3.5	19.3	Oct
Brazil	3.3	Q2	5.9	3.0	4.8	Oct
Chile	2.3	Q3	2.7	2.1	4.7	Oct
Colombia	2.0	Q3	0.8	1.6	5.4	Oct
Mexico	1.5	Q3	4.1	1.4	4.8	Oct
Peru	3.6	Q2	9.8	3.0	2.0	Oct
Egypt	2.4	Q2	12.6	2.4	26.8	Oct
Israel	-1.0	Q3	3.8	0.1	3.5	Oct
Saudi Arabia	-0.8	2023	na	1.5	1.9	Oct
South Africa	0.3	Q2	1.8	1.1	2.8	Oct

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.

Economic data

2 of 2

	Current-account balance		Budget balance		Interest rates		Currency units	
	% of GDP, 2024*	latest, %	% of GDP, 2024*	latest, %	10-yr gov't bonds	change on year ago, %	per \$ Nov 20th	% change on year ago
United States	-3.4	-6.9	-4.4	-4.0	4.4	-1.0	7.24	+1.0
China	0.7	-4.4	1.7	1.7	31.0	156	1.16	-4.7
Japan	3.7	-4.7	1.1	1.3	28.0	0.79	1.13	-1.3
Britain	-2.9	-4.0	4.4	4.4	34.0	1.40	1.21	-2.1
Canada	-1.2	-1.2	3.3	3.3	34.0	1.40	1.21	-2.1
Euro area	3.2	-3.1	2.4	2.4	26.0	0.95	1.12	-4.2
Austria	2.3	-2.3	2.8	2.8	39.0	0.95	1.12	-4.2
Belgium	-0.9	-4.6	3.0	3.0	29.0	0.95	1.12	-4.2
France	-0.6	-6.1	3.3	3.3	44.0	0.95	1.12	-4.2
Germany	0.3	-1.0	2.4	2.4	36.0	0.95	1.12	-4.2
Greece	-8.4	-1.3	3.2	3.2	65.0	0.95	1.12	-4.2
Italy	1.5	-4.3	3.6	3.6	76.0	0.95	1.12	-4.2
Netherlands	0.6	-1.9	2.6	2.6	34.0	0.95	1.12	-4.2
Spain	2.6	-3.2	3.0	3.0	54.0	0.95	1.12	-4.2
Czech Republic	0.3	-2.5	4.0	4.0	31.0	24.0	1.12	-6.8
Denmark	10.8	2.1	2.1	2.1	74.0	7.09	1.12	-3.8
Norway	17.0	12.3	3.7	3.7	7.0	11.1	1.12	-3.2
Poland	1.4	-5.7	5.6	5.6	4.0	4.12	1.12	-3.4
Russia	3.1	-1.7	16.2	16.2	44.0	101	1.12	-12.1
Sweden	7.3	-0.9	2.1	2.1	65.0	1.12	1.12	-5.2
Switzerland	7.4	-0.3	0.4	0.4	34.0	0.89	nl	nl
Turkey	-1.8	-4.5	28.2	28.2	14.0	34.5	-16.6	nl
Australia	0.6	-1.0	4.7	4.7	1.0	1.54	0.7	-0.7
Hong Kong	11.9	-3.1	3.4	3.4	47.0	7.78	0.71	-0.1
India	-0.5	-4.9	6.8	6.8	40.0	84.4	0.71	-1.3
Indonesia	-0.1	-2.5	6.9	6.9	29.0	15.665	0.71	-2.6
Malaysia	2.6	-4.5	3.8	3.8	-10.0	4.47	1.12	4.5
Pakistan	-1.2	-7.4	12.2	12.2	-289	2.78	2.7	nl
Philippines	-2.9	-6.1	6.0	6.0	-42.0	58.9	0.7	-5.7
Singapore	19.8	0.2	2.9	2.9	-11.0	1.34	0.7	-0.7
South Korea	3.8	-1.8	3.0	3.0	-73.0	1.394	0.7	-7.2
Taiwan	14.1	1.5	1.5	1.5	19.0	32.5	0.7	-26
Thailand	1.9	-3.7	2.4	2.4	-56.0	34.7	1.1	nl
Argentina	0.9	nil	na	na	1.003	-64.7	nl	nl
Brazil	-1.6	-7.6	12.9	12.9	194	5.77	-15.8	nl
Chile	-2.6	-2.4	5.9	5.9	15.0	97.0	0.96	-9.6
Colombia	-2.7	-5.7	10.4	10.4	-33.0	4,409	0.86	-8.6
Mexico	0.3	-5.2	9.9	9.9	43.0	20.2	0.7	-15.2
Peru	1.0	-4.0	6.7	6.7	-33.0	3.79	0.7	-1.1
Egypt	-5.2	-3.7	na	na	49.8	-37.8	nl	nl
Israel	4.6	-7.2	4.7	4.7	43.0	3.74	0.7	-0.3
Saudi Arabia	-0.9	-2.4	na	na	3.75	nl	nl	nl
South Africa	-1.8	-5.2	9.0	9.0	-101	18.1	1.1	1.1

Source: Haver Analytics. **5-year yield. ***Dollar-denominated bonds.

