
Harry, Meghan and Marx

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Davos, man!

JANUARY 18TH–24TH 2020

The horrible housing blunder

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A SPECIAL REPORT



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Politics this week

The world this week Jan 16th 2020 edition

After three days of covering up the cause of the crash of a Ukrainian airliner near Tehran, the **Iranian** armed forces admitted that they mistook the plane for an incoming missile and shot it down, killing all 176 people on board. Thousands of Iranians demonstrated against the government's handling of the accident. President Hassan Rouhani, who said he was also lied to, called for a full investigation. See [article](#).

Britain, France and Germany triggered the dispute mechanism in a deal that is meant to curb **Iran's nuclear programme**. The move was prompted by Iran's gradual lifting of limits on its production of enriched uranium, which can be used to make energy or a bomb. Britain's prime minister, Boris Johnson, called for a new "Trump deal" to replace the old agreement. Mr Rouhani dismissed this. See [article](#).

Talks in Moscow over **Libya** broke down when Khalifa Haftar left without signing a ceasefire agreement. His forces are at the gates of Tripoli, seat of

the internationally recognised government.

In **Sudan** former intelligence officers clashed with troops on the streets of Khartoum, briefly shutting the airport. It was the biggest display of force from those still loyal to Omar al-Bashir since his ousting as president last year.

Emmanuel Macron, the president of France, hosted a summit attended by five African leaders on the threat of Islamic militancy in **the Sahel**. Mr Macron pledged to send an extra 220 French troops to the contingent of 4,500 that are already there. Despite rising regional violence, some locals want them to leave

Ethiopia's electoral commission set August 16th as the tentative date for an election, the first to be contested by the country's reformist prime minister, Abiy Ahmed, who is leading a new party.

Just impeachy

The House of Representatives at last sent the articles of **impeachment** for Donald Trump to the Senate, which will allow his trial to start. Democrats released new evidence against the president, based on the dealings of Rudy Giuliani, one of Mr Trump's personal lawyers, with Ukrainian officials. See [article](#).

The **Democratic candidates** for president held their last debate before the real contest kicks off in Iowa on February 3rd. Bernie Sanders denied that he had told Elizabeth Warren in 2018 that a woman could not be elected president. See [article](#).

A poke in the eye for Beijing

Voters in **Taiwan** re-elected Tsai Ing-wen as president by a margin of almost 20 percentage points. Ms Tsai's Democratic Progressive Party also retained control of the legislature. The landslide victory was seen as a rebuff to China's intensifying efforts to isolate and intimidate Taiwan. See [article](#).

China reported the first death resulting from a virus that has infected more than 40 people, most of whom had visited or worked in a fish-market in the Chinese city of Wuhan. The ^{WHO} said it was possible that “limited” human-to-human transmission was occurring. See [article](#).

The first of a new class of destroyer, the Type 055, formally entered service in **China’s navy**. It is regarded as one of the most advanced of its kind in the world. China hailed the official launch of the vessel, the *Nanchang*, as a “great leap” in its naval modernisation.

Taal volcano, one of the most active in the **Philippines**, erupted. The huge plume of ash disrupted flights at Manila’s main airport, some 50km away. Volcanologists fear a bigger eruption is imminent.

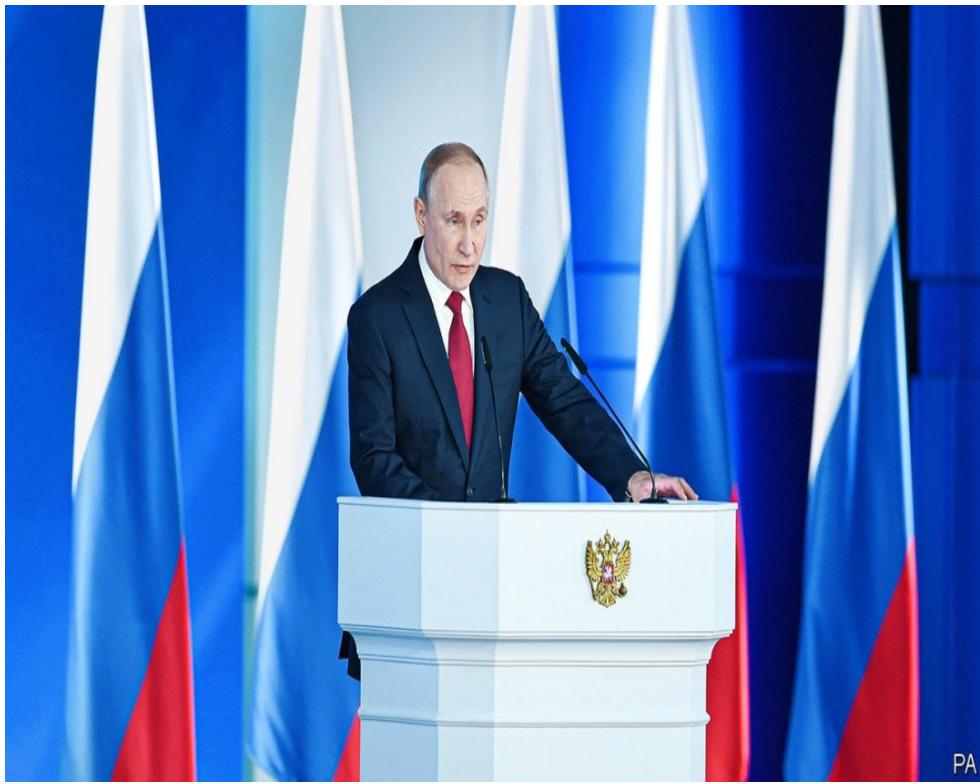
A court in **Pakistan** overturned the death sentence issued by a special tribunal last month against Pervez Musharraf, a former army chief who led a coup against the civilian government in 1999. Mr Musharraf had been found guilty of treason and subverting the constitution in relation to a separate incident in 2007.

A new sherriff in town

Alejandro Giammattei, a pro-business conservative, was sworn in as **Guatemala’s** president. Although he has promised to fight corruption, Mr Giammattei has no plans to bring back a ^{UN}-backed anti-corruption body that was expelled from the country by his predecessor, Jimmy Morales. Mr Morales was sworn in as a member of a regional parliament, which may give him immunity from charges that he violated campaign-finance laws, which he denies.

Haiti’s parliament was supposed to start sitting on January 13th. But the country is now being governed without a functioning legislature because an election due last October was never held. President Jovenel Moïse can now rule by decree. See [article](#).

Power grab



PA

Vladimir Putin took Kremlin-watchers by surprise when he proposed an overhaul of **Russia's** political institutions that could expand the power of the Duma and the state council, a body that currently has little weight but which he heads. Mr Putin must step down as president in 2024, according to the constitution. The opposition says he is manoeuvring to hold on to power. Dmitry Medvedev, an ally of Mr Putin, stood aside as prime minister. See [article](#).

Robert Abela became **Malta's** prime minister when the governing Labour Party elected him as leader to replace Joseph Muscat. Mr Muscat resigned amid an outcry over claims he protected friends linked to those accused of involvement in the murder in 2017 of a journalist who was investigating corruption.

Leo Varadkar, the **Irish** prime minister, called an election for February 8th. It will be the first ballot in Ireland held on a Saturday, which Mr Varadkar hopes will increase turnout.

A new power-sharing deal was agreed to in **Northern Ireland**, ending three years of stalemate for the devolved government. Pressure from Westminster

and voter dissatisfaction forced the Democratic Unionists and Sinn Fein to compromise. The parties agree on one thing: they say that the extra spending promised as part of the deal is inadequate. See [article](#).

Boris Johnson, **Britain's** prime minister, gave his first _{tv} interview since his election victory in December. Mr Johnson claimed it was “epically likely” that he would secure a trade deal with the _{EU} by the end of this year, but conceded that “you always have to budget for a complete failure of common sense”. Mr Johnson was clearer about the cost of getting Britain bonging on Brexit day: £500,000. That is how much is needed to get the clapper ringing again on Big Ben, which has fallen silent during lengthy repairs.

Correction: Last week we said that both of Harvey Weinstein’s accusers in a court in New York were unnamed. In fact, only one of the women is unnamed. Sorry.

This article appeared in the *The world this week* section of the print edition under the headline "Politics this week"



Business this week

The world this week [Jan 18th 2020 edition](#)

The “**phase-one**” deal suspending trade hostilities between America and China was signed in Washington. The agreement commits China to buy more American agricultural goods, among other things, in exchange for America withholding further tariffs. Most of the penalties that both sides have imposed on each other remain in place. Data this week showed that **China’s global exports** grew by 0.5% in dollar terms last year, the weakest rate in three years. Its exports to America fell by 12.5%. See [article](#).



Economist.com

Kal

KAL's cartoon

The world this week [Jan 16th 2020 edition](#)

Leaders

- [Property markets: The horrible housing blunder](#)
- [Iran: Sorry doesn't cut it](#)
- [Russia: Glued to the throne](#)
- [Health policy: Back to basics](#)
- [American economic power: Spooked by sanctions](#)



The horrible housing blunder Home ownership is the West's biggest economic-policy mistake

It is an obsession that undermines growth, fairness and public faith in capitalism

Leaders Jan 16th 2020 edition

ECONOMIES CAN suffer both sudden crashes and chronic diseases. Housing markets in the rich world have caused both types of problem. A trillion dollars of dud mortgages blew up the financial system in 2007-08. But just as pernicious is the creeping dysfunction that housing has created over decades: vibrant cities without space to grow; ageing homeowners sitting in half-empty homes who are keen to protect their view; and a generation of young people who cannot easily afford to rent or buy and think capitalism has let them down. As [our special report](#) this week explains, much of the blame lies with warped housing policies that date back to the second world war and which are intertwined with an infatuation with home ownership. They have caused one of the rich world's most serious and longest-running economic failures. A fresh architecture is urgently needed.

At the root of that failure is a lack of building, especially near the thriving cities in which jobs are plentiful. From Sydney to Sydenham, fiddly regulations protect an elite of existing homeowners and prevent developers from building the skyscrapers and flats that the modern economy demands. The resulting high rents and house prices make it hard for workers to move to where the most productive jobs are, and have slowed growth. Overall housing costs in America absorb 11% of GDP, up from 8% in the 1970s. If just three big cities—New York, San Francisco and San Jose—relaxed planning rules, America's GDP could be 4% higher. That is an enormous prize.



Sorry doesn't cut it It's time for the Iranian regime to talk to America

And loosen up at home

[Leaders](#)[Jan 16th 2020 edition](#)

NOT SINCE the Ashura holiday, which some Shias mark by whipping themselves, had Iran witnessed so much self-flagellation. After three days of covering up the cause of the crash of a Ukrainian airliner near Tehran on January 8th, Iran's leaders admitted that their own armed forces had mistaken the plane for an incoming cruise missile and shot it down, killing all 176 people on board. Hossein Salami, the head of the Islamic Revolutionary Guard Corps (^{IRGC}), said he was sorrier than he had ever been in his life and wished he had died on the plane himself.

Coming from someone else, such remorse might have soothed the public. But this is Iran, where only two months ago the state killed hundreds of protesters. After a pause to berate America for killing Qassem Suleimani, Iran's most prominent general, on January 3rd, Iranians are furious with

their rulers again. Thousands have taken to the streets to challenge the regime's lies and incompetence. Meanwhile Britain, France and Germany have taken steps that could lead to the reimposition of ^{UN} sanctions over Iran's nuclear activity. The hard men of Tehran face pressure from all sides. They are not responding well.



PA

Glued to the throne How Vladimir Putin is preparing to rule for ever

The details are murky, but Putin's plan for constitutional change looks like a long-term power grab

Leaders Jan 16th 2020 edition

WHAT IS VLADIMIR PUTIN playing at? On January 15th Russia's president took Kremlin-watchers by surprise. In his state-of-the-union speech, he announced a radical overhaul of the Russian constitution and a referendum on its proposed (still very unclear) terms. This bombshell was immediately followed by another. The prime minister, Dmitry Medvedev, resigned along with the entire cabinet. As *The Economist* went to press, the reasons for Mr Medvedev's ejection and replacement by an obscure technocrat remained a riddle wrapped in a mystery.

To understand what might be going on, start with a simple fact. In the past 20 years Mr Putin's regime has killed too many people, and misappropriated too many billions, to make it plausible that he would ever

voluntarily give up effective power. Under the current constitution he cannot run again for president when his term expires in 2024, since no one is allowed more than two consecutive terms. So everyone has always assumed that one way or another he would game the rules to remain top dog. He already has form on this. His first two terms as president ran from 2000 to 2008. Term-limited out for the first time, he became prime minister for four years, during which time Mr Medvedev served as a distinctly neutered president. In 2012 Mr Putin was back in the suddenly re-empowered presidency, and was re-elected to a second term in 2018. The only enigma has ever been what job he would jump to in 2024.



Stephen Cheetham

Backs on the rack

Vast sums are wasted on treatments for back pain that make it worse

Most patients should be prescribed exercise and patience, not invasive surgery

Leaders Jan 16th 2020 edition

FOR SOME people it starts with an injury: a skiing accident or a car crash. For others it starts with something seemingly innocuous, like picking up a pair of socks from the floor. But for most, back pain is as mysterious as it is excruciating. Some 85% of chronic sufferers have what doctors call “non-specific” back pain, meaning it has no clear physical cause.

In most countries, whether rich or poor, back pain is the leading cause of disability, measured by the number of years lived in poor health (see [Briefing](#)). It often strikes people in middle age and keeps them wincing, on and off, for the rest of their lives. Many lose their jobs, either because they feel physically unable to work or because they become depressed. Back

pain is the main reason why Europeans drop out of work and a big reason why Americans get hooked on opioids.



Dethroning the dollar The search to find an alternative to the dollar

China, Russia and others don't want to rely on American high-finance

Leaders Jan 18th 2020 edition

ON JANUARY 15TH America and China signed the first phase of a trade deal that eases tensions, with China agreeing to buy an additional \$200bn of American products over two years. It may look as if peace is breaking out in global economic relations, but beneath the surface the tectonic plates of commerce are shifting (see [Briefing](#)). America's financial muscle-flexing—through the use of sanctions, tariffs and bans on blacklisted firms—has not escaped the attention of other countries, which have been intensifying efforts to avoid the global dollar-based financial plumbing. Though these could herald a more balanced international monetary system, they also carry risks for the world economy.

The Trump administration has turned its financial might on not only China but also Iran, Russia and a host of others—including even allies such as the

European Union and Turkey. The latest Iranian sanctions, announced last week, will heap more pain on an economy already pummelled by economic missiles aimed at banks, oil production and shipping. So dollar-centric is global commerce that other countries have long found it difficult to trade, even among themselves, without recourse to America's currency, banks and payments infrastructure. At least half of all trade invoices are in dollars. A majority of cross-border transactions are ultimately cleared through New York.