The Economist

Markets

Markets

	% change on:		
	Index Nov 20th	one week	Dec 29th 2023
In local currency			
United States S&P 500	5,917.1	-1.1	24.1
US tech stocks	10,830.4	-0.3	13.8
China Shanghai Comp	33,980.0	-2.1	13.2
China Shenzhen Comp	20,377.7	-3.9	10.9
Japan Nikkei 225	38,352.3	-1.0	14.6
Japan Topix	2,698.3	-0.4	14.0
Britain FTSE 100	8,065.8	0.7	4.5
Canada S&P/TSX	25,036.5	0.2	19.5
Euro area EURO STOXX 50	4,729.9	-0.2	4.6
France CAC 40	7,198.5	-0.3	-4.6
Germany DAX	19,004.8	nil	13.5
India NSE NIFTY	32,227.7	-0.4	9.5
Indonesia IDX	7,180.5	-1.8	1.3
Malaysia KLCI	1,820.2	-0.2	9.6
Pakistan KSE	66,516.4	-2.3	53.0
Singapore STI	3,743.6	0.6	15.5
South Korea KOSPI	2,482.3	2.7	-6.5
Taiwan TWII	22,688.4	-0.8	26.5
Thailand SET	1,462.5	0.8	3.3
Argentina MERV	2,145,971.8	5.1	15.6
Brazil Bovespa	126,197.3	0.4	-4.5
Mexico IPC	50,168.9	-1.1	-12.6
Egypt EGX 30	30,588.0	-2.7	22.9
Kenya KSE	22,000.0	-1.1	20.9
Saudi Arabia Tadawul	11,887.9	-0.5	-8.8
South Africa JSE AS	85,274.8	1.8	10.9
World dev't MSCI	3,739.0	-0.7	18.0
Emerging markets MSCI	1,094.9	0.1	7.0

	US corporate bonds, spread over Treasuries		
	Basis points	latest	Dec 29th 2023
Investment grade	96	154	
High-yield	313	502	

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

The Economist

Commodities

The Economist commodity-price index

2020=100	Nov 12th	Nov 19th*	% change on	
			month	year
Dollar Index				
All items	130.3	130.8	0.4	1.4
Food	141.0	142.5	3.9	6.2
Industrials				
All	121.5	121.2	-2.7	-2.9
Non-food agriculturals	134.5	134.4	1.2	7.6
Metals	118.2	117.8	-3.7	-5.5
Sterling Index				
All items	131.2	132.7	2.9	0.4
Euro Index				
All items	140.4	141.2	2.6	4.7
Gold				
\$ per oz	2,599.8	2,625.2	-4.3	31.1
Brent				
\$ per barrel	72.2	72.9	-4.1	-11.6

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

The Economist

This article was downloaded by [zlibrary](#), from <https://www.economist.com/economic-and-financial-indicators/2024/11/21/economic-data-commodities-and-markets>

Obituary

- Frank Auerbach aimed only at one memorable image

Obituary | Layering up, scraping off

Frank Auerbach aimed only at one memorable image

Britain's most obsessive figurative painter died on November 11th, aged 93

November 20th 2024



Almost every day of the week, for more than six decades, Frank Auerbach would stride along Mornington Crescent. It was, and is, a typical North London street: tall terraced houses of soot-red brick and stucco, with a railed garden on one side. Often he carried a plain pad and a stick of graphite, to make sketches at sunrise before his neighbours stirred. He enjoyed the early, oily yellow light on the buildings and the sleeping cars.

This, with gritty Camden Town and the green slopes of Primrose Hill, was his complete world. He needed no other. Its radius was perhaps a mile and a half, but it contained all the things he most liked painting, over and over again. "His" chimney stack, at the back of the Black Cat cigarette factory;

“his” Tube station, in original crimson tiles; Camden High Street, a chaos of awnings, signage, buses and vivid buildings; Primrose Hill in slabs of viridian, red and blue; and the little wicket gate, along the crescent, that led down to his studio. By 2023 a painting of the crescent, done in 1969, fetched more than \$7m. But fame had not displaced him.