Letters

- [Letters to the editor: On Iran, hormone therapy, Ireland, Dominic Cummings](#)

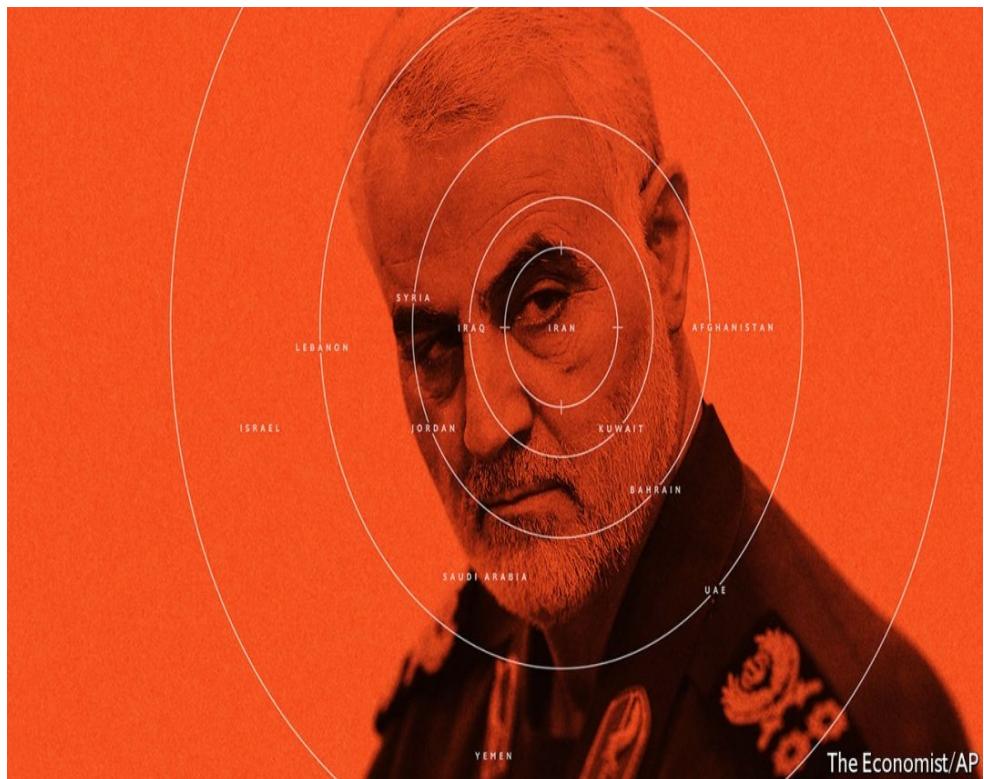
On Iran, hormone therapy, Ireland, Dominic Cummings

Letters to the editor

A selection of correspondence

[Letters](#)[Jan 16th 2020 edition](#)

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



Briefing

- [Chronic pain: Backs to the future](#)
- [American financial hegemony: Dethroning the dollar](#)



Stephen Cheetham

The burden of back pain Back pain is a massive problem which is badly treated

Why are better approaches to helping sufferers so slow to spread?

[BriefingJan 18th 2020 edition](#)

PETE MOORE was 43 when he woke up one autumn morning with back pain so excruciating that he struggled to dress himself. His doctor in Romford, an English town, referred him to hospital for an MRI scan; this showed that some of the spongelike discs that separate the spine's vertebrae were bulging out of the slots into which they customarily fit. Such "slipped" discs can be caused by an injury; but they are also the sort of thing which can just happen with increasing age.

Mr Moore received a prescription for opioids to help him cope with the pain; but the pain persisted, and he found himself becoming loopy. Unable to work or do much else, Mr Moore, who had been a painter, sank into depression. Three years into his ordeal, he says, he was "thinking of ending it all".



Dethroning the dollar

America's aggressive use of sanctions endangers the dollar's reign

Its rivals and allies are both looking at other options

[Briefing](#)[Jan 18th 2020 edition](#)

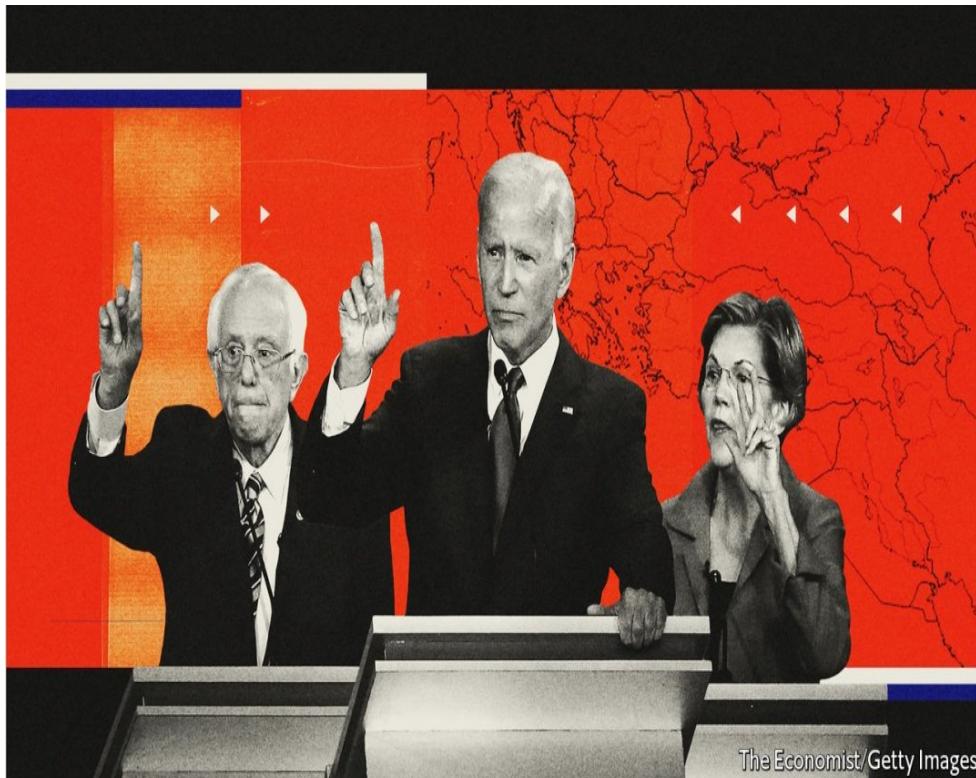
EVER SINCE the dollar cemented its role as the world's dominant currency in the 1950s, it has been clear that America's position as the sole financial superpower gives it extraordinary influence over other countries' economic destinies. But it is only under President Donald Trump that America has used its powers routinely and to their full extent, by engaging in financial warfare. The results have been awe-inspiring and shocking. They have in turn prompted other countries to seek to break free of American financial hegemony.

In 2018 America's Treasury put legal measures in place that prevented Rusal, a strategically important Russian aluminium firm, from freely accessing the dollar-based financial system—with devastating effect.

Overnight it was unable to deal with many counterparties. Western clearing houses refused to settle its debt securities. The price of its bonds collapsed (the restrictions were later lifted). America now has over 30 active financial- and trade-sanctions programmes. On January 10th it announced measures that the treasury secretary, Steven Mnuchin, said would “cut off billions of dollars of support to the Iranian regime”. The State Department, meanwhile, said that Iraq could lose access to its government account at the Federal Reserve Bank of New York. That would restrict Iraq’s use of oil revenues, causing a cash crunch and flattening its economy.

United States

- [The Democratic primary: The world intrudes](#)
- [Retirement: Baby steps](#)
- [America's animals: City critters](#)
- [The Department of Commerce: Weapon of choice](#)
- [Immigration policy: Temporary toil](#)
- [Lexington: The Senate's coming test](#)



The Economist/Getty Images

The world intrudes The Democrats' debate in Iowa covers foreign policy at last

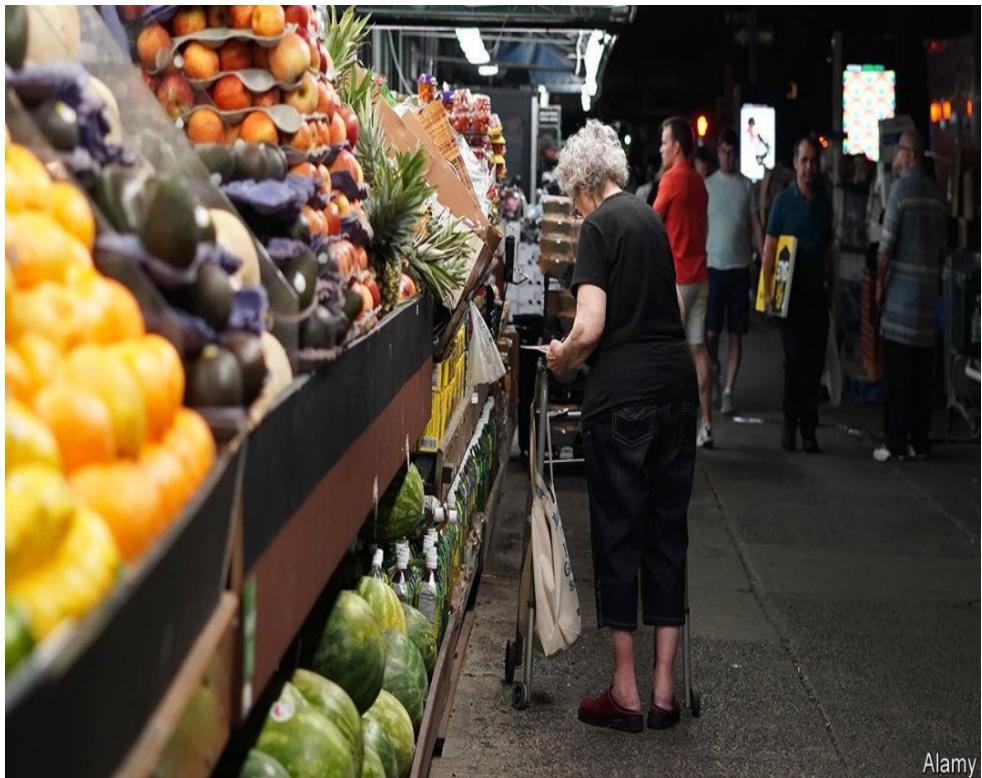
His challengers agree that Donald Trump gets it wrong, but they express real differences with each other

[United States](#)[Jan 16th 2020 edition](#)

BEFORE LAUNCHING into a speech for the 30 or so Joe Biden-curious Iowans who had gathered in Ames on a frigid Wednesday evening in early January, John Kerry, the Democratic presidential nominee in 2004 and a secretary of state for Barack Obama, made sure to hug an old friend in the crowd: the gunner from his Swift Boat in Vietnam many decades ago. Soon after returning from that war as a wounded and decorated veteran, Mr Kerry had concluded that it was a pointless misadventure. In Iowa he worried that America was again on the brink of another disastrous war—this time with Iran.

President Donald Trump had ordered the killing of General Qassem Suleimani, perhaps the second-most-powerful man in Iran, eviscerating what little remained of the detente that Mr Kerry and Mr Obama had

worked to establish through diplomatic channels. “We didn’t sit there publicly pissing and moaning and screaming about how bad they were and tweeting away and creating a storm,” Mr Kerry said.



Baby steps America's pensions system is now less of a mess

But the country still has more cleaning up to do

United StatesJan 16th 2020 edition

THE LATEST jobs report shows that the unemployment rate in America stayed at 3.5% in December, confirming that things are looking pretty good for workers right now. Less well known is that there are plans afoot to improve workers' prospects once they have laid down their tools. Shortly before Christmas, America enacted its first big reform to the retirement system in over a decade. The Setting Every Community Up for Retirement Enhancement Act of 2019, better known as the SECURE Act, is a good start. But much more is needed.

Americans could certainly do with additional retirement security. The median balance held in retirement accounts is \$60,000 per family, enough for only a pitiful income in old age. Yet by one estimate 40% of working-age Americans have no retirement-account savings at all, meaning that they

will probably have to rely on Social Security (public pensions) in their dotage. That safety-net is thin. America's rate of old-age poverty is one of the highest in the rich world (see chart).



Nature Picture Library

City critters Unpacking the rise of urban coyotes

Shifting patterns of global trade may explain the canine's spread across America

United States**Jan 16th 2020 edition**

THE ATTACKER sprang from the tall grass in a lakefront park, leaving a five-year-old victim terrified, blood streaming from his head. After the boy was taken to hospital, a hunt ensued. Helicopters, police and specialist trackers fanned across the Chicago neighbourhood. A man brought himself to hospital saying he, too, had been bitten. Two nearby schools were locked down for a day. Eventually a suspect—a brindle coyote with puppy-dog eyes—was apprehended behind a theatre.

The incident excited much of Chicago. Although coyote attacks on humans are rare, the animals have become an increasingly common part of urban American life. Once mostly found west of the Mississippi, they have spread east. Coyotes have settled in almost every urban area in the country,

including New York City. There are few reliable estimates of the national population, but over 400,000 are hunted each year. Survivors roam an ever-larger territory.



Weapon of choice Old export regulations get a new use

Donald Trump's administration leverages rules from the Department of Commerce to confront Chinese firms

United StatesJan 16th 2020 edition

AN OBSCURE PART of the Department of Commerce called the Bureau of Industry and Security (^{BIS}) is not used to grabbing the limelight. But lately it has had plenty of attention. That is thanks to its control of rules governing the flow of goods from and through America, called the Export Administration Regulations (^{EAR}). Under Donald Trump, these rules are being transformed into a new weapon in the fight against Chinese technology. But changing them risks driving high-tech business out of America.

The traditional tools for attacking foreign companies are the economic sanctions available through the Department of the Treasury. Sanctions prevent the target firm from doing transactions in American dollars, essentially cutting them off from the global financial system. But Steven

Mnuchin, the treasury secretary, is widely understood to be against that option for one of the main objects of America's beef with China, the tech giant Huawei. That is possibly because shutting out Huawei could risk global network blackouts and great economic turmoil.



Getty Images

Well documented America's guest-worker boom

Donald Trump's administration is encouraging low-skilled Mexican migrants to come to America, legally

United StatesJan 16th 2020 edition

ALTHOUGH AMERICA'S immigration policy now seems dominated by a desire to seal the country's southern border, Donald Trump's administration has been surprisingly tolerant of a certain type of crossing. Those by legal, temporary migrants—or guest workers—in search of low-wage work have risen dramatically over the past decade.

The government granted 408,000 visas for guest workers in 2019, up from 103,000 in 2010. This growth began well before the start of Donald Trump's term, but has recently come back into focus. If a proposed rule-change takes effect, guest workers could become an even larger source of labour in low-wage industries.



Lexington The Senate's coming test

Donald Trump's acquittal is certain; how the constitutional system survives it is not

United States Jan 16th 2020 edition

IF FACTS AND evidence still matter in American governance, the Senate will have no alternative but to take up the latest revelations of Donald Trump's Ukrainian influence scheme when his impeachment trial begins next week. On the face of it, the clutch of notes and text messages released by House Democrats on January 14th appear to be as incriminating as anything levelled at Mr Trump's presidency to date.

Stripped from an iPhone belonging to Lev Parnas, a Ukrainian-born businessman and Republican donor who has been indicted for political corruption, they suggest Mr Trump was thickly involved in the plot hatched by his lawyer, Rudy Giuliani, to shake down Ukraine's newly elected government for political favours. In a letter sent last year to President

Volodymyr Zelensky, requesting a meeting, Mr Giuliani stressed that Mr Trump had “knowledge and consent” regarding his activities in Ukraine. He also emphasised that he represented Mr Trump’s personal interests—“as a private citizen, not as president of the United States”. And in interviews on January 15th, Mr Parnas said the president was fully aware of his efforts in Ukraine.

The Americas

- [Haiti: Gourdean knot](#)
- [Mexico: Out of left field](#)
- [Bello: Argentina and the reality principle](#)



Gourdean knot

Jovenel Moïse tries to govern Haiti without a parliament

Haitians are beginning to demand more from their politicians

[The Americas](#)Jan 18th 2020 edition

PETER CONFIDENCE lounges against a broken lamppost in a park in Petionville, a prosperous suburb of Port-au-Prince, Haiti's capital, basking in the afternoon sun. As he rubs a tattooed St Peter on his neck he explains that Jovenel Moïse, Haiti's president, is the only man strong enough to fix the country. Before he can finish, a passer-by selling food from a large metal pot that he lugs around interjects that the Americans should lock Mr Moïse up. Within seconds, a crowd assembles to discuss the state of the nation and the quality of its leader, nicknamed "Banana Man" because he once helped create a big banana plantation. The conversation pinballs between tirades and black humour.

Though such debate is a feature of Haitian life, the country's parliament is silent. A new session should have begun on January 13th, the day after the

tenth anniversary of a devastating earthquake. But a legislative election, due in October 2019, was never held. In the absence of a functioning legislature, the president will rule by decree. For a country with a history of brutal dictatorship, coups and dodgy elections, the prospect of one-man rule is ominous.



Out of left field Baseball-mad Andrés Manuel López Obrador throws money at the game

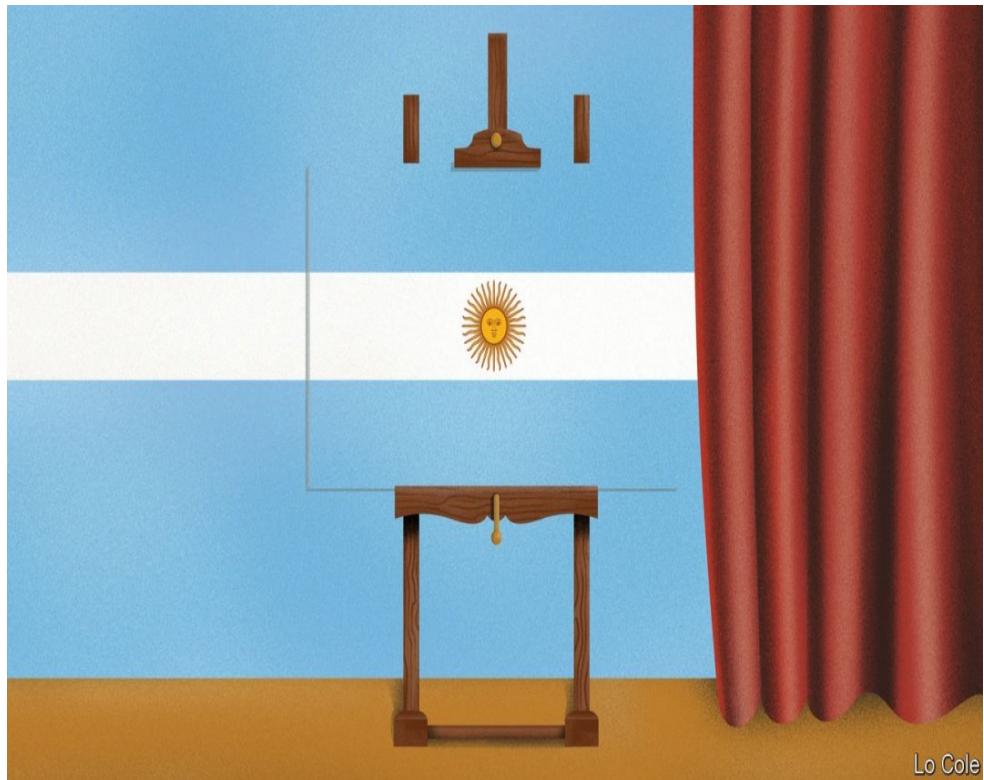
Mexico's penny-pinching president makes an exception for his favourite sport

[The Americas](#)[Jan 16th 2020 edition](#)

“**T**RAITOR. YOU ARE A TRAITOR.” That is how Eduardo Galeano, a leftist writer from Uruguay, greeted Che Guevara in Havana in the early 1960s. The Argentine’s crime had been to abandon Latin America’s favourite pastime, football, for North America’s. A Cuban newspaper had published a photo of him playing baseball. Guevara, who said it was “the first time someone calls me a traitor and keeps living”, learned to play in a Mexican prison while jailed with Fidel Castro in the 1950s.

He is not the only left-wing leader to have caught the baseball bug in Mexico. Andrés Manuel López Obrador, the country’s president, has been a

fanatic since childhood. He won the election in 2018 by pledging to go to bat for the poor and vows to “strike out” Mexico’s “mafia of power”.



Bello

Argentina's new government gets to grips with the economy

The Peronists are fuzzy about their long-term plans

[The Americas](#)Jan 16th 2020 edition

IT IS A MONTH now since Alberto Fernández took over from Mauricio Macri as Argentina's president and, contrary to some forecasts, the sky over the Pampas has not yet fallen in. Having inherited a dire economic situation, including what Mr Fernández, a Peronist, called a "virtual default" on the country's debts, his government has begun by doing more or less what he said it would. Adopting almost the opposite approach to its predecessor, it has laid out a tough fiscal policy and a loose monetary policy and has yet to say much about how it will handle the debt. Exchange and price controls, and the southern summer lull, have combined to buy the new team time. But will they use it wisely?

It was trying to buy time to reform a sick economy that got Mr Macri into trouble. A free-market conservative, he ran up debt to finance a gradual

fiscal adjustment until investors took fright, prompting a run on the peso and forcing the government into the arms of the IMF. The economy slumped into recession, inflation surged to 54% last year and Mr Macri lost the presidential election. The new team's first objective, according to Martin Guzmán, the economy minister, is "to halt the fall".

Asia

- [Sand-mining: Bring me a nightmare](#)
- [Banyan: The Taiwan consensus](#)
- [Freedom of speech in Myanmar: Pen, sword and scales](#)
- [Military reform in India: A major modern general](#)
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Magnum

Bring me a nightmare Asia's hunger for sand is harmful to farming and the environment

But governments struggle to curb illegal sand-mining

[AsiaJan 16th 2020 edition](#)

THE MINERS usually prefer to work under cover of darkness. This dredger is more brazen. It is not yet sunset when the boat's crew begin hoovering sand up from the riverbed and pumping it onto a nearby bank, where it will be collected and sold. At least seven barges are doing the same thing on this stretch of the Red River, about an hour's drive from Hanoi, the capital of Vietnam. Such teams often work without the right permits, but the rewards outweigh the risk. Whereas the average Vietnamese makes \$269 a month, miners can earn between \$700 and \$1,000 for every boatload they scoop up. The teams working here have deposited so much sand on the bank that dunes have formed.

There has probably never been a better time to be in the sand business. The world uses nearly 50bn tonnes of sand and gravel a year—almost twice as much as a decade ago. No other natural resource is extracted and traded on such an epic scale, bar water.



Banyan

What next for Taiwan after Tsai Ing-wen's emphatic victory?

There is a clear consensus against China's advocacy of "one country, two systems"

[AsiaJan 16th 2020 edition](#)

LAST AUTUMN, as China prepared to celebrate the 70th anniversary of the founding of the People's Republic, a slogan of President Xi Jinping's was strung up all over Beijing: "Don't forget the original intention. Stick to the mission." The mission was about national revival. As the Chinese Communist Party sees it, that involves restoring Taiwan to its rightful place as an undisputed part of the motherland.

And now Taiwan, which went to the polls on January 11th, has just responded—with a huge raspberry. The president, Tsai Ing-wen of the China-wary Democratic Progressive Party (DPP), was re-elected to another four-year term. Ms Tsai, soft-spoken and scandal-free, won in a landslide against her populist, often brash opponent, Han Kuo-yu of the China-

friendly Kuomintang (KMT). For good measure, the DPP bucked predictions and hung on to control of the Legislative Yuan, the country's parliament.



AFP

Pen, sword and scales Criticism of the army or government lands many Burmese in court

The army, meanwhile, spreads whatever falsehoods it likes

[AsiaJan 18th 2020 edition](#)

BURMESE GENERALS are not accustomed to criticism. During the long years of military rule, they tended to lock up anyone who crossed them. Even after they handed most authority back to a civilian government in 2016, they have continued to torment their critics—in the courts. Over the past four years the Tatmadaw, as the armed forces are known, has filed 47 lawsuits against nearly 100 individuals who have criticised it in the press or on social media. “We do not have *lèse-majesté* laws, but we seem to have *lèse-militaire* ones,” complains Mon Mon Myat, a journalist.

If anything, the army’s prickliness is growing. More than half of the 47 complaints were filed in 2019. In April the Tatmadaw sued two news outlets, Irrawaddy and Radio Free Asia, over their coverage of its clashes

with one of Myanmar's many ethnic militias. In June it sued three journalists for suggesting that it had seized land from farmers and suppressed the resulting protests. In August it filed a lawsuit against a pastor who had complained to Donald Trump, America's president, about the army's oppression of Christians. Last year it exhorted media outlets not to use the term "civil war" to refer to the various armed conflicts that rack the country, preferring instead "war of annihilation". In 2017 it told reporters to call the people it is fighting in one such war "terrorists" rather than "militants" or "insurgents".



Getty Images

A major modern general India's armed forces get their biggest shake-up in decades

For the first time a single officer will be in charge of them all

[AsiaJan 18th 2020 edition](#)

WHEN JAWAHARLAL NEHRU became the prime minister of India at independence in 1947, one of his first acts was to evict the country's commander-in-chief, General Sir Rob Lockhart, from Flagstaff House, among the grandest mansions in Delhi. In a pointed gesture of civilian supremacy, Mr Nehru then moved in himself. A few years later he abolished the post of commander-in-chief entirely. The three coequal chiefs of the army, navy and air force have battled it out ever since, often quite heatedly.

That changed on January 1st when Bipin Rawat, the army chief (pictured), was handed a new uniform, a plush house and a newly minted job: Chief of Defence Staff (^{CDS}). The creation of such a post had been mooted for decades, especially after the army and air force squabbled during a war against Pakistan in 1999. But there was resistance from civilians, who

feared that a _{CDS} might accrue too much authority, and from the air force, which saw it as a power grab by the already-dominant army.



Going south South Korea's president curbs the power of prosecutors

But is he doing it for the right reasons?

[AsiaJan 16th 2020 edition](#)

JEJU, AN ISLAND off South Korea's southern coast, is known for its hiking trails, temperate climate and the tough old women who dive off its cliffs for abalone, a delicacy popular with the glitterati in Seoul, the faraway capital. It is also popular with political leaders in search of a spot to sideline troublemakers. The rulers of the Joseon dynasty, for instance, used to send insubordinate aristocrats there to stop them from meddling in politics.

This week Park Chan-ho found himself reassigned to Jeju. Mr Park's previous job was at the Supreme Prosecutor's Office in Seoul, where he had been investigating allegations that the government had interfered in mayoral elections in the southern city of Ulsan in 2018. His colleague Han Dong-hoon, who had been leading an investigation into alleged nepotism and financial irregularities in the affairs of Cho Kuk, a former justice minister

who resigned in the autumn, was moved to Busan, another traditional place of banishment.

China

- [Impaired vision: Hope for myopes](#)
- [Online censorship: The year of the rat-fink](#)
- [Chaguan: The digital divide](#)
- [We're hiring a new China correspondent](#)



Hope for myopes Over 70% of 12-14 year olds in China are short-sighted

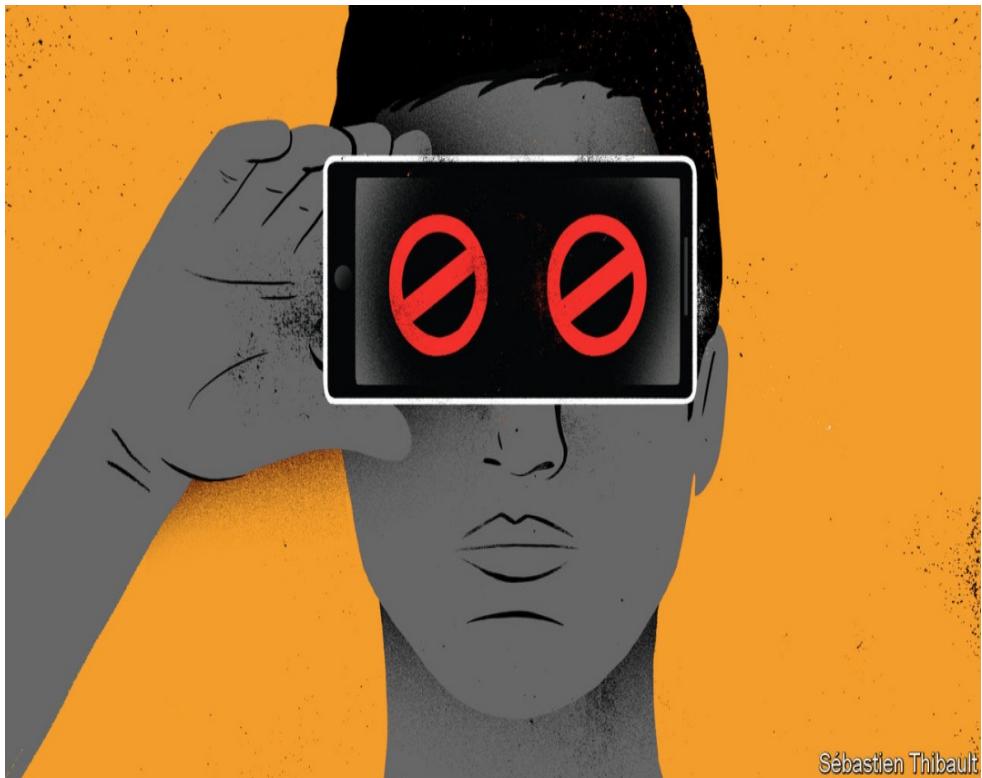
Experts say they should get out more

[ChinaJan 16th 2020 edition](#)

THE PHONE on Wang Xiaoying's desk rings incessantly on a weekday morning. An optometrist in Shanghai, Ms Wang doubles as a part-time operator for China's first publicly funded call centre providing information about myopia. It began operating on January 7th. Most callers are parents who worry about the deteriorating eyesight of their young offspring. "Make sure your child spends two hours outdoors each day!" Ms Wang often urges them. Another tip she offers is to avoid reading when supine. Trying to focus on an object held up by an unsteady arm is likely to strain the eyes, some experts believe.

The government reckons that more than 450m people in China, or at least one in three, are short-sighted (meaning that distant objects appear blurry). Globally just over one in five are. The prevalence of myopia among

Chinese schoolchildren is even more alarming. In 2018 an official survey of 1m pupils found that among those aged between 12 and 14, 72% had myopia, up from 58% in 2010. Early onset of myopia is associated with a higher risk of eye diseases such as glaucoma, which can lead to blindness. In 2018 Xi Jinping, the president, declared the swelling ranks of young myopes a “big problem concerning the future of the country” which “must not carry on”.



The year of the rat-fink Some people in China help the party police the internet

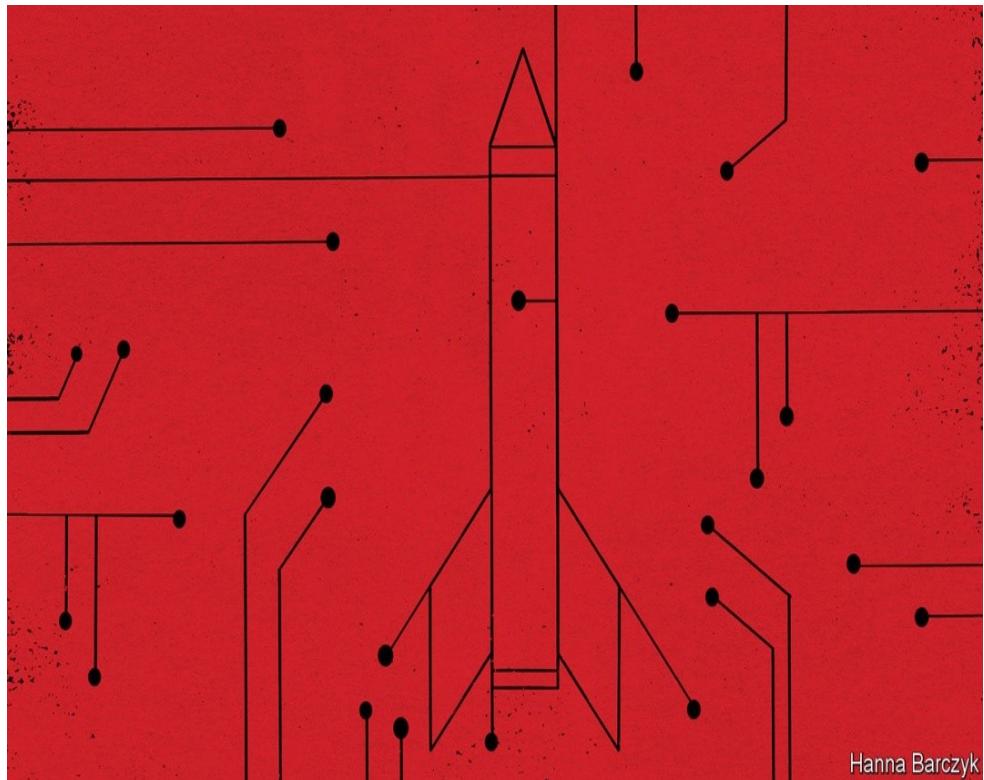
Citizen censors focus on smut, misleading ads and political gossip

[ChinaJan 18th 2020 edition](#)

THE INTERNET is the “spiritual home” of hundreds of millions of Chinese people. So China’s leader, Xi Jinping, described it in 2016. He said he expected citizens to help keep the place tidy. Many have taken up the challenge. In December netizens reported 12.2m pieces of “inappropriate” content to the authorities—four times as many as in the same month of 2015. The surge does not indicate that the internet in China is becoming more unruly. Rather, censorship is becoming more bottom-up.