His studio was a paint explosion. On canvases, of course, but also on the walls and, inches deep, on the floor. Once a brush was in his hand, he was instantly happy. He worked in a sort of storm, often squeezing the paint-tubes directly on the canvas and leaving the squidges as they were. The paintings he became most famous for, from the late 1940s, were so thickly built up that they were as heavy as bas reliefs. His first portrait of his longtime lover, Estella Olive West, seemed to have been cast from wet cement. His paintings of London bomb sites, which he found intensely dramatic, even sexy, were nightmares of muddy disruption. Yet it was one of those, “Summer Building Site” (1952) with black and orange forms embracing two delicate yellow ladders, that seemed to declare he had broken a barrier and made art that was new. Steadily, though slowly, galleries and collectors caught on.

His task for the rest of his life was to make his art memorable. Just one image lodged in the public mind was all he wanted: one image that would also satisfy him and stand up by itself. But he was not a man to be satisfied. His muttered mantra as he painted was “Rubbish, complete rubbish.” To prove the point, at the end of almost all his sessions he would scrape the canvas clean again. To produce one good picture, anything that was merely adequate had to be obliterated with more paint, or destroyed. One portrait took 300 sittings. His bills for paint—blacks, browns and dull greens, “Rembrandt and Hals colours”, in the early years, bright chromium and cadmium colours once he had the money—were extraordinary, because he reckoned that 95% of it went into the bin. Charcoal and graphite were expunged with an eraser, leaving faces behind that were poignant in their ghostliness.

Enclosed in his studio with his ceaseless pursuit, often sleeping there, he might have been a gloomy recluse. Not so. He painted because it was fun, and much the most interesting thing he could think of doing. He resisted interviews and shows because they deflected him. His only memory of his

early childhood (a Berlin childhood sharply interrupted by a Kindertransport journey to England and the murder of his parents in Auschwitz) was the good feel of a wet brush being plunged into a paintbox and the colour soaking through the paper. By the age of 16 he wanted to be an artist; when he left art college he started to sell his paintings from the pavement. For years he was extremely poor, and would take any job: acting, frame-making, or working in his friend Leon Kossoff's family bakery in Brick Lane. Leon took the cake side and he the bread side, two young artists hungering to excel. He was saved from penury when the Beaux Arts in the early 1960s gave him an annuity, and he could devote himself to art.

He was not a hermit, therefore, but he still demanded a tightly focused life. Just as he had his own corner of London, he had his own small circle of friends and sitters, half a dozen or so, including Estella and Julia Wolstenholme, his wife. For years they would come to the studio at the same time every week—he fretted if they were late—and sit for two sessions of an hour. Gradually they would emerge as impasto in a broken black outline, with slashes of colour contrast here and there. It was vital to keep to the faces he knew well, as to the places, so that he could seize more life and see more truth in them. (He kept using himself as a subject for the same reason, and he was infinite.) He thought how well Monet had known waterlilies, in order to paint them as he did.

Though his work did not often shout it out, his artistic influences were many: Titian, Rembrandt, Matisse, Monet, Ingres, Cézanne. It was impossible to match their standard and scope, as it also was to do anything that had never been done before. His most influential teacher was David Bomberg at the Borough Polytechnic; his circle included Francis Bacon and Lucian Freud, who collected his pictures from early on. Although he seemed in many respects a loner, his mind was crowded with painters he admired. Their presence made it all the harder to produce that one indelible image he was striving for.

Nonetheless, he kept grappling. He had analysed his task as a painter: not to reproduce the material object on the canvas, but to try to depict the way his mind had grasped it. Portraits demanded the same approach: he painted his friends as they felt, to him, to be. Depending on his mood, the context, the time of day, his subjects were continually changing, as were the colours they

called for. As the years passed, his paint got brighter and lighter and his studio almost clean. He did not think he had ever been an Expressionist painter. But if his frantic thick layering had expressed impatience with the challenge he had set himself, his later works seemed more relaxed. He would never quite pin down his friends, his lovers, himself, or Mornington Crescent. The dawn light on brick and stucco was different every day. ■

This article was downloaded by [zlibrary](#) from <https://www.economist.com/obituary/2024/11/20/frank-auerbach-aimed-only-at-one-memorable-image>