Officials have been mobilising people to join the fight in this “drawn-out war”, as a magazine editor called it in a speech in September to Shanghai’s first group of city-appointed volunteer censors. “Internet governance requires that every netizen take part,” an official told the gathering. It was arranged by the city’s cyber-administration during its first “propaganda

month” promoting citizen censorship. The 140 people there swore to report any online “disorder”.



Hanna Barczyk

The digital divide Different views of AI fuel distrust between China and America

The two countries talk past each other about its risks

[ChinaJan 16th 2020 edition](#)

IN THE DEPTHS of the cold war, American and Soviet arms-control negotiators pulled off something remarkable: an agreement so grimly logical that their mutual distrust did not matter. The superpowers pledged to stop building new systems to defend their respective homelands against nuclear missiles. Their Anti-Ballistic Missile Treaty rested on a theory of mutual deterrence: the notion that the surest path to nuclear-armed co-existence lay in knowing that war would lead to catastrophe for both sides.

Today the rivalry between America and China is sliding into its own ice age of suspicion. Once again, new and unproved technologies—this time computer systems capable of performing superhuman tasks using machine learning and other forms of artificial intelligence (AI)—threaten to destabilise the global “strategic balance”, by seeming to offer ways to

launch a knockout blow against a nuclear-armed adversary, without triggering an all-out war.

The Economist

We're hiring a new China correspondent

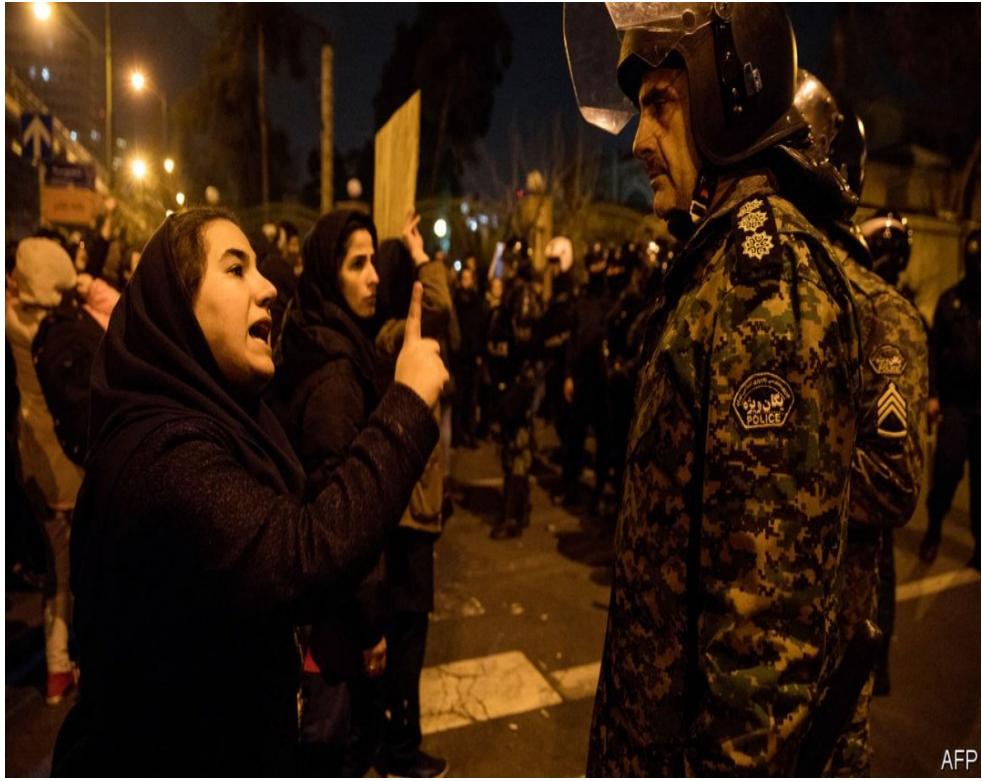
An opportunity to join our editorial staff

[China](#)[Jan 18th 2020 edition](#)

Journalist wanted: *The Economist* is hiring a new China correspondent to join our Beijing bureau. We're looking for someone with a deep knowledge of China, excellent writing skills in English and a sharp analytical brain. Please send a CV and an unpublished 600-word article on any China-related topic to chinajob@economist.com by January 31st.

Middle East and Africa

- [Iran: Regime on edge](#)
- [Oman: What comes after Qaboos?](#)
- [Ethiopia: It's all in your head](#)
- [A journey up the Congo river: Follow the bottle](#)



AFP

Regime on edge Iran's leaders risk being overwhelmed by crises they created

The regime is facing pressure at home and from abroad

Middle East and AfricaJan 16th 2020 edition

SO UPSET WERE they over the crash of a Ukrainian passenger jet that not one but two officials in Iran's Islamic Revolutionary Guard Corps (IRGC), including its leader, said they wished they were dead. The IRGC, the regime's Praetorian guard, shot down the plane by mistake over Tehran on January 8th, then tried to cover it up. The mea culpas came days later, after officials were caught in their lies. But the feelings of regret were short-lived. When thousands of Iranians took to the streets to voice their anger, the IRGC sent its bully boys to knock back the crowds; when the thumping failed to work, some opened fire.

Force has quelled previous protests, most recently in November, when the authorities killed hundreds of people. But the regime offers no solutions to the economic anxiety and political stagnation lying beneath all the anger. So

it lunges from crisis to crisis, as the ranks of the discontented grow. Meanwhile pressure from abroad is rising. On January 14th Britain, France and Germany formally accused Iran of breaching an agreement, signed in 2015, to curb its nuclear programme. “We feel the system is on the brink,” says one protester.



What comes after Qaboos? The new sultan of Oman hopes to lead as well as the last one

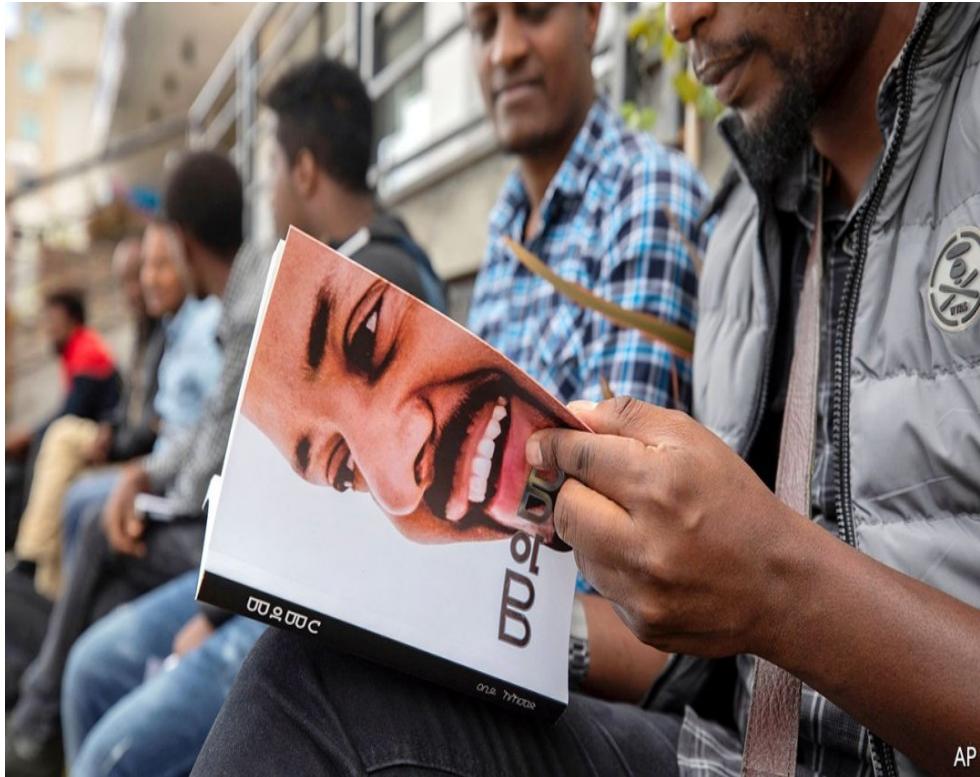
But he will face plenty of challenges

[**Middle East and AfricaJan 16th 2020 edition**](#)

SULTAN QABOOS of Oman left little to chance. Long before he died he sealed two envelopes containing the name of his chosen successor—and a back-up, just in case. Hours after his death was announced on January 10th, relatives gathered to open the envelope. Everyone suspected the candidate would be one of his cousins. Which one was a surprise: not Asad bin Tariq, who had been elevated to deputy prime minister in 2017, but Haitham, a longtime diplomat. Still, the succession went off without a hitch. The new sultan swore an oath and pledged to continue the policies of the man who built the modern Omani state.

Sultan Qaboos seized power from his father, with British help, in 1970, when he was 29. The older man ruled as a recluse. When he was deposed Oman had just three schools and 10km of paved roads. Sultan Qaboos

changed all that. Though it is not as oil-rich as its neighbours, in 2010 Oman was ranked by the UN as the country that had developed most over the previous 40 years, ahead even of China. The Sultan also charted an independent foreign policy: fond of Britain, willing to host Israeli prime ministers, but also happy to meet Iranian ayatollahs and Chinese businessmen.



It's all in your head Ethiopia embraces the power of positive thinking

But reframing poverty as a state of mind may not solve it

Middle East and Africa Jan 16th 2020 edition

“I USED TO have pimples and everything. And I have big ears in case you haven’t noticed,” laughs Ebba Tesfaye, now fresh-faced and snappily dressed, in the lobby of a swanky hotel. Rattling through his life story—bullying, drugs, redemption—he pauses only to glad-hand a passing celebrity before rushing to the set of his new TV show.

Ebba T, as he is known, is among the most prominent of a rising generation of motivational speakers and life coaches in Addis Ababa, Ethiopia’s capital. Their rags-to-riches parables offer hope to legions of frustrated Ethiopians. A few, like Ebba, have found fame on the airwaves. Some are YouTube gurus. A handful write books, while others start consultancies. All preach a message of individual uplift in a country burdened by poverty and ethnic divisions.



Follow the bottle **How to get beer around Congo, a country with hardly any roads**

A journey up the Congo river

[**Middle East and Africa**](#)[**Jan 18th 2020 edition**](#)

THE BARGE, weighed down by half a million bottles of beer, pulls out into the middle of the Congo river. At its tip, breezy rumba music drifts out of a small radio and a group of young men sit around grumbling about the hardships of life on board. “We stay on this boat until death,” claims one sailor (pictured, right). In reality, the crew spends a total of only six months on the barge a year—although the risk of it sinking is not trivial. Laden with beer belonging to Braongo, a brewery, the boat is travelling from Kinshasa, the capital of the Democratic Republic of Congo, to the city of Bandundu, 387km (240 miles) upstream.

Omar Barcat, the barge’s owner, has been running a fleet of five cargo ships for 20 years. He predicts that various apparatchiks, some wielding

Kalashnikovs, will intercept the boat at several points along the river. They will try to extort payoffs that amount to around \$500. Unruly sailors are another problem. Far away from their bosses back in the capital, they are sometimes tempted to stop off in villages and visit friends. Occasionally they drink beers they claim have exploded or broken (which can lead to worse misdemeanours). “But they know that if anyone is caught doing that he will immediately be fired,” he says.

Europe

- [Russia: The transition begins](#)
- [Milan thrives while Italy stagnates: The angel of the north](#)
- [France and the Sahel: A small Afghanistan](#)
- [European industrial policy: L'industrie, c'est moi](#)
- [Language wars: Colonial irritation](#)
- [Charlemagne: Geopolitics starts at home](#)



Getty Images

Guess why? Putin proposes a rewrite of Russia's constitution

Term limits are for the little people

[EuropeJan 16th 2020 edition](#)

THAT VLADIMIR PUTIN would try to retain power after his current presidential term expires in 2024 was never in much doubt. Ageing autocrats rarely leave office voluntarily, particularly if their rule has been tainted by war, repression and graft. The only questions were how Mr Putin would get round the term-limits imposed by the constitution and what this might mean for his anxious entourage.

On January 15th Mr Putin launched a “transition” aimed at ensuring his continuing role as Russia’s national leader. In his state-of-the-union speech he proposed sweeping changes to the constitution and laid plans that could give him a new role within a transformed political system. Within hours the government led by Dmitry Medvedev, Russia’s subservient prime minister,

resigned. This was, as he put it, “to give our president the ability to make any necessary decisions.”



The angel of the north Italy's second city shows up the rest of the country

Once dismissed for its dullness, Milan is booming

[EuropeJan 18th 2020 edition](#)

MARIATERESA GIUSSANI lives in Seregno, 28km (17 miles) outside Milan, and drives to work in the central fashion district where the company she owns, which markets school uniforms, has its offices. “Ten years ago I would leave at 7.15am to avoid the traffic,” she says. “Now, I have to be out by 6.15am. If I leave ten minutes later, it’s nose-to-tail all the way.”

Ms Giussani’s altered morning schedule is among the myriad side effects of a boom that has set Milan apart from the rest of Italy, still struggling to recover from the financial crisis of a decade ago, and at best plodding along on the edge of recession.



AFP

A small Afghanistan France weighs up its thankless mission fighting jihadists in Africa

African governments want French help, but not all Africans agree

[EuropeJan 18th 2020 edition](#)

AFTER NIGHTFALL on a moonless evening last November, three French combat helicopters, backed by fighter jets, took off from military bases deep in the African Sahel. Their mission was to support a French commando operation on the ground, tracking terrorists in pickup trucks and motorbikes in the Liptako region of Mali. Flying in tight formation and close to the ground in total darkness, two of the helicopters collided. Thirteen French soldiers, the youngest aged 22, were killed.

The deaths shook France. They also revived questions about what exactly the country is doing in this vast semi-arid belt south of the Sahara desert. On January 13th, at a summit he hosted in the French south-western town of Pau with the leaders of five Sahel countries, President Emmanuel

Macron tried to provide an answer. France is there to bring “security and stability”, he declared, and nothing else. “If at any time an African state asks the French army not to be there any longer,” Mr Macron said irritably, “we’ll leave.”



L'industrie, c'est eux Europe is rediscovering its penchant for statist intervention

As China and America prop up national champions, a new dirigisme is brewing in Europe

[EuropeJan 16th 2020 edition](#)

Despite its reputation as a place where politicians like to meddle in all aspects of the economy, Europe is often standoffish when it comes to championing industry. Some politicians, notably in Paris, do think of themselves as behind-the-scenes business titans. But the default EU position is for trade and investment to be open, exposing firms to global competition. Robust antitrust enforcement hobbles potential monopolists. Most important, “state-aid” rules enforced from Brussels prevent national governments mollycoddling favoured firms with tax breaks or subsidies, unlike nearly everywhere else.

Until now. A consensus has emerged in Europe that the open approach is not working. The continent, it is argued, has missed the boat on tech, which

is dominated by America. China has protected and promoted its firms to the point where they can take on European rivals. Exciting breakthroughs in fields from quantum computing to next-generation cars seem to be happening everywhere else. Could policy tools used by its rivals nudge European industry back into the big leagues?



Alamy

Colonic irritation The hopeless struggle to make German gender-neutral

The German language is unsuited to modern sensitivities

[EuropeJan 18th 2020 edition](#)

“IN GERMAN, A young lady has no sex, while a turnip has,” grumbled Mark Twain in his essay “The Awful German Language”. The rules governing gender in German are indeed baffling: why *die Rübe* (feminine) but *das Mädchen* (neuter)? Yet they are as nothing next to the complexities of importing modern gender sensitivities into a language plainly unsuited to them.

In German, plural nouns for people typically take the masculine form, and professions are usually gendered. So teachers address mixed groups of pupils as (masculine) *Schüler*, and whereas Helmut Kohl was *Bundeskanzler* (masculine), Angela Merkel is the *Bundeskanzlerin* (feminine). In a non-binary age some find such usage old-fashioned. Studies find that children often link generic plural terms (eg, *Schüler*) with the male sex.



Peter Schrank

Charlemagne For Europe, geopolitics starts at home

Talks over admitting Albania and North Macedonia to the EU have been bungled

[EuropeJan 18th 2020 edition](#)

ENLARGEMENT HAS always been a fraught topic for the EU. In the 1960s Charles de Gaulle made Harold Macmillan weep when the French president thwarted Britain's attempts to join what was then the Common Market. ("I wanted to put my hand on his shoulder and say to him, as in the Edith Piaf song, '*ne pleurez pas, milord*'," recalled de Gaulle.) The "big bang" accession of 2004, when ten countries largely from central and eastern Europe joined, was supposed to be a unification of Europe. But it led to new fractures between east and west. Diplomats became undiplomatic about Romania and Bulgaria, which joined in 2007, grumbling that their enthusiasm for corruption dimmed only slowly after they joined the club. The proposed accession of Albania and North Macedonia is proving once again that enlargement can be enraging.

Emmanuel Macron, the French president, blocked their path last year—with the support of the Netherlands and Denmark when it came to Albania—demanding that the EU must instead first overhaul its rules on joining the bloc. That was a “historic mistake” in the words of Jean-Claude Juncker, the outgoing European Commission president. Now the attempts to sweep up the damage from Mr Macron’s hand-grenade have begun in earnest. The commission, under new management and determined to pursue a “geopolitical” strategy, will by the end of the month unveil reforms to the accession process designed to placate the French president and his allies. A summit some time in the spring will clear up the mess and agree on new accession rules. By May it will be all smiles in Zagreb, where the 27 EU members meet their neighbours from the western Balkans for another conference. Or so goes the plan.

Britain

- [The Atlantic alliance: Declarations of independence](#)
- [Barbershops: Cut-throat competition](#)
- [Criminal justice: What's going wrong here?](#)
- [Northern Ireland: The word was God](#)
- [Airlines: Keeping Flybe aloft](#)
- [Political advertising: Soft target](#)
- [Tax and benefits: The sausage-roll bonus](#)
- [Bagehot: Harry, Meghan and Marx](#)



Getty Images

Anglo-American relations Johnson, Trump and the future of the Atlantic alliance

Britain turns away from its oldest ally on several fronts

BritainJan 16th 2020 edition

BRITAIN HAS often been ridiculed as America's poodle. This week Boris Johnson appeared to stay in character. On January 14th Britain, with France and Germany, invoked a dispute-resolution mechanism in response to Iranian steps away from the Joint Comprehensive Plan of Action (JCPOA), the multinational nuclear deal signed in 2015 and abandoned by America in 2018. "Let's work together to replace the JCPOA and get the Trump deal instead," said Mr Johnson.

The prime minister is not the first leader to propose rebranding as a salve to the presidential ego. But his sycophancy was sweetener to a snub: Britain is spurning President Donald Trump's increasingly strident demands to reimpose sanctions on Iran, siding with European allies over America. And that is not the only place where Anglo-American trust is fraying.



Turkish delight

Why Turkish barbers are taking over Britain's high streets

Last year, 675 new barbers' salons opened, making them the fastest-growing independent sector

[BritainJan 16th 2020 edition](#)

M_{ELKSHAM}, A SLEEPY town in Wiltshire, is not generally thought to sit at the apex of gentlemen's fashion. Yet a stroll down its high street reveals a tonsorial revolution deep in the heart of Britain. A coincidence of economic, cultural and political factors has transformed Britain's barbershops, once the preserve of staid men demanding a uniform "short back and sides".

Inspired by "Peaky Blinders", a BBC period crime drama, there is a vogue for complex hairdos—in particular, harshly shaved backs and sides topped with a pompadour-style quiff. Combined with the persistent popularity of beards, which look suave rather than shaggy only if properly maintained, this has fuelled the growing market in male grooming.



What's going wrong here? **Britain's 20,000 new cops won't get the justice ministry celebrating**

Courts and prisons have coped with cuts thanks to falling prosecution rates

BritainJan 16th 2020 edition

COPS SPEND much of their time driving around on routine patrols or rummaging through files at the nick. But a series of gritty job adverts for London's Metropolitan Police instead emphasise the thrill of the chase. Policemen bash down doors and clip handcuffs on ruffians. Blue lights strobe and officers don riot gear. "Do something real," the voice-over implores. As if they were squaddies going off to fight, their training ends with a passing-out parade.

The 43 police forces in England and Wales have been starved of new blood for a decade. As successive governments cut spending, forces froze recruitment; the number of cops fell by 14%. But rising rates of violent

crime forced a rethink. Boris Johnson spent last year's election campaign promising to hire 20,000 new officers. Chief constables are chipper.



Northern Ireland **How Ulster Scots and the Irish language got Northern Ireland's government back**

Language is replacing religion as a marker of sectarian affiliation

[BritainJan 18th 2020 edition](#)

BACK IN ACTION after a lapse of three years, Northern Ireland's shaky government rests on a compromise so ingenious that it would impress a medieval theologian trained to argue over angels and pinheads. But the latest political bargain, dreamed up by mandarins in London and Dublin, pertains not to religion but to language. It neatly finesse^s the most emotive recent dispute between the Democratic Unionist Party (DUP), backed by most Protestants, and Sinn Fein, the party which gets most votes from people of Catholic background. The dispute is over official support for Irish and Ulster-Scots, a form of speech which has become identified with the Protestant cause.

The new salience of languages in daily use among only a small minority of people is a reflection of how much Northern Ireland has changed in 50

years of inter-communal contention. Religious fault-lines haven't gone away: thanks to the de facto segregation of education and housing, Protestants and Catholics live separately and learn separately.



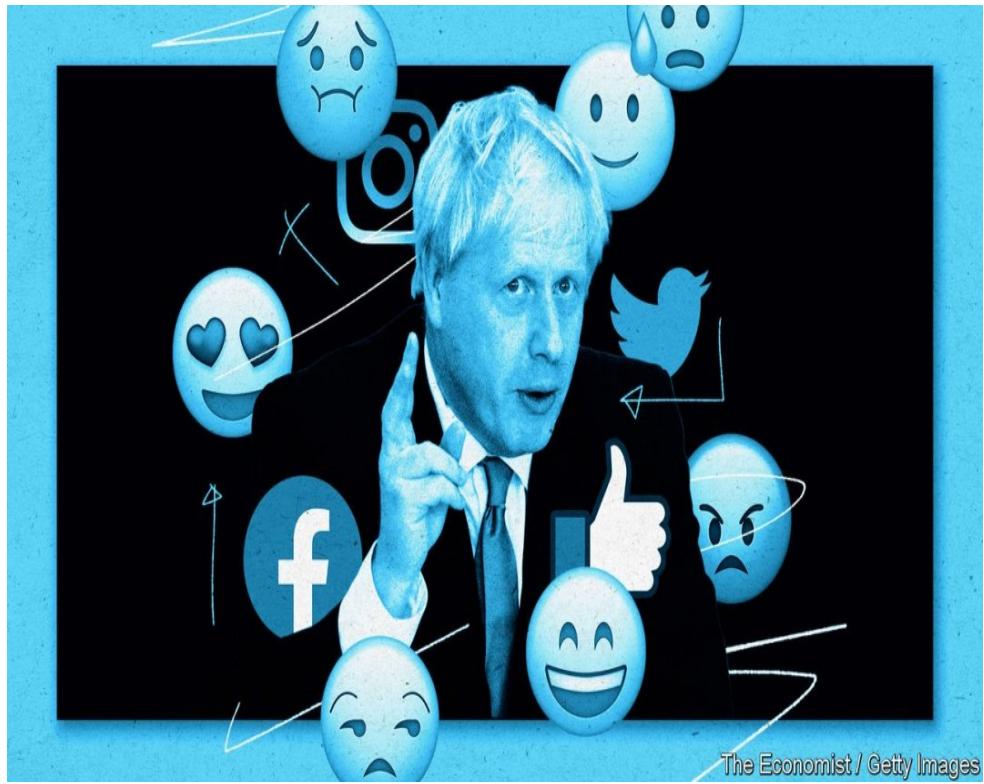
Airlines Keeping Flybe aloft

The bail-out of a struggling airline sends out a troubling message

[BritainJan 16th 2020 edition](#)

“GOBSMACKING”, is how a competitor described the government’s announcement on January 14th that it would bail out Flybe, a struggling airline. It’s not just competitors, but also taxpayers, who might be worried by this decision.

Flybe was grounded by a strategy of concentrating on less busy and less profitable routes, which turned out to be, unsurprisingly, unprofitable. The firm was acquired last year by a consortium including Virgin Atlantic, for just £2.8m (\$3.6m). Despite that, a year later the firm was once again at death’s door.



The Economist / Getty Images

Soft target How the Conservatives won the social media campaign

The Tories' strategy embraced inefficiency

[Britain Jan 18th 2020 edition](#)

“I NOTICED IN the recent campaign that the world of digital advertising has changed very fast since I was last involved in 2016,” mused Dominic Cummings, the prime minister’s chief adviser, in an unconventional job advert posted on his blog this month. Journalists, he said, looked at the wrong things “and thought Labour was doing better than us [but] the ecosystem evolves rapidly”.

Having just won his boss a stonking 87-seat majority, Mr Cummings may have been unable to resist a little gloat. But he is right in that Labour was thought to have mastered social media, whereas the Conservative Party was seen as a laggard. In 2017 Labour spent a third as much on Facebook advertising as the Tories but gained twice as much “engagement” in the forms of likes, shares and comments.



Tax and benefits Greggs and the vegan sausage roll bonus

Why bakers are taxed more than bankers

[BritainJan 18th 2020 edition](#)

BONUS SEASON is usually associated more with bankers than bakers, but this year Greggs, a high-street purveyor of bread, buns and the like, gave its staff a special one-off payment of £7m (\$9m). It has been a good year for the chain, which saw like-for-like sales rise by over 9% partially driven by the high-profile launch of its new vegan sausage roll; and the management decided that, as well as rewarding shareholders, the company would give employees an extra £300 in their January pay packet.

But the impact of the company's generosity on those pay packets will be much reduced by the taxman. Greggs' employees will face implicit marginal tax rates of up to 75%. A banker receiving £1m would, by contrast, be taxed at 47% (the top tax rate plus national insurance).



Bagehot Harry, Meghan and Marx

Brand Sussex represents the biggest threat to the monarchy so far

[BritainJan 16th 2020 edition](#)

M_{ARX} PREDICTED that capitalism would destroy every remnant of feudalism. It would tear asunder “the motley feudal ties that bound man to his ‘natural superiors’”, in the words of “The Communist Manifesto”. It would drown ecstasies of religious fervour and chivalric enthusiasm in the “icy water of egotistical calculation”. And it would subject every national institution to the revolutionary logic of the global market.

So far the British monarchy, one of the last vestiges of the country’s feudal system, has proved a splendid refutation of Marxism. The Crown has survived both the high-noon of Victorian capitalism and the revival of market orthodoxy after 1979. In “The English Constitution”, Walter Bagehot explained why: far from undermining capitalism, the monarchy, in its British form, reinforced it, acting as glue in a society divided into

antagonistic classes and distracting the masses from the real sources of power. It injected pageantry, romance, mystery and drama into the lives of British people, mitigating the dreary business of being a cog in the wheels of capitalism.

International

- Road safety: Crunch time
- Road markings: You might as well do the white line



Crunch time Globally, roads are deadlier than HIV or murder

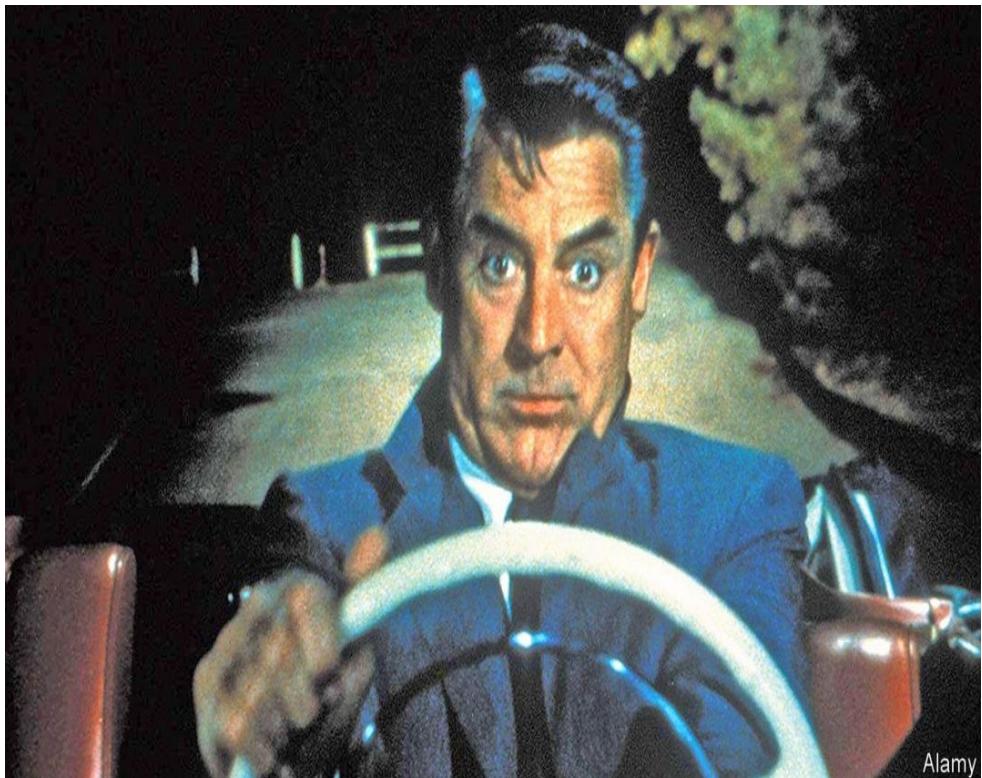
The tragedy is that this is so easy to change

[International](#)[Jan 16th 2020 edition](#)

A YEAR AGO Nungroothai Tantasirin's daughter, Hataipat, was hit by a motorbike while crossing the road near Bangkok. Soon after she died of her injuries. Ms Nungroothai threw herself into campaigning for a pedestrian bridge and took the bike rider to court, winning a hefty financial settlement. But nothing brings back a lost daughter—and reminders of the tragedy are everywhere. Recently, the school where Ms Nungroothai teaches returned from holidays. One child turned up with a head wound from a crash. Another teacher was off sick, having been struck by a motorbike while walking along the side of the road.

Thais know that their roads are dangerous. Local journalists cover tragedies like the death of Hataipat Tantasirin and diligently report the carnage that occurs around New Year's Eve and Songkran, the Thai new year. According

to official statistics, 19,930 people perished from injuries sustained on Thailand's roads in 2018, including 837 in Bangkok. The country's annual road-death rate is almost double the global average and more than seven times the rate in nearby Singapore, a wealthy financial hub. What is less well known is how easy it would be to change this.



Alamy

You might as well do the white line Painting lines on roads saves lives

Simple things can reduce deaths in traffic accidents

InternationalJan 16th 2020 edition

FIFTEEN MINUTES into Alfred Hitchcock's film "North by Northwest", Roger Thornhill, the character played by Cary Grant, has a heap of problems. Having been mistaken for another man, he has been kidnapped by two armed thugs and driven out of New York City. The thugs have poured a large bourbon into him and put him behind the wheel of a car, which they have aimed over the edge of a cliff. Thornhill has another problem which heightens the drama. The road's edge is unmarked.

When "North by Northwest" was released, in 1959, most American roads lacked painted edge lines. Even the centre lines shown in that film were not yet standardised. Could simply painting lines on roads have saved hundreds of thousands of Americans?