The
Economist

THE WORLD AHEAD 2025

NOVEMBER 23RD-29TH 2024

Disrupter-in-chief



Table of Contents

The world this week

[Politics](#)

[Business](#)

[The weekly cartoon](#)

[This week's cover](#)

Leaders

[Why British MPs should vote for assisted dying](#)

[The opportunities—and dangers—for Trump's disrupter-in-chief](#)

[Germany cannot afford to wait to relax its debt brake](#)

[Too many master's courses are expensive and flaky](#)

[From Nixon to China, to Trump to Tehran](#)

Letters

[Letters to the editor](#)

By Invitation

[My assisted-dying bill safely solves a grave injustice, says Kim Leadbeater](#)

[Assisted-dying advocates' claims of freedom have it backward, says Danny Kruger](#)

Briefing

[Elon Musk and Donald Trump seem besotted. Where is their bromance headed?](#)

[Elon Musk's transformation, in his own words](#)

United States

[Democrats are still processing their defeat](#)

[Los Angeles decides it is sick of scandal](#)

[Congestion pricing in New York gets the go-ahead after all. Maybe](#)

[What will Donald Trump do about legal immigration?](#)

[Will Donald Trump now pardon the January 6th rioters?](#)

[How gaga is MAHA?](#)

[How Donald Trump could win the future](#)

The Americas

[Brazil courts China as its Musk feud erupts again](#)

[Parlacen, a bizarre parliament, is a refuge for bent politicians](#)

[The mafia's latest bonanza: salmon heists](#)

Asia

[The surprising stagnation of Asia's middle classes](#)

[The mystery of India's female labour-force participation rate](#)

[Racial tensions boil over in New Zealand](#)

[Why is it so hard for Indians to get a visa?](#)

[The Caspian Sea is shrinking rapidly](#)

[Once a free-market pioneer, Sri Lanka takes a leap to the left](#)

China

[Helping America's hawks get inside the head of Xi Jinping](#)

[Trump, trade and feeding China's pigs](#)

[Snuffing out the flame of freedom in Hong Kong](#)

Middle East & Africa

[Get ready for "Maximum Pressure 2.0" on Iran](#)

[Israel's hardliners want no one else to control Gaza](#)

[A genocidal militia's quest for legitimacy](#)

[Why GM crops aren't feeding Africa](#)

Europe

[Once dominant, Germany is now desperate](#)

[Ukraine's secret army in France](#)

[Ukraine can, at last, use its Western missiles inside Russia](#)

[A rise in antisemitism puts Europe's liberal values to the test](#)

Britain

[Where British MPs should look before the vote on assisted dying](#)

[How to fix palliative care in Britain](#)

[Britain's new government may cut the number of Channel crossings](#)

[Britain's government wants bigger pension funds](#)

[The story of Britain's "ginaissance"](#)

[A sticking-plaster policy for Britain's strained courts](#)

[Assisted dying and the two concepts of liberty](#)

International

[Is your master's degree useless?](#)

[The perils of appeasing a warlike Russia](#)

Business

[How Chinese is Shein?](#)

[Nvidia's boss dismisses fears that AI has hit a wall](#)

[What ChatGPT's corporate victims have in common](#)

[Donald Trump's victory has boosted shares in private-prison companies](#)

[Gautam Adani faces bribery charges in America](#)

[Spirit's woes reveal the dismal state of America's budget airlines](#)

[How to behave in lifts: an office guide](#)

[Does Dallas offer a vision of Trumpian America?](#)

Finance & economics

[How to make Elon Musk's budget-slashing dreams come true](#)

[Donald Trump's gas war is about to begin](#)

[Is China really a nation of slackers?](#)

[Should investors just give up on stocks outside America?](#)

[Vladimir Putin is in a painful economic bind](#)

[Computers unleashed economic growth. Will artificial intelligence?](#)

[What Donald Trump and Bernie Sanders get wrong about credit cards](#)

Science & technology

[Scientists are building a catalogue of every type of cell in our bodies](#)

[Scientific publishers are producing more papers than ever](#)

[The two types of human laugh](#)

[How squid could help people get over their needle phobia](#)

Culture

[The cult of Jordan Peterson](#)

[Woodrow Wilson's reputation continues to decline](#)

[The best podcasts of 2024, as picked by The Economist](#)

[Tech and religion are very much alike](#)

[The New York-London arbitrage for musicals](#)

[Canadian v American football: can you catch the difference?](#)

Economic & financial indicators

[Economic data, commodities and markets](#)

Obituary

[Frank Auerbach aimed only at one memorable image](#)