Special report

- [Housing: No place like home](#)
- [A history: Building up](#)
- [Supply: In my back yard](#)
- [Housing finance: Whack-a-mole](#)
- [Better off renting?: Money down the drain, right?](#)
- [Home ownership: End of an era](#)
- [Housing for the poor: A roof of one's own](#)
- [The future: Rebuilding](#)
- [Sources and acknowledgments](#)



Robert Gumpert / Redux / eyevine

Housing **Housing is at the root of many of the rich world's problems**

Since the second world war, governments across the rich world have made three big mistakes, says Callum Williams

Special report Jan 16th 2020 edition

THE FINANCIAL crisis of 2008-10 illustrated the immense dangers of a mismanaged housing market. In America during the early to mid-2000s irresponsible, sometimes illegal, mortgage lending led many households to accumulate more debt than they could sustain. Between 2000 and 2007 America's household debt rose from 104% of household income to 144%. House prices rose by 50% in real terms. The ensuing wave of defaults led to a global recession and nearly brought down the financial system.

From the 1960s to the 2000s a quarter of recessions in the rich world were associated with steep declines in house prices. Recessions associated with credit crunches and house-price busts were deeper and lasted longer than other recessions did. Yet the damage caused by poorly managed housing

markets goes much deeper than financial crises and recessions, as harmful as they are. In rich countries, and especially in the English-speaking world, housing is too expensive, damaging the economy and poisoning politics. And it is becoming ever more so: from their post-crisis low, global real house prices have since risen by 15%, taking them well past their pre-crisis peak.



A history **How housing became the world's biggest asset class**

It is only a recent phenomenon

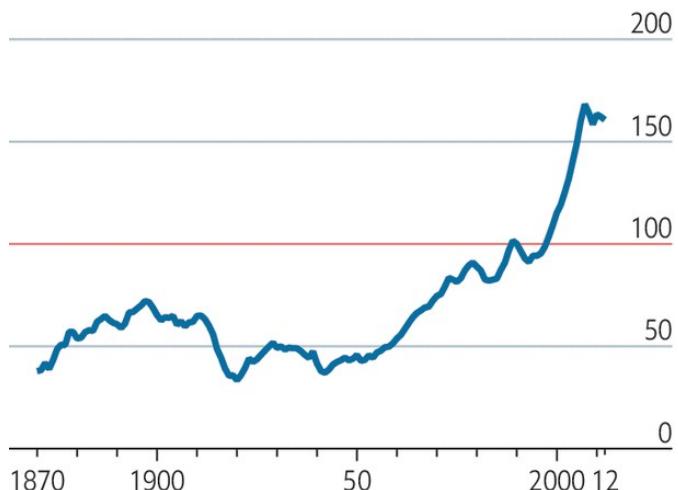
Special report Jan 16th 2020 edition

In 1762 BENJAMIN FRANKLIN set sail from England to Philadelphia after several years away. On his arrival he was shocked by what he saw. “The Expence of Living is greatly advanc’d in my Absence,” he wrote to a friend. Housing, he thought, had become particularly expensive. “Rent of old Houses, and Value of Lands...are trebled in the last Six Years,” he complained.

Great, if you can afford one

Global average house prices, real terms

1990=100



Source: "No price like home: global house prices, 1870-2012" by K. Knoll, M. Schularick and T. Steger, *American Economic Review* 2017

The Economist



Supply

Politicians are finally doing something about housing shortages

But will it reduce housing costs?

Special report Jan 16th 2020 edition

To get a sense of why London has such expensive housing, visit Tottenham Hale. You might expect that, next to an Underground station where central London is accessible within 15 minutes, there would be plenty of houses. In fact, there is a car wash. The land on which the car wash sits is officially classified as “green belt” land, which means that building houses on it is almost impossible. Across just five big cities in England there are over 47,000 hectares (about 116,000 acres) of similar land, which is not particularly green, is close to train stations with a good service to their centres, and yet cannot be built on. That is enough space for over 2.5m new homes at average densities.

For decades the green belt was sacred. The British public imagine it, wrongly, as idyllic pasture where horses drink from streams. Politicians

dared not talk about it. This is now changing. “It is time to burst the myth that the green belt is green,” Siobhain McDonagh, a Labour MP, argued last year, “and start using the non-green sites for the homes that our children so desperately need.” A cross-party group of MPs called upon the government to loosen planning in parts of the green belt. Ministers say that they are looking seriously at the issue.



Housing finance

A decade on from the housing crash, new risks are emerging

Shadow banks originate around half America's mortgages

Special report Jan 16th 2020 edition

DURING THE broadcast of the 39th Super Bowl in 2005, there was an advert for mortgages from a firm called Ameriquest. “Don’t judge too quickly,” ran the slogan. “We won’t.” Ameriquest also sponsored the half-time show, where Paul McCartney opened with “Drive My Car”. Two years later and the firm was no more, part of the wider crisis in the mortgage market which prompted a global recession and nearly caused the financial system to collapse.

Eleven years after that, at the 50th Super Bowl, a similar advert appeared for a different lender, Rocket Mortgage. A magician, a cyclist and even a toddler try to use the app to apply for home financing. “Push button, get mortgage,” the slogan read. By the Super Bowl in 2018 Rocket said it was

the country's largest mortgage lender, leading some Americans to wonder whether any lessons had been learned at all from the global crash.



Getty Images

Better off renting? Owner-occupation is not always a better deal than renting

Each year American owner-occupiers pay around \$200bn in maintenance costs on their homes

Special report Jan 16th 2020 edition

THE QUESTION hardly seems worth asking. Is it a better deal to rent a house or to buy one? Buying a house is a wise investment for the future, the argument goes, whereas renting one amounts to little more than throwing money down the drain. A closer look at the economics, however, shows that this view may be mistaken.

For one thing, renters often devote a smaller share of their income to rent than owner-occupiers devote to repayments of mortgage interest (in both cases, this is money handed over to someone else and never seen again). Whether one is cheaper than the other depends in part on interest rates. In the early 1990s, when interest rates were higher than they are today, the

average ratio of mortgage-interest repayments to income was higher than the rent-to-income ratio in many countries.



Bettmann Archive

Home ownership Home ownership is in decline

That is not a big cause for concern

Special report Jan 16th 2020 edition

MORE THAN nine in ten Singaporeans are homeowners, a higher rate than in any other rich country. And what a nice place it is to live. The city-state is rich, stable and has virtually no crime. The streets are clean.

Singapore seems to confirm what conservatives have long believed: that home ownership makes for richer, happier folk. Lee Kuan Yew, its first prime minister, was a big fan, arguing that it gave ordinary people “a stake in the country and its future”. Margaret Thatcher’s “right-to-buy” programme in the 1980s, allowing Britons in social housing to buy their property at knock-down prices, is said to have been influenced by the Singapore model.



Alamy

Housing for the poor Governments are rethinking the provision of public housing

Is it better to give people money or build them houses?

Special report Jan 16th 2020 edition

IN THE PAST ten years the homeless population in Los Angeles has risen by 50%. In New York it is 60% up over the same period. San Francisco is widely thought to have America's worst homelessness problem. Just metres from the headquarters of Twitter and Uber, people lie in the street, stupefied, or defecate in front of the passing traffic. The term “housing crisis” is bandied about too readily. But it is an apt way of describing what is happening in America's most prosperous cities.

It does not have to be this way. Tokyo is as much a global city as San Francisco, yet you can go days without seeing a single person living on the streets. The inhabitants of Zug, a short drive from Zurich, are as rich as the local *Kirschtorte*. Astonishing wealth, a waterside location and lots of high-

tech firms mean that Zug bears more than a passing resemblance to San Francisco. But in Zug there is practically no rough sleeping.



The future **What is the future of the rich world's housing markets?**

It is plausible that house prices could persistently rise faster than incomes

Special report Jan 16th 2020 edition

MOORE'S LAW states, roughly, that computing power doubles every two years. Time and again experts predicted its demise—surely, they reasoned, computers cannot continue getting exponentially more powerful. Yet it held for at least half a century.

More people are starting to wonder whether housing may have its own version of Moore's law. Over the past 70 years global house prices have more than quadrupled in real terms. They are far beyond their pre-crisis peak. It may seem mad, but a paper from David Miles, formerly of the Bank of England's monetary-policy committee, and James Sefton of Imperial College London finds that "in many countries it is plausible that house prices could now persistently rise faster than incomes". A growing population and rising incomes increase demand for housing, which runs up

against a fixed supply of land in areas where the good jobs are, and limits to improvements in transport speeds.

Sources and acknowledgments

Special report Jan 16th 2020 edition

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Business

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- [Pharmaceuticals: Cheap shots](#)
- [Bartleby: The drugs don't work](#)
- [Aston Martin Lagonda: Driving nowhere fast](#)
- [Schumpeter: Blowin' in the wind](#)



Bloomberg

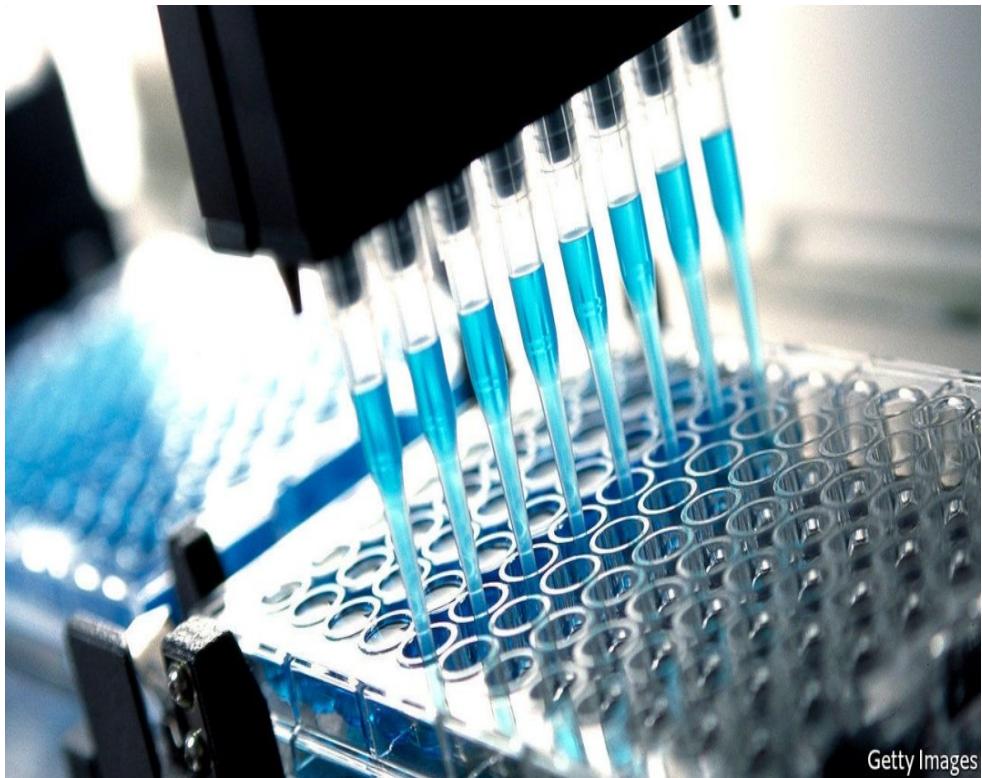
A tour of the Magic Mountain Can the World Economic Forum keep its mojo?

The organisation behind Davos faces a conflicted identity, increased competition and uncertain succession

[BusinessJan 16th 2020 edition](#)

In 1971 a precocious German academic—at 32 years old, the holder of five degrees in engineering and economics—hosted a conference. The setting was the newly opened congress centre in the Swiss resort of Davos, best known for its tuberculosis sanatoriums and as the backdrop for Thomas Mann’s “The Magic Mountain”. Klaus Schwab wanted to use the symposium to make European businesses think more about stakeholders beyond those who own their shares, and to expose them to American management methods. The fees paid by the 450 who came generated a profit of SFr25,000 (\$75,000 in today’s money), which Mr Schwab used to endow the European Management Forum.

Renamed the World Economic Forum (^{WEF}) in 1987, its signature annual event has become the ultimate A-list bash for plutocrats. It attracts nearly 3,000 business folk, politicians, take-me-seriously celebrities and journalists hoping to taste the zeitgeist. Visitors, some unable to get passes to the main venue, crowd panels and parties in hotels or on the “fringe”, a growing unofficial Davos on the town’s main drag. (*The Economist* sends journalists to the Forum and our parent company receives revenue from organising events for clients in Davos during the meeting.)



Cheap shots EQRX wants to make high-end medicines less costly

A Boston-based biotech startup thinks it has found a lucrative third way between high-margin branded drugs and high-volume generics

BusinessJan 18th 2020 edition

A BIOTECH STARTUP wants to make me-too versions of existing drugs. So far, so familiar. Except that EQRX, a firm based in Boston, aims to launch ten high-end medicines, including for cancer, in ten years—quite a feat by the industry's sluggish standards. More unusual, it wants to charge a third of the price of rival treatments, maybe less. On January 12th it announced \$200m in funding from investors that included Alphabet's venture arm and Andreessen Horowitz, a famed Silicon Valley finance firm, which gushed that EQRX promised to “reimagine how medicines are created, tested and commercialised”.

The company wants to re-engineer Big Pharma's business model, as Amazon has done for retail or SpaceX for rocketry. It will ruthlessly

outsource where necessary. More ambitiously, it wants to trim the direct costs of drug development down from the ache-inducing industry average of \$375m per drug—or, some estimate, closer to \$1.4bn if you count the cost of failures. Melanie Nallicheri, EQRX's president, thinks the firm can cut failure rates from 90% to 40%. To do this, EQRX will use “precision medicine” in drugmaking. Clever software will screen molecules for their healing potential, and tests of promising compounds will be confined to patients whose variant of a disease can be pinpointed using a biological signature.



Paul Blow

Bartleby The wider effects of America's opioid epidemic

The drugs don't work

[BusinessJan 16th 2020 edition](#)

THE IMPACT of the opioid epidemic in America is staggering. Work by Anne Case and Angus Deaton of Princeton University has indicated that overprescription of pain-relieving drugs was a big factor in the increase in mortality among middle-aged whites that has occurred since 2000. The Council of Economic Advisers has estimated that, in 2018, the costs of opioid addiction (including the value of lives lost) were \$696bn, or 3.4% of GDP.

Slowly but surely, more details are emerging. In 2017 Alan Krueger, also of Princeton, showed* that labour-force participation had fallen in American counties where more opioid pain medication had been prescribed. Now a new paper** by three academics from the University of North Carolina explores the impact of the epidemic on firms and business investment.



Eyevine

Driving nowhere fast Aston Martin is stuck in idle

An attempt to emulate Ferrari's roaring success has not worked as planned

BusinessJan 16th 2020 edition

Few ASTON MARTIN owners dare push their sports cars to the edge of losing grip in a fast corner. The same cannot be said of shareholders in Aston Martin Lagonda (AML), which owns the prestige brand. An ill-judged initial public offering in 2018, predicated on rapid growth, has the company careening.

The IPO was an attempt to emulate the success of Ferrari, which floated in 2015. (The chairman of Exor, which has a significant stake in Ferrari, also sits on the board of *The Economist*'s parent company.) The Italian supercar-maker enjoys 25% operating margins, closer to what LVMH makes on its Louis Vuitton handbags than what Daimler gets for Mercedes cars. Ferrari's share price has trebled since going public. AML's, by contrast, has plunged by three-quarters. Its market value now stands at just £1.1bn (\$1.4bn). After turning an operating profit in 2017 and 2018, in November it reported a loss for the

first nine months of last year. On January 7th the company issued its second profit warning since July.



Schumpeter

Big Oil has a do-or-die decade ahead because of climate change

The 2020s are poised to be to energy firms what the 2010s were to utilities—disruptive

BusinessJan 18th 2020 edition

AS REVOLUTIONARY SLOGANS go, it hardly had the resonance of *¡No pasarán!* But when Repsol, a Spanish oil company, said in December it would reduce the net carbon footprint of everything it produces to zero within 30 years, it marked the most powerful pledge so far by a big oil firm to cast off some of the vestiges of a fossil past in favour of a windy and sunny future.

Many will scoff. Oil companies are, after all, widely regarded as the villains of the climate crisis. Repsol is a relatively puny producer; its vow may simply be a gambit to woo investors keen on “sustainability”. Yet it deserves a pat on the back. Without the oil industry’s balance-sheets and project-management skills, it is hard to imagine the world building anything like enough wind farms, solar parks and other forms of clean energy to stop

catastrophic global warming. The question is no longer “whether” Big Oil has a big role to play in averting the climate crisis. It is “when”.

Finance and economics

- [Emerging markets: Not just a first-world problem](#)
- [Buttonwood: The semaphore of semis](#)
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Not just a first-world problem Emerging economies are experiencing a prolonged productivity slowdown

They seem doomed to lag behind rich countries for longer than had been hoped

[Finance and economics](#) Jan 16th 2020 edition

HOW DO MODERN innovations stack up with those of the past? Some economists, such as Robert Gordon of Northwestern University, argue that driverless cars, 3D printers and so on pale into insignificance compared with the fruits of previous industrial revolutions, such as mass production (see Free exchange). That, they think, explains a prolonged productivity slowdown in America and other rich economies that the financial crisis deepened.

But what about everywhere else? Developing countries are, by definition, some distance from the technological frontier. One consolation of their position is the vast backlog of past innovations that remain for them to exploit more fully. Their growth depends more on imitation than

innovation. A country where most people still ride scooters does not have to worry if the next Tesla fails to arrive on schedule.



Satoshi Kambayashi

Buttonwood

What the semiconductor industry tells us about the world economy

Blessed are the chipmakers

[Finance and economics](#) Jan 16th 2020 edition

THE SETTING for Robert Harris's thriller, "Enigma", is wartime Britain, where everything is rationed except for the rain. It follows Tom Jericho, a young prodigy stationed at Bletchley Park, the real-life centre of code-breaking operations, who is part of a team of cryptologists trying to break the code used by Germany's armed forces. The work has frustration built in. Any progress can be undone if the enemy changes the code—which he will if he suspects that it has been cracked.

The novel comes to mind when considering the mysteries of shifts in the economic cycle and market reactions. The mood has clearly changed for the better since the middle of last year. Fears of recession have receded. Global equity prices have rallied. Bond yields have perked up. A truce in the trade

war, however fragile, has helped. But the improvement in mood coincided with signs of life in Asia's manufacturing hubs.



Crude calculus Oil markets shrug off tension in the Middle East

After a brief jump to over \$70 a barrel, the price of Brent crude has subsided again

Finance and economicsJan 16th 2020 edition

IT HAS BEEN a busy start to the year for the oil industry in the Middle East. The chief executives of Saudi Aramco, ExxonMobil and Total were among those who gathered on January 13th in Dhahran, in Saudi Arabia, for the International Petroleum Technology Conference. On January 11th Abu Dhabi, in the United Arab Emirates, welcomed energy ministers and executives for its Sustainability Week. They had plenty to talk about: a few days earlier, the region had looked close to war.

America killed Qassem Suleimani, one of Iran's top commanders, in Iraq on January 3rd. Iran bombed an American base in Iraq in retaliation on January 8th. That strike killed no Americans and the threat of war has receded for now, but further conflict seems likely. Oil markets, however, are

unbothered. After a brief jump to over \$70 a barrel, the price of Brent crude subsided to \$64 on January 13th, lower than before Suleimani's death. On January 14th oil traders were preoccupied not by fears of violence, but by crude inventories and news of a trade deal between China and America.



Satoshi Kambayashi

Green giant BlackRock says it wants to do more for the climate

The proof will be in its investment and shareholder-voting strategies

Finance and economics**Jan 16th 2020 edition**

“I BELIEVE WE are on the edge of a fundamental reshaping of finance,” wrote Larry Fink, the boss of BlackRock, the planet’s biggest fund manager, in an open letter on January 14th. His annual missives, addressed to clients and the bosses of companies in which BlackRock invests, are widely read. This year’s, which argues that climate change is a big investment risk that could cause market havoc sooner than most expect, was no exception.

The letter also said what BlackRock, which has \$7.43trn in assets under management, plans to do. First, it will demand greater disclosure from all firms on their carbon emissions and climate risks. Because BlackRock has huge clout, this will make a difference. Second, it will double its offering of sustainable funds to 150. The aim is that BlackRock’s sustainable assets will rise from \$90bn to \$1trn within a decade. Finally, it has pledged to

change how it runs its actively managed portfolios, which account for 27% of its total assets. It will dispose of public securities issued by any firm that makes over a quarter of its revenue from thermal coal—the type used to generate electricity.



Between the lines The new US-China trade deal marks an uneasy truce

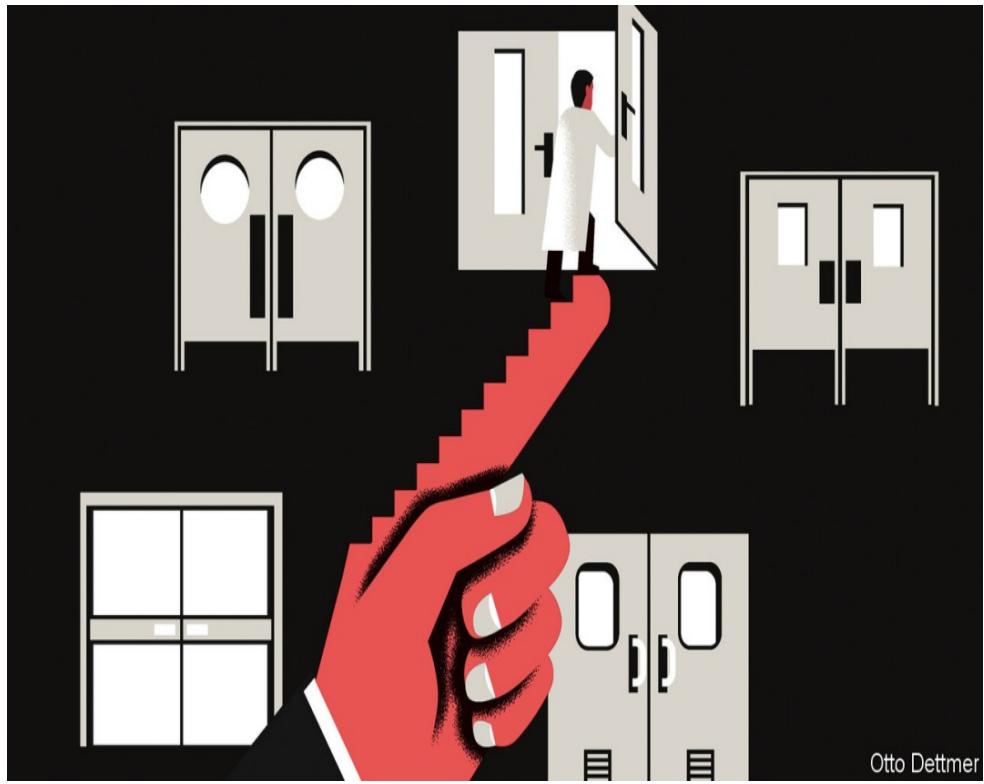
A truly grand pact remains some way off

[Finance and economics](#)[Jan 16th 2020 edition](#)

WITH HIS habit of announcing trade deals only for them to dissolve within weeks, President Donald Trump is a standing reminder that talk is cheap. But on January 15th he signed a phase one trade agreement with China alongside Liu He, the Chinese vice-premier, and published its contents for the world to see. The 86 pages set out the terms of a new economic relationship between these two giants. Alongside some welcome measures, there are some howlers—and glaring omissions.

Throughout the whole, however, runs a common pattern. Clauses that are in reality concessions wrung from the Chinese are often written in such a way that they formally apply to both sides—but with subclauses specifying the actions that the Chinese are to take. For example, pledges to protect trade

secrets are accompanied by new processes by which American companies can complain about breaches.



Free exchange **Economists explore the consequences of steering technological progress**

Global warming and AI raise questions about how to manage innovation

[Finance and economics Jan 16th 2020 edition](#)

SINCE THE ancient Greeks, at least, people have recognised that civilisational progress tends to create havoc as well as opportunity. Economists have had little time for such concerns. To them, technological progress is the wellspring of long-run growth, and the only interesting question is how best to coax more innovation out of the system. But in the face of looming social challenges, from climate change to inequality, some are now asking whether, when it comes to innovation, what sort is as relevant as how much.

Early models of growth did not explain technological progress at all, treating it rather like manna from heaven. In the 1980s some economists worked to build endogenous-growth models that said where innovation came from. They explained it as the consequence of investment in research

and development, increases in the stock of human capital, or the (temporary) extra profits that can be reaped by firms with new technologies. Other economists have focused more on data than on theory. “Who Becomes an Inventor in America? The Importance of Exposure to Innovation”, a paper published in 2018 in the *Quarterly Journal of Economics*, identifies factors that seem to encourage young people to become innovators. Children who grow up where innovation rates are high, for instance, are more likely to become inventors themselves.

Science and technology

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- [Emerging diseases: The seventh crown](#)
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AFP

Missile technology Iran's attack on Iraq shows how precise missiles have become

It scored a series of bullseyes

[Science and technology](#)[Jan 16th 2020 edition](#)

SATELLITE PHOTOGRAPHS of Ain al-Asad, an air base in western Iraq currently used by American forces, showed the aftermath of an Iranian ballistic-missile strike on January 8th. They were pictures of precision. Iran had struck at the heart of the sprawling base, in an area packed with planes, helicopters and buildings. The precision, however, was paradoxical. The missiles scored six direct hits, but against evacuated aircraft hangars. This, presumably, was enough retaliation for honour's sake after an American air-to-surface missile had killed Qassem Suleimani, a prominent Iranian general, five days earlier, without being sufficient to provoke counter-retaliation. “The most important takeaway from Iran’s strike is just how precise their short-range ballistic missiles were,” says Vipin Narang of the Massachusetts Institute of Technology. “The accuracy revolution is real and no longer a monopoly of the United States. This has huge implications for modern conflict.”

A missile's accuracy is measured by its circular error probable ($_{\text{CEP}}$), a radius within which half of all launches will fall. The lower the $_{\text{CEP}}$, the more precise the missile. When Saddam Hussein chose to lash out during the Gulf war of 1991 he sprayed scores of Scud missiles at Israel and Saudi Arabia. His rockets had a $_{\text{CEP}}$ of more than two kilometres. That is fine for terrorising cities, but useless for hitting—or avoiding—specific buildings. More Israelis died from heart attacks and stress than from blasts. Though one Iraqi Scud killed 28 American soldiers in Saudi Arabia, it did so not by hitting its target but by breaking up and showering debris over their barracks.



Emerging diseases

A new human coronavirus has appeared in China

So far, only one person has died. But more than 40 are ill

[Science and technology Jan 16th 2020 edition](#)

BEFORE 2003 few outside the field of respiratory medicine would have heard the term “coronavirus”. Then came SARS—severe acute respiratory syndrome—and suddenly the word became familiar. SARS caused a medical panic. It was an unknown illness with a mortality rate of about 10% and there was a brief period when, having escaped from China, where it first appeared, and surfaced in places as far distant as Canada, it seemed to have the potential to cause a global epidemic.

Thankfully, SARS was contained, and now seems to have disappeared in the wild. But the bogeyman status of coronaviruses has not diminished. Hence the mini-panic when a new one began infecting people in Wuhan, the capital of Hubei province, in China. As *The Economist* went to press 42

patients had been confirmed as being ill with the new virus, one of whom had died.



Douglas Blackiston

Biological robots A research team builds robots from living cells

They can do simple tasks, and one day might reproduce themselves

[**Science and technology**](#)**Jan 16th 2020 edition**

ROBOTS COME in all shapes and sizes. Some are humanoid. Others resemble animals. Many are just a jumble of arms slaving away on a production line. But one thing all robots have in common is that they are mechanical, not biological devices. They are built from materials like metal and plastic, and stuffed with electronics. No more, though—for a group of researchers in America have worked out how to use unmodified biological cells to create new sorts of organisms that might do a variety of jobs, and might even be made to reproduce themselves.

There are several ways to tinker with living organisms. Selective breeding and, more recently, genetic engineering permit the production of novel plants and animals for agriculture and horticulture, and as pets. Souped-up bugs for industrial processes can also be made in these ways. Researchers

are working, too, on growing isolated animal organs for testing drugs and eventually, perhaps, for transplant surgery.



AFP

Palaeontology **What really killed the dinosaurs?**

Lingering doubts about the cause of a mass extinction are put to rest

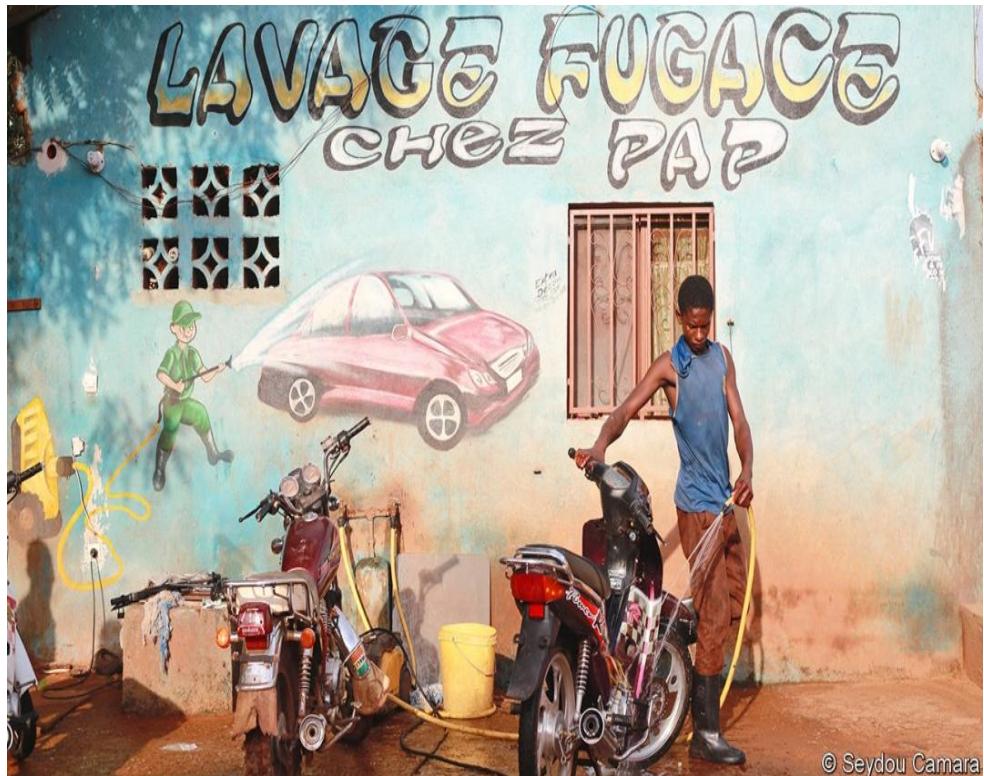
Science and technology**Jan 18th 2020 edition**

ONE THING about the prehistoric past which almost everybody thinks they know is that the dinosaurs (those, at least, that did not belong to the group of animals now known as birds) were wiped out more or less instantaneously by a collision between Earth and a very large space rock. The crater from that collision was discovered decades ago in southern Mexico. The effects of the giant waves created by the impact can be seen in places like Hell's Creek, near Bowman, North Dakota, where marine creatures were swept far inland. And modelling suggests the planet would have been a pretty uncomfortable place for quite some time afterwards, with ejecta suspended in the atmosphere blotting out the sun, and acid rain changing the chemical composition of the oceans.

And yet... a small group of holdouts paint a different picture. Yes, they say, Earth was indeed hit by an asteroid or comet some 66m years ago at the end of the Cretaceous period. But that was either a coincidence or the straw that broke the planet's ecological back. For the rocks also show that a series of huge volcanic eruptions was happening at the time in what is now India. Toxic and climate-changing gases from these eruptions, they suggest, were the underlying cause of the mass extinction that did for the dinosaurs—a point of view backed up by the fact that two earlier mass extinctions, those at the ends of the Permian and Triassic periods, coincided with similar eruptions while showing no sign of an asteroid strike. Conversely, several other large bolides are known to have arrived at various times in the past without accompanying extinctions.

Books and arts

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- [American politics: Original sin](#)
- [The second world war: Freedom fighters](#)
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© Seydou Camara

Pictures at an exhibition As violence spreads across Mali, artists in the capital resist

“It is our duty to create something beautiful every day,” reckons Seydou Camara, a photographer

[Books and arts](#)[Jan 16th 2020 edition](#)

ONCE A WEEK Seydou Camara leads several dozen photography students around Bamako, Mali’s sprawling capital. Most of them do not have equipment of their own, but that does not deter them. They troop through the sunburned streets, past countless motorbikes, vegetable-sellers and fabric-dealers, passing round a few old cameras between them as they walk. “We want to teach them how to tell their city’s stories,” says Mr Camara.

As vast swathes of the country are tormented by men with guns and machetes, Mr Camara’s free classes have become a small act of resistance. The wiry street photographer is determined to help sow the seeds of a new generation of artists who can prosper when the fighting stops. “I believe it is our duty to create something beautiful every day,” he says.



Getty Images

Original sin How to fix the design flaws in American democracy

Lee Drutman spies a way out of the “doom loop” of partisan dysfunction

[Books and arts](#)[Jan 18th 2020 edition](#)

Breaking the Two-Party Doom Loop. By Lee Drutman. *Oxford University Press; 272 pages; \$27.95 and £18.99.*

PERHAPS THE only point of universal agreement in American politics is that it is in a bad way. Impeachment of a sitting president—among the most solemn tasks a Congress can take up—has predictably disintegrated into partisan cacophony. Legislators seldom pass laws. Supreme Court vacancies trigger all-consuming contests over the soul of the nation. Ask about the cause, however, and the accord dissolves in a mess of accusations: against socialist Democrats, racist Republicans, censorious Silicon Valley or nativist Fox News.



The second world war The heroic women partisans of Turin

They fought for Italy's freedom, and for their rights

[Books and arts](#)[Jan 16th 2020 edition](#)

A House in the Mountains. By Caroline Moorehead. *Harper; 415 pages; \$29.99. Chatto & Windus; £20.*

THEY CAME, Caroline Moorehead writes, in red sweaters and red scarves. Some were old, others virtually children. They sang resistance songs and knelt among the tombstones as the coffins of their friends passed by. Even after fascists came to arrest them, others returned and tidied the flowers on the graves. Over 2,000 women honoured three of their comrades, murdered by thugs in Turin. One victim, Rosa Ghizzone, was pregnant when she was shot.



Beneath the waves Loneliness and longing in Beijing

“Braised Pork”, a debut novel by An Yu, follows a young widow’s uncanny quest

Books and arts**Jan 16th 2020 edition**

Braised Pork. By An Yu. *Harvill Secker*; 240 pages; £13.99. *To be published in America in April by Grove Press*; \$25.

IN LITERATURE, AS in other fields, China’s opening to the world has helped blur the boundaries between homegrown culture and diaspora life. Rather than decide irrevocably between East and West, younger figures such as the author and film-maker Xiaolu Guo—who writes in both Chinese and English—may move between continents and mine material from every place they land. “Braised Pork” is the debut of a Beijing-raised, Paris-based writer who has also studied in New York. It reads, however, not as a slice of expat—or exile—fiction, but as a contemporary Chinese novel that happens to have been written in English.



Johnson Who do they think they are?

The battle over the singular use of “they” has been waged for centuries

Books and arts**Jan 16th 2020 edition**

GRAMMAR HAS rarely produced as much public acrimony as in the battle over pronouns being waged around the world. In one skirmish in 2015, the University of Tennessee offered guidance on referring to non-binary students on its website, only for political blowback to lead to a legislative ban on spending public money to support non-traditional pronouns. Jordan Peterson, a controversial Canadian academic, has refused to use invented pronouns or “they” in relation to people who identify as neither male nor female. Many fulminating commentators spy political correctness running amok yet again.

Into the breach comes a useful corrective in the form of Dennis Baron’s well-timed new book, “What’s Your Pronoun?” Mr Baron is a linguist at the University of Illinois, and a longtime scholar of a curious gap in the English

language. For centuries, people have wrestled with the fact that there is no uncontroversial pronoun to refer to a subject of unknown, indeterminate or mixed gender.

Economic and financial indicators

- [Economic data, commodities and markets](#)

Economic data, commodities and markets

Economic and financial indicators Jan 16th 2020 edition

Economic data
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	Gross domestic product % change on year ago: latest quarter* 2019†			Consumer prices % change on year ago: latest 2019†		Unemployment rate %
United States	2.1	Q3	2.1	2.3	2.3 Dec 1.8	3.5 Dec
China	6.0	Q3	6.1	6.1	4.5 Dec 2.9	3.6 Q4†
Japan	1.7	Q3	1.8	0.8	0.5 Nov 0.4	2.2 Nov
Britain	1.1	Q3	1.7	1.3	1.3 Dec 1.8	3.8 Sep††
Canada	1.7	Q3	1.3	1.7	2.2 Nov 2.0	5.6 Dec
Euro area	1.2	Q3	0.9	1.2	1.3 Dec 1.2	7.5 Nov
Austria	1.5	Q3	-0.7	1.6	1.1 Nov 1.4	4.2 Nov
Belgium	1.6	Q3	1.7	1.3	0.8 Dec 1.3	5.2 Nov
France	1.4	Q3	1.1	1.3	1.5 Dec 1.3	8.4 Nov
Germany	0.5	Q3	0.3	0.6	1.5 Dec 1.3	3.1 Nov
Greece	2.7	Q3	2.3	2.2	0.8 Dec 0.5	16.6 Oct
Italy	0.3	Q3	0.2	0.2	0.5 Dec 0.7	9.7 Nov
Netherlands	1.9	Q3	1.8	1.8	2.7 Dec 2.7	4.1 Dec
Spain	1.9	Q3	1.6	2.1	0.8 Dec 0.8	14.1 Nov
Czech Republic	3.4	Q3	1.6	2.6	3.2 Dec 2.8	2.2 Nov‡
Denmark	2.3	Q3	1.5	2.1	0.8 Dec 0.8	3.7 Nov
Norway	1.3	Q3	0.1	1.0	1.4 Dec 2.2	3.8 Oct‡‡
Poland	4.2	Q3	5.3	4.2	3.4 Dec 2.2	5.2 Dec§
Russia	1.7	Q3	na	1.1	3.0 Dec 4.5	4.6 Nov§
Sweden	1.7	Q3	1.1	1.2	1.8 Dec 1.8	6.8 Nov§
Switzerland	1.1	Q3	1.6	0.8	0.2 Dec 0.4	2.3 Dec
Turkey	0.9	Q3	na	0.1	11.8 Dec 15.5	13.4 Oct§
Australia	1.7	Q3	1.8	1.7	1.7 Q3 1.5	5.2 Nov
Hong Kong	-2.9	Q3	-12.1	-0.6	3.0 Nov 3.0	3.2 Nov‡‡
India	4.5	Q3	4.5	4.9	7.4 Dec 3.6	7.6 Dec
Indonesia	5.0	Q3	na	5.1	2.7 Dec 3.0	5.3 Q3§
Malaysia	4.4	Q3	na	4.5	0.9 Nov 0.8	3.2 Nov§
Pakistan	3.3	2019**	na	3.3	12.6 Dec 9.4	5.8 2018
Philippines	6.2	Q3	6.6	5.7	2.5 Dec 2.4	4.5 Q4§
Singapore	0.8	Q4	0.1	0.7	0.6 Nov 0.5	2.3 Q3
South Korea	2.0	Q3	1.7	1.8	0.7 Dec 0.4	3.4 Dec§
Taiwan	3.0	Q3	2.4	2.6	1.1 Dec 0.5	3.7 Nov
Thailand	2.4	Q3	0.4	2.4	0.9 Dec 0.7	1.1 Nov‡
Argentina	-1.7	Q3	3.8	-3.3	53.8 Dec‡ 53.2	9.7 Q3§
Brazil	1.2	Q3	2.5	1.2	4.3 Dec 3.7	11.2 Nov‡‡
Chile	3.3	Q3	3.0	1.5	3.0 Dec 2.3	6.9 Nov‡‡
Colombia	3.3	Q3	2.3	3.1	3.8 Dec 3.5	9.3 Nov§
Mexico	-0.3	Q3	0.1	nil	2.8 Dec 3.6	3.5 Nov
Peru	3.0	Q3	2.9	2.3	1.9 Dec 2.1	6.3 Nov§
Egypt	5.6	Q3	na	5.6	7.0 Dec 8.1	7.8 Q3§
Israel	4.0	Q3	4.0	3.4	0.6 Dec 0.9	3.9 Nov
Saudi Arabia	2.4	2018	na	0.4	-0.1 Nov -1.2	5.5 Q3
South Africa	0.1	Q3	-0.6	0.6	3.6 Nov 4.2	29.1 Q3§

Source: Haver Analytics. *% change on previous quarter, annual rate. †The Economist Intelligence Unit estimate/forecast. §Not seasonally adjusted. ¶New series. **Year ending June. §§Latest 3 months. §§-month moving average.

The Economist
Economic data
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	Current-account balance % of GDP 2019†		Interest rates		Currency units
			10-yr govt bonds latest, %	change on year ago, bp	per \$ Jan 15th on year ago
United States	-2.4	-4.6	1.8	93.0	-
China	1.5	-4.3	2.9 \$	-10.0	6.89 -2.0
Japan	3.2	-3.0	nil	-8.0	110 -1.4
Britain	-4.3	-1.8	0.8	-57.0	0.77 1.3
Canada	-2.1	-1.1	1.5	-43.0	1.30 1.5
Euro area	3.2	-1.0	-0.2	-41.0	0.90 -3.3
Austria	1.6	0.2	nil	-47.0	0.90 -3.3
Belgium	-0.1	-1.3	0.1	-68.0	0.90 -3.3
France	-0.9	-3.2	0.1	-57.0	0.90 -3.3
Germany	7.3	1.0	-0.2	-41.0	0.90 -3.3
Greece	-2.3	0.6	1.4	-386	0.90 -3.3
Italy	2.9	-2.2	1.4	-147	0.90 -3.3
Netherlands	9.4	0.6	-0.1	-41.0	0.90 -3.3
Spain	1.0	-2.3	0.5	-97.0	0.90 -3.3
Czech Republic	0.7	0.2	1.7	-5.0	22.5 -0.8
Denmark	8.3	1.5	-0.2	-36.0	6.70 -2.5
Norway	5.4	6.5	1.4	-37.0	8.86 -3.8
Poland	0.2	-1.2	2.2	-52.0	3.79 -1.1
Russia	6.2	2.3	6.3	-211	61.6 8.6
Sweden	3.4	0.4	0.1	-27.0	9.45 -5.3
Switzerland	10.2	0.5	-0.5	-37.0	0.97 2.1
Turkey	0.2	-3.0	10.8	-560	5.88 -7.5
Australia	0.4	0.1	1.2	-108	1.45 -4.1
Hong Kong	4.8	-0.1	1.6	-41.0	7.77 0.9
India	-1.8	-3.9	6.6	-85.0	70.8 0.3
Indonesia	-2.3	-2.0	6.9	-112	13,665 31
Malaysia	3.1	-3.5	3.3	-78.0	4.08 0.7
Pakistan	-3.7	8.9	11.0 ††	-229	155 -103
Philippines	-0.3	-3.1	4.8	-172	50.7 2.7
Singapore	17.4	-0.5	1.7	-44.0	1,35 nil
South Korea	3.0	0.8	1.7	-28.0	1,157 -3.1
Taiwan	11.9	-0.9	0.7	-23.0	29.9 3.1
Thailand	6.8	-2.8	1.4	-78.0	30.3 5.4
Argentina	-1.6	-4.3	na	-464	60.0 -38.2
Brazil	-2.4	-5.7	4.4	-300	4.17 -11.0
Chile	-2.9	-1.7	3.5	-80.0	773 -13.0
Colombia	-4.4	-2.5	5.8	-89.0	3,303 -5.2
Mexico	-0.8	-2.7	6.8	-186	18.8 1.3
Peru	-1.9	-1.7	4.1	-144	3.32 0.6
Egypt	-0.2	-7.1	na	nil	15.9 12.9
Israel	2.4	-3.9	0.9	-129	3.46 6.1
Saudi Arabia	1.9	-6.0	na	nil	3.75 nil
South Africa	-3.9	-5.9	8.3	-55.0	14.4 -4.3

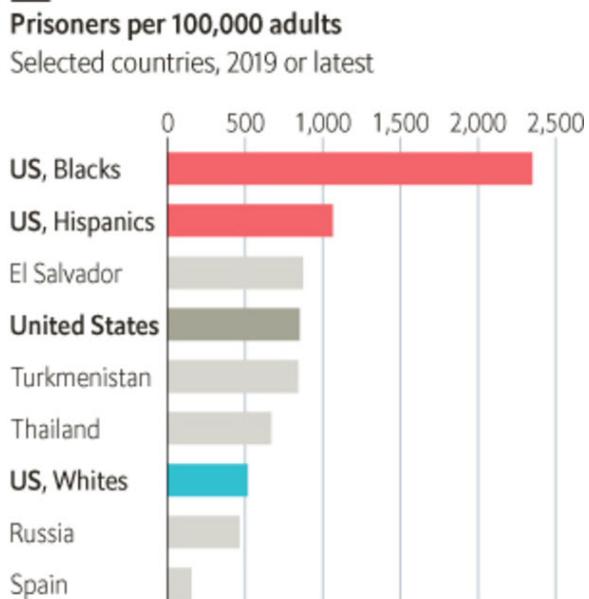
Source: Haver Analytics. §§5-year yield. ††Dollar-denominated bonds.

The Economist

Graphic detail

- [Criminal justice: Crackdown](#)

Black Americans' incarceration rate dwarfs those of other countries



Crackdown Smoking-gun evidence emerges for racial bias in American courts

Black defendants are suspiciously likely to be charged with carrying precise amounts of crack

[Graphic detail](#)[Jan 18th 2020 edition](#)

YOU DON'T need a degree in statistics to believe that racial disparities plague American law enforcement. Of every 100,000 black adults, 2,300 are incarcerated—five times the rate for whites. This gap is not proof of discrimination: blacks could be five times as likely to break the law. Yet critics say that courts treat blacks more harshly than whites who face similar charges. A recent working paper, by Cody Tuttle of the University of Maryland, bolsters this view by revealing striking evidence of bias.

Obituary

- [Roger Scruton: Defender of the right](#)



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Defender of the right

Obituary: Sir Roger Scruton died on January 12th

The conservative philosopher and controversialist was 75

[Obituary Jan 18th 2020 edition](#)

ON FROSTY WINTER mornings, or at any season, there was no greater pleasure for Roger Scruton than to ease into woollen breeches and a frock-coat, pull on his boots, mount his old horse and, in the wake of the milling hounds, set off for the hunt. His life, he had concluded, fell like Caesar's Gaul into three parts. In the first he was a wretched youth, fighting an often drunk, ardently socialist father who, after he had won a scholarship to Cambridge, would not speak to him. In the second, restless part he travelled, wrote, and built up an academic life in philosophy at Birkbeck College and elsewhere. And in the third, from the early 1990s, he went hunting. It combined in one activity his three abiding passions: conservatism, controversy, and Englishness.

There was no doubt that in mid-life and later he more often felt like the fox, the individual plucked from his species to be scapegoated and killed. His opinions got him barred from universities and dismissed from a government commission—though, since his remarks had been distorted, he was quickly reinstated. They made him such a figure of scorn at Birkbeck that he read for the Bar in case they threw him out. Running against the prevailing modernist orthodoxy of the liberal-left, lamenting the loss of everything from classical education to stiff upper lips to England itself, he often found himself as lonely as Reynard racing for the coverts.

